City of Boulder
Housing Division

Homebuyers Guide

Homeownership Program

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Equal Housing Opportunity

In accordance with the provisions of the Equal Opportunity Act and the Boulder County Homeownership Programs' policies, there will be no discrimination against an applicant for these benefits on the basis of age, source of income, sex, race, marital status, sexual orientation, national origin, religion or handicap.

Welcome!

Dear Prospective Homebuyer,

We are pleased you are considering the purchase of a home in Boulder! This is a great community in which to live. Boulder has taken steps to ensure an inventory of permanently affordable homes and opportunities for ownership in the community.

The City of Boulder makes homes affordable through regulations and subsidies. When one purchases a home through the city's programs, they receive the benefit of these community investments. The program requires they pass the benefits on to the next buyer when they sell.

We wish you the best as you pursue your homeownership goals, and are very happy to assist you with your purchase.

Sincerely,

The Homeownership Program Team
City of Boulder
Division of Housing

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Equal Housing Opportunity

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Programs Summary

The City of Boulder has a variety of opportunities to assist potential Homebuyers:

Homeworks Permanently Affordable Homes
To ensure Boulder will always have homes affordable to those with low- to middle-incomes, the Homeworks Permanently Affordable Program aims to continually increase the affordable housing stock within the city. Many of these homes are built by developers as a requirement of the Inclusionary Housing Ordinance. Homes are sold at below-market-rate prices to income eligible buyers, and are governed by an affordability covenant. To view homes that are currently for sale or under contract in the permanently affordable program, please visit the website and select the Homeownership section.

Solution Grant
This grant may be used in conjunction with the Homeworks Permanently Affordable Program for properties listed on our website, or through the Thistle Communities Land Trust Program (www.thistlecommunities.org) if the Thistle home is within Boulder city limits. The grant helps to cover the gap between the minimum down payment and closing costs required by the lender and the buyer's personal assets.

Shared Appreciation Loan (House to Home Ownership Loan - H2O)
This down payment assistance program is a deferred loan that helps buyers purchase a market-rate home within the city limits of Boulder. Up to 15% of the purchase price may be available to those that qualify. The loan is due and payable after 15 years, or if the home is sold before 15 years.

Metro Mortgage Assistance Plus (MMAP)
The MMAP Program is administered by the City of Denver, and the City of Boulder is a participating jurisdiction. MMAP makes available to income eligible buyer a non-repayable grant for up to 4% of the home's purchase price.

Personal Investment Enterprise (PIE)
The Boulder County PIE program gives qualified applicants a $4 match for every dollar they save for down payment up to $1000 ($4000 match). Funds need to be saved in a special account and require a six-month saving period.

Details about all these programs are on the following pages.

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Homeworks Permanently Affordable Program - Overview

Below is an overview chart for the Homeworks Permanently Affordable Program.

Homeworks Permanently Affordable Program: Eligibility Requirements			
LOW-to-MODERATE INCOME HOUSEHOLDS	**Family Size**	**Income Limit**	**Asset Limit**
	1	$53,040	$55,000
	2	$60,660	$70,000
	3	$68,200	$85,000
	4	$75,740	$100,000
	Inquire for larger family sizes and see below for special asset scenarios		
MIDDLE INCOME HOUSEHOLDS	**Family Size**	**Income Limit**	**Asset Limit**
	1	$80,880	$140,000
	2	$92,500	$155,000
	3	$104,000	$170,000
	4	$115,500	$185,000
	Inquire for larger family sizes and see below for special asset scenarios		
INDIVIDUAL SCENARIOS THAT AFFECT ASSET LIMITS	**Scenario**	**Asset Limit**	
	Recently Divorced	$85,000	
	Retired	$85,000	
	Permanently Disabled	$140,000	
	Additional Family Members	$15,000 added per person	
FEE	$25.00 application fee		
DEBT-TO-INCOME RATIO	Debt-to-Income ratio may not exceed 42% in most cases.		
BUYER'S MINIMUM CASH CONTRIBUTION	Buyers are required to contribute at least $2,000 of their own money. Lenders may have requirements beyond this minimum.		
HOMEBUYER EDUCATION	To participate in the program each household must attend a city orientation, and a homebuyer education class approved by the Colorado Housing Finance Authority (CHFA). These classes are also available on-line. • The city orientation is required prior to turning in an application. • The CHFA-approved Homebuyer class is required prior to closing. Applicants may submit a Selection Process Entry Form or a contract if their full application documentation has been received and approved, but the homebuyers class has not yet been completed.		

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LENDER/MORTGAGE LOAN	Applicants must submit as part of their city application packet: • Copy of the mortgage loan application (as prepared by their lender, not handwritten) • Mortgage Preapproval Letter that lists maximum purchase price, loan amount, minimum down payment, estimated PITI, interest rate, and loan type
FIRST-TIME HOMEBUYER REQUIREMENT	• No requirement • Buyers may have owned a home in the past, or still own a home at time of application • Buyers must sell their home before closing on a Homeworks Permanently Affordable home
RESALE RESTRICTIONS	• **H**omes must be re-sold to an eligible buyer after a fair marketing period • Resale price will be based on the original purchase price, plus annual appreciation (up to 3.5% per year) and approved capital improvements
OTHER REQUIREMENTS	• At least one person in the household must work 30 or more hours per week • Property must be owner-occupied • Number of bedrooms may exceed number in household by one in most cases • Buyer must adhere to all covenant restrictions (a copy of the covenant is available upon request)

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Homeworks Permanently Affordable Program – Program Details

Overview

Homeworks Permanently Affordable homes are priced below market value, and are calculated to be affordable to a wide range of incomes. Please note that income limits vary by home, and are posted for each listing on the web listing for the home.

Affordability

Each home on the website lists a maximum selling price. A buyer can never pay more than the amount listed. Some buyers may have the opportunity to pay less than the maximum selling price as dictated by market conditions and agreement by the seller.

The maximum home price is restricted to keep the units affordable now, and into the future. Resale amounts will be calculated to include annual appreciation and capital improvements. Annual appreciation is based on the annual change of the Area Median Income and the Consumer Price Index (whichever is less), and are restricted to a range of 1.0% - 3.5% per year. Capital improvements are awarded based on specific criteria, up to a maximum of $25,000 throughout ownership (information about capital improvements can be found in the Homeowner Manual).

Choosing a Home and the Fair Selection Process

Newly listed homes (both new development and resale properties) have a required 30-day marketing period. At the end of the marketing period a selection process is conducted on a published date. This date will be 30 days after the listing becomes public on our website.

During the 30-day marketing period, prospective buyers will view the home. Interested households will submit a Selection Process Entry Form. This form is only accepted from households that have been certified to purchase in the program. If a prospective buyer has not been certified by the program they will have time at the beginning of the 30-day open marketing period to turn in their application.

If no forms are received, the home is immediately available for contracts from city certified buyers anytime after the 30-day open marketing period.

The following items are **required** before an applicant is eligible to submit a Selection Process Entry Form or put a contract on an available home:

- The household needs to be certified for the program. Applicants who are not yet certified must submit their **complete** application a minimum of two weeks prior to the end of the 30-day open marketing period (deadline will be listed on each homes web listing). This allows staff time to process their application and determines program eligibility before the selection process. In the event an application is incomplete or more information is required after the application deadline, the applicant will be ineligible to participate in the selection process related to the home on the Home Interest form.
- The household needs to visit the home or the sales office (in the case of a new development).

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- A Selection Process Entry Form needs to be submitted (available on the website). The form should be submitted per the instructions on the form by the deadline listed in each homes web listing.

If more than one household has submitted a form, a fair selection process is conducted and households are grouped into the following tiers:
#1 - live + work + certified with the program for one year or more
#2 - live + work
#3 - work + certified with the program for one year or more
#4 - work only
#5 - live + certified with the program for one year or more
#6 - live only
#7 - does not live or work in the City of Boulder + certified with the program for one year or more
#8 - does not live or work in the City of Boulder + certified for the program for less than one year

The household in the highest tier will have the first opportunity to make an offer on the home. If they pass, the opportunity falls to the person in the next highest tier, and so on.

If there is more than one household in a particular tier, a lottery will take place among those in the tier. At the end of the selection everyone who entered will be ordered based on their tier and any lottery within a tier.

Some homes may have unique preferences based on home features, such as being family friendly (more space and/or a yard for households with at least one minor dependent) or accessible (preference given to those with physical disabilities for a home that has specific design features). These designations are listed on the city's web page for each home.

The fair selection process is administered by the Division of Housing. Anyone is welcome to witness the process. The results of the selection process and instructions will be shared with the seller's agent or the seller if they are not working with an agent. They will use this information to begin the contracting process.

If a home does not go under contract at the end of the 30-day open marketing period and fair selection process, the home is considered to be "Available." At this point, a program certified buyer could immediately offer a contract, regardless of their preference ranking. Homes with this status will be identified on the website as "Available" and will be categorized based on the number of bedrooms.

Going Under Contract
The seller must allow the highest ranked person in the selection process at least 24 hours to submit a purchase contract. The seller may elect to wait longer than 24 hours for a contract, but is not obligated to do so. Alternatively, after 24 hours without an offer the seller may move to the next highest ranked household in the selection process.

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The seller can only reject an offer if:

- it is lower than the maximum resale price
- the buyer currently owns a home, even if it is for sale or under contract (buyers in the program cannot own another home at the time of closing)

If a seller refuses a contract then the next highest ranked household in the selection process will have 24 hours from when they are notified of their opportunity to present a purchase contract to the seller.

Households submitting Selection Process Entry Form are not directly contacted if a home goes under contract before they had the opportunity to write an offer. To know if a home is "off-the-market" please check for the phrase "Under Contract" on the web page for the home. This information will be updated after the buyer and seller have reached agreement, and the home is no longer available. Once a buyer is under contract they are not eligible to submit additional Selection Process Entry Form or make offers on other homes unless they terminate their current contract.

The buyer and seller, along with their real estate agents, lenders, inspectors, appraisers, city staff, and the title company will work together to complete the transaction. Typically 30-45 days elapse between contract and closing. We require 30 days be provided from contract to closing unless seller and buyer mutually agree to a shorter or longer time line.

Owning a Homeworks Permanently Affordable Home

Homeowners are required to maintain their home in a good, safe, and habitable condition. In order to preserve this community asset into the future. Routine maintenance checklists are available on many websites and are specific to different types of homes.

Homeowners in Home Owner's Association (HOA) communities are required to pay their HOA dues and abide by the community covenants. Non-payment of HOA dues can result in foreclosure. We are unable to assist affordable buyers with HOA matters as the HOA is made up of members of the housing development, and the City of Boulder does not have jurisdiction or a vote in community matters. Active participation in a HOA will help to ensure a good homeownership experience.

Selling a Homeworks Permanently Affordable Home

When an owner informs us they are interested in selling, we provide a letter with the maximum selling price for the home, and explain the steps in the city's sale process. The owner will also have the opportunity to have an inspection of the home if there is concern about damage that could affect the sale.

The home will be listed on our website, but may also be listed in other public ways as determined by the seller and real estate professional working on the sale of the home. Sellers are required to market the home for 30 days before accepting offers on the home.

Equal Housing Opportunity

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Down Payment Assistance - Overview

Down Payment Assistance Programs: Eligibility Requirements	
Solution Grant Income and Asset Limits	**Family Size** / **Income Limit** / **Asset Limit** 5 / $53,040 / $55,000 6 / $60,660 / $70,000 7 / $68,200 / $85,000 8 / $75,740 / $100,000 Inquire for larger family sizes and see below for special asset scenarios
Shared Appreciation Loan (H2O - House to Homeownership) Loan Income and Asset Limits	**Family Size** / **Income Limit** / **Asset Limit** 1 / $55,680 / $55,000 2 / $63,680 / $70,000 3 / $71,600 / $85,000 4 / $79,520 / $100,000 Inquire for larger family sizes and see below for special asset scenarios
Metro Mortgage Assistance Plus (MMAP) Down payment grant Income and Asset Limits	**Family Size** / **Income Limit** / **Asset Limit** 1-2 / $95,800 / none 3+ / $111,860 / none
INDIVIDUAL SCENARIOS THAT CAN AFFECT ASSET LIMITS	**Scenario** / **Asset Limit** Recently Divorced / $85,000 Retired / $155,000 Permanently Disabled / $170,000 Additional Family Members / $15,000 added per person
FEES	Solutions Grant and Shared Appreciation Loan: $25.00 application fee. MMAP: no fee.
DEBT-TO-INCOME RATIO	Solutions Grant and Shared Appreciation Loan: may not exceed 42% in most cases. MMAP: may not exceed 45% with a minimum FICO score of 650.
BUYER'S MINIMUM CASH CONTRIBUTION	Solutions Grant and Shared Appreciation Loan (H2O) buyers are required to contribute at least $2,000 of their own money. MMAP buyers are required to bring 0.5% of the homes price to closing. Applicants should check with their lender for minimum requirements they may have beyond the minimum $2,000.

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HOMEBUYER EDUCATION	To participate in the program each household must attend a city orientation, and a homebuyer education class approved by the Colorado Housing Finance Authority (CHFA). These classes are also available on-line. • The city orientation is required prior to turning in an application. • The CHFA-approved Homebuyer class is required prior to closing. • For Shared Appreciation Loan (H20), the CHFA-approved Homebuyers class must be completed before going under contract.
LENDER/MORTGAGE LOAN	Applicants must submit as part of their city application packet: • Copy of their mortgage loan application (as prepared by their lender, not handwritten). • Mortgage Preapproval Letter that lists max purchase price, min down payment, estimated PITI, interest rate, loan type. Lenders using MMAP must be preapproved by the City of Denver.
FIRST-TIME HOMEBUYER REQUIREMENT	**Solution Grant:** No first time homebuyer requirement. **Shared Appreciation Loan (H20): You must be a first-time homebuyer to qualify.** This means that you cannot have owned a home in the past 3 years, unless they have been divorced or legally separated within the most recent 3 years and have court documents showing that they no longer have an ownership interest in the property. **MMAP:** No first time homebuyer requirement.
Resale Restrictions	**Solution Grant**: Home must be re-sold to an eligible buyer after a fair marketing period. The initial home value will be reduced by the amount of the grant, and future appreciation will be earned based on the adjusted price. **Shared Appreciation Loan (H20)**: Home will be a market rate re-sale with no price caps. The loan must be paid back in full, including a share of the appreciation, at the time of closing. **MMAP:** No resale restrictions.
Other requirements	**Solution Grant:** Property must be owner-occupied and rental restrictions apply. Number of bedrooms may exceed number in household by one. Buyer must adhere to all covenant restrictions. At least one person in the household must work 30 or more hours per week **Shared Appreciation Loan (H20)**: Property must be owner-occupied and rental restrictions apply. At least one person in the household must work 30 or more hours per week in the City of Boulder.

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Down Payment Assistance – Program Details

Solution Grant

The Solution Grant is available to low-moderate income buyers in the city's Homeworks Permanently Affordable program. It is only available for purchasers of Homeworks Permanently Affordable homes or homes located within Boulder city limits that are part of the Thistle Communities homeownership program. The grant is "gap funding"—that is, it seeks to bridge a gap between the funds that a buyer needs to close (down payment and closing costs), and funds that the buyer actually possesses.

Determining Initial Eligibility

While potential eligibility for a grant can be determined at the time of initial certification, final eligibility is not guaranteed, nor can a specific amount of funds be committed. This is for three reasons:

a) The program participant has not yet gone under contract, so the exact amount of down payment and closing costs required is unknown;
b) It is expected that program participants will be proactive in saving money for their down payment and closing costs during the time that they are shopping for a home. In most situations the city would expect to see an increase in assets between initial program certification, and going under contract;
c) Funds are limited annually, so there is no guarantee that funds will be available at the time a program participant is ready to close.

Determining Final Eligibility

In order to give final approval to the purchase, the city requires all of the following documents to determine the buyer's costs to close and final eligibility:

1. Sale contract for subject property
2. Updated loan application (1003) from the lender that reflects:
    a. Section I: specific loan information for the purchase;
    b. Section II: updated down payment source information (if applicable);
    c. Section V: updated income calculations (if applicable), and Monthly Housing Expense information specific to the purchase;
    d. Section VI: updated asset and liability information based on a post-contract credit analysis;
    e. Section VII: Up-to-date details of the transaction with credits and costs
3. Loan Estimate or Good Faith Estimated dated the contract date or later, with updated loan information
4. Loan Estimate or Truth-In-Lending Statement dated the contract date or later, with updated loan information
5. Title Commitment referencing all parties to the transaction, and policy cost
6. Current bank and other assets statements to determine available buyer funds
7. Additional items requested by the city to determine grant eligibility if eligibility questions remain.

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Once the above documents are received, the city will analyze current income, debt, and assets to determine eligibility for the Solution Grant. If income or assets have increased above the program limits a grant will not be provided.

The Solution Grant will be awarded based on the actual gap reflected in the documentation. The following are expected to be contributed by the buyer to their closing: cash in bank accounts, retirement funds that exceed the city's exemption amount, assets that can be liquidated including mutual funds, trust funds, stocks, bonds, cash value of life insurance policy (not death benefit policies), estimated proceeds from sale of another home, gift money, Individual Development Accounts (IDAs), and other grants to be received.

If an analysis of closing costs vs. available assets demonstrates that a funding gap exists, the city will make a Solution Grant available to the buyer, in exchange for an adjusted purchase price after closing (purchase amount - grant amount). Funds will only be available if they have not already been depleted for the year.

Determining the Amount of the Grant

The grant will never exceed 5% of the home's sale price. The funds are not intended to help a buyer avoid mortgage insurance, buy points, pay private mortgage insurance (PMI) in advance, pay down principal, or provide any other buy-down assistance that causes the interest rate to be lower in exchange for costs paid at closing. In most cases, the grant is only available when a lender is requiring a down payment of 5% or less.

City staff will determine whether closing costs seem reasonable for the transaction, and may require additional detail or verification of closing costs listed by the lender.

Buyer Requirements

Savings - Buyers should show a good-faith effort to save funds for their home purchase from the time they were initially certified for the program. It is expected in most cases a documented increase in assets should be seen from certification through contract. Asset reductions may require documentation, and may result in a grant not being available to the buyer.

Upgrades - For new construction, buyers cannot purchase upgrades and receive a grant. New homes are constructed as fully livable. Personal and gift funds should be saved for closing costs – not invested in upgrades. Information regarding upgrades selected will be sent to the city by the developer for all buyers, and if upgrades exist then buyers will not receive grant funds.

Lender Requirements

Lenders need to send the above-listed documents at least 2 weeks before closing. This will allow the city time to analyze grant eligibility, obtain necessary internal approval, and arrange for funds to be delivered to the closing.

Grant funds should not be considered "guaranteed" until official award notification is provided by the city to the buyer and the lender. This generally happens 10 days after lender documents are received.

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All funds will be wired directly to the Title Company in time for closing. If closing costs change, then it is expected that any amount that is over granted will be returned to the city by the title company. **Excess funds must be returned, and are not to be used to cover any part of the transaction not previously agreed to by the city.** It is not possible for us to make changes to the grant request for a larger amount if the transaction is within one week of closing.

The Shared Appreciation Loan (House to Home Ownership - H2O)

The Shared Appreciation Loan program is a deferred loan. Payments are not made until the home is sold or 15 years, whichever comes first. The maximum loan amount for this program is $50,000 or 15% of the home's value—whichever is less.

At 15 years, or ownership transfer, the loan is due in its entirety plus a percentage of appreciation.

Examples

Purchase Price	H20 Loan Amount	H2O Loan %	Appreciation	Amount Due at Transfer
$200,000	$20,000	10%	$80,000	$28,000 ($20,000 + $8,000)
$200,000	$10,000	5%	$80,000	$14,000 ($10,000 + $4,000)
$250,000	$25,000	10%	$50,000	$30,000 ($25,000 + $5,000)
$250,000	$25,000	10%	$110,000	$36,000 ($25,000 + $11,000)

If the home is sold or refinance within two years, only the amount borrowed needs to be repaid.

This program has no resale restriction. The home may be sold at market-rate. All Shared Appreciation Loan participants are required to pay a $150 fee at closing.

In addition to the other city program eligibility requirements, this program has the following additional requirements:

1) Buyer must be a first-time homebuyer (not owned a home within 3 years, unless divorced during that time).
2) Buyer must work within the city limits of Boulder.

The amount of the loan will be determined based on the contract price of the home and the amount of assets that the buyer already has available. The loan helps to bridge the gap between available assets and costs when a buyer does not have enough funding to purchase a market rate home in Boulder.

Metro Mortgage Assistance Plus Program Grant (MMAP)

The MMAP Program is administered by the City of Denver. The City of Boulder is a participating jurisdiction. Lenders that have completed the required training are eligible to participate. MMAP makes available to income eligible buyer a non-repayable grant for up to 4% of the home's purchase price, with 1% of the total granted covering origination costs, and the rest is applied to down payment and closing costs.

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In accordance with the provisions of the Equal Opportunity Act and the Boulder County Homeownership Programs' policies, there will be no discrimination against an applicant for these benefits on the basis of age, source of income, sex, race, marital status, sexual orientation, national origin, religion or handicap.

This grant can be used in conjunction with our Solution Grant but not the Shared Appreciation Loan (H2O) since this loan does not permit FHA or VA products. MMAP Program funds will be applied before determining the city's grant amount. It is the lender's responsibility to certify applicant eligibility for this grant, reserve funds, and meet the reporting requirements. For more information visit www.denvergov.org and search for "Metro Mortgage Assistance Plus."

Personal Investment Enterprise (PIE)

The Boulder County PIE program gives qualified applicants a $4 match for every dollar they save for down payment up to $1000 ($4000 match). Funds need to be saved in a special account and require a six-month saving period. More details can be found at www.bouldercountypie.org.

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Step-By-Step Overview of the Purchase Process

Step One: Attend Orientation
Orientation is the first step in the process so buyers can decide if this program is the right fit for them. This class will help buyers understand the eligibility requirements, application process, and their rights and responsibilities as an owner in the program.

A one-hour class is offered in person once per month, or a 40-minute on-demand version is available online. Details can be found on our website.

Step Two: Contact a Lender
The city requires a pre-approval letter and a copy of a loan application as part of the program application. A list of lenders is on our website, though one is not limited to lenders on this list. If one chooses to work with a lender not familiar with the program please direct them to the "For Lenders" section of our website.

Step Three: Submit an Application
Complete the Boulder County Homeownership Programs Common Application. One will need to attach all required supporting documentation requested in the application. If it is discovered information is missing from an application submitted this information must be provided with-in 30 days of when the application was originally turned in.

For the purpose of the selection process application deadlines, we will not consider an application complete until all documents listed in the application have been received.

The Boulder County Homeownership Programs Common Application enables applicants to apply to all of the following homeownership programs: City of Boulder, Thistle Communities, and Boulder County Down Payment Assistance Program. We will share an application with other programs as indicated by the applicant on the application cover page.

Step Four: Attend the Homebuyer Education Class
The Homebuyer Education class must be completed by buyers before closing. For Shared Appreciation Loan/H20 borrowers or those with higher debt ratios this class needs to be completed before going under contract. The best time to take this class is while one is looking at homes. The class will provide information about the home purchase and closing process.

Applicants who are or have been a homeowner, still must take this class. The class expires after one year, so if an applicant does not purchase a home in that timeframe they will need to take the class again.

Links to in-person and on-line versions of the class can be found on our website.

Step Five: Shopping for a Home
Households qualify for the Homeworks Permanently Affordable program should look at our website for a list of currently available homes. Homes listed in the past 30 days are on the "Newly Listed" page, but other homes are available and listed by the number of bedrooms. A real estate agent can help set up showings, and open houses will be listed on our website.

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Households qualifying to use the Shared Appreciation Loan (H2O) can work with their real estate agent to look at market rate homes in the City of Boulder.

A list of Realtors is on our website, though one is not limited to Realtors on this list. If one is working with an agent not familiar with the program, they should be directed to the "For Realtors" section of our website.

Step Six: Recertifying and Going Under Contract

The preliminary program certification is valid for six months. At the end of six months, applicants may recertify for free. The only item that can be updated during a period of certification is a change of address. Changed to income, assets and other household demographics will be adjusted at the end of the six months if an applicant recertifies.

Once an applicant has a signed contract to buy a home, the city will review the contract, inspection, loan, and other buyer documents. If these items meet program requirements we will issue a “final certification” letter.

Once an applicant has received final certification, they are eligible to purchase/close on the home. At closing buyers will sign documents prepared by the City of Boulder, including the Covenant. To prepare for closing buyers will meet with a City of Boulder Homeownership staff member approximately one week before closing to review these documents.

Step Seven: Closing

At this meeting the buyer will sign paperwork and receive the house keys!

Equal Housing Opportunity

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Working with FHA and VA Financing

What are FHA and VA financing?

The Federal Housing Authority (FHA) and Veterans Administration (VA) underwrite loans for some people in our programs. FHA and VA are often able to help people with lower credit scores or less down payment secure a mortgage. These loans are often referred to as "FHA loans" or "VA loans."

A condominium development/project needs to be approved by FHA or VA before these organizations will back the loan of a person buying a home in the development. To receive FHA or VA approval, a development needs to complete an application. The approval process takes approximately 60-90 days. Approvals are granted for a limited time. When they expire, a new application needs to be submitted. Generally, a developer of a newly constructed community or the homeowners association will complete the application.

How does one find out if a home is FHA or VA approved?

If one is using FHA or VA financing, as they look at homes they should find out if the community qualifies for the type of financing they want to use. Here are some ways to do this:

- Ask a lender if FHA or VA financing can be used on a particular home
- For FHA, look on the HUD website – www.hud.gov – search for "FHA approval." The database on the site provides information about various projects' FHA status (a good source, but the data may not always be up-to-date)
- Ask the agent representing the seller. They should have access to the homeowners association who should know the status.

Can the City of Boulder tell if a home is FHA or VA approved?

Unfortunately, the city cannot tell if a home has FHA or VA approval.

Are there other options besides a FHA or VA loans?

Yes, ask a lender. There is a variety of loan products available. A buyer may be able to use a different type of loan to purchase a non-FHA or non-VA approved home. Our program may also be able to help with a small loan or grant that would allow one to purchase a home using "conventional" financing. Please call for current details.

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Frequently Asked Questions

How long does it take to become income certified? Up to two weeks once all documents are submitted.

Who needs to be on the application? Everyone who plans to live in the affordable home. This includes legal spouse, domestic partner, common-law spouse, children that reside with the applicant at least 50 percent of the time, and/or a significant other or other individuals who are member of the household. The applicant's spouse must be included unless they are legally divorced or separated. Persons not counted include foster children, or children who reside less than 50 percent of the time in the home.

How is annual income calculated?
Annual income is defined as anticipated total income for the next 12 months, received from all sources, by each member of the household (over the age of 18). It is assumed that today's circumstance will continue for the next year. Applicants are required to verify this by submitting a letter from their employer stating the annual gross wage, or by completing the employer verification form found in the application packet. We will also use paystubs, income taxes and bank statements to verify income.

How is income verified for self-employed people?
Self-employed individuals should submit copies of their last three years of federal income-tax forms, a year-to-date profit and loss statement, and statement of expected earnings over the next 12 months.

How are assets calculated with regard to income?
Interest or earnings from assets (as opposed to the value of the asset itself) will be calculated as part of your annual income.

Can the programs be combined?
The Shared Appreciation Loan program (H2O) cannot be combined with Homeworks Permanently Affordable homes as it is designated to help applicants purchase a market-rate home. In addition, H20 cannot be used with the MMAP since H20 does not permit FHA or VA finance products. The Solution Grant may be used with Homeworks Permanently Affordable low-moderate income homes and Thistle Community homes located in Boulder. Middle-income households do not qualify for the Solution grant.

Can a buyer have a cosigner?
Yes, but the cosigner may not be on the title. The cosigner's income will not be calculated as household income unless they will occupy the home. If the cosigner will live in the home then their income must be included with the application and all relevant documents submitted. An applicant with a cosigner must have a debt-to-income ratio at 42% or below in most cases without including the cosigner's income.

Do applicants have to purchase in the city limits of Boulder? Yes. All Homeworks Permanently Affordable homes are located within the City of Boulder. If one is considering using the Shared Appreciation Loan program (H20) to purchase a market-rate property the city's Planning Department can tell whether the property is located within the city limits. Contact them at 303-441-3270.

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Appendix A - Calculating the Maximum Resale Price Limit

A. Start with the original purchase price

B. Subtract the amount of any Solution Grant monies received. This is now considered the purchase price.

C. Each year multiply the purchase price by the percentage change in the most recent Consumer Price Index or Area Median Income (whichever is less) to determine the annual appreciation credit. The maximum increase for any given year is 3.5 percent, while the minimum increase is 1.0 percent.

D. Each year add the appreciation credit to the purchase price.

E. Add the cost of approved Capital Improvements up to the time of listing the home for sale. Improvements to the home may be made at any time by the owner, but only pre-approved and eligible capital improvements will result in a higher selling price (see the Homeowner Manual at www.boulderaffordablehomes.com for the most updated eligible capital improvement list).

F. Deduct the amount of any excessive damage discovered during inspection that the owner is unwilling to repair.

G. Add the amount of the sale commission paid by the Owner, not to exceed the maximum allowable sales commission published by the City Manager on an annual basis.

The owner will not be required to sell below the maximum resale price unless the unit appraises for a lesser value. Market conditions may result in a seller deciding to sell for less than the maximum price.

Example

Home Purchase Price:	$210,000
Solution Grant Received:	-$8,000
Starting Price for Resale:	$202,000
Appreciation Year One (2.3%):	$4,646 ($202,000 x 2.3%)
New Max Resale Price:	$206,646 ($202,000 + $4,646)
Appreciation Year Two (1.8%):	$3,636 ($202,000 x 1.8%)
Capital Improvement Credit:	$3,800
New Max Resale Price:	$214,082 ($206,646 + $3,636 + $3,800)

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Appendix B - Affordable Covenant Summary

All Homeworks Permanently Affordable homes come with affordable covenants that ensure the homes remain affordable into the future. The buyer must accept all terms of the covenant to be eligible to purchase the home.

Covenant Key Points

- The maximum income of a new buyer will be established in advance of sale or re-sale, and the home may not be sold to a buyer that exceeds the maximum income limit.
- The home has a Maximum Resale Price Limit that includes limiting appreciation.
- Buyers are required to maintain their affordable home in a manner that protects the health, safety and livability for the home's future owners.
- Eligible capital improvements for which a homeowner can receive credit are limited in amount and type, and must be pre-approved by the city to receive credit.
- The ability to refinance is limited to 93% of the Maximum Resale Price Limit. The city must be contacted prior to arranging refinancing with a lender to ensure this limit is not exceeded.
- The home must be occupied by the owner unless the city has approved a rental arrangement.
- The home cannot be rented in its entirety during the first five years of ownership.
- After five years of ownership, the home may be rented for one year out of every seven. The city needs to be contacted before this is done.
- A bedroom in the home may be rented at any time of owner occupancy, providing no city codes are violated.

A full version of the Covenant is available by request. For a copy please email us at homeownership@bouldercolorado.gov.

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Appendix C - Elective Education Opportunity for Interested Homebuyers

The Boulder County Housing Counseling program offers certified housing counseling that provides free financial education, coaching, guidance and incentives to anyone interested in owning a home. Topics include:

Budget: Learn how to create a workable spending plan, assign goals for money, track expenses, identify "needs" and "wants," and develop ways to make budgeting a habit.

Credit: Learn how to manage credit effectively and wisely. Participants will learn what goes into a credit score, how to access a free credit report, ways to improve or build credit, how to read credit report and correct information on report that are not accurate.

*Debt Reduction: D*iscover the reasons people borrow money in the first place, understand common forms and causes of debt, identify the warning signs for too much debt, learn the "Six Steps to Debt Freedom" and avoid unnecessary debt in the future.

Banking & Savings: Learn how to start a relationship with a financial institution or evaluate their current one, understand banking terms and practices, become familiar with savings and investment products, raise awareness of common fees, and learn methods and tips to save money.

For additional information, call 720-564-2279
or visit:
www.bouldercounty.org/family/housing/pages/hcschedules.aspx

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