City of Boulder Homeownership Programs
Homebuyer Handbook 2014

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.

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Welcome!

Dear Homebuyer,

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

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

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

Sincerely,

The Homeownership Program Team
City of Boulder
Division of Housing

City of Boulder Homeownership Programs
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Programs Summary for 2014

The City of Boulder has three opportunities to assist potential Homebuyers:

Homeworks Permanently Affordable Homes
To ensure that Boulder will always have homes affordable to those with low- to middle-incomes, the Homeworks program aims to maintain and increase the permanently 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 governed by an Affordability Covenant. To view homes that are currently for sale or under contract in the Homeworks program, please visit the dedicated website at www.boulderaffordablehomes.com and select the Homeownership section. More details about the Homeworks program follow later in this document.

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

Shared Appreciation Loan (House to Home Ownership Loan - H2O)
The H2O 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. More details about the H2O loan follow later in this document.

Metro Mortgage Assistance Plus (MMAP) down payment grant program
The MMAP Program is administered by the City and County 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.

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Eligibility Requirements: Homeworks Permanently Affordable

Homeworks Permanently Affordable Program: Eligibility Requirements			
LOW-to-MODERATE INCOME HOUSEHOLDS	**Family Size**	**Income Limit**	**Asset Limit**
	1	$51,490	$55,000
	2	$58,850	$70,000
	3	$66,220	$85,000
	4	$73,520	$100,000
	Inquire for larger family sizes, or see below for special asset scenarios		
MIDDLE INCOME HOUSEHOLDS	**Family Size**	**Income Limit**	**Asset Limit**
	1	$76,400	$140,000
	2	$87,360	$155,000
	3	$98,330	$170,000
	4	$109,110	$185,000
	Inquire for larger family sizes, or see below for special asset scenarios		
INDIVIDUAL SCENARIOS THAT CAN 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	
FEES	$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. Check with your lender for minimum requirements for your particular loan beyond the minimum $2,000.		
HOMEBUYER EDUCATION	To participate in the program each household must attend a 75-minute city Orientation, and a day-long Homebuyer Education class offered by certified housing counseling agencies. These classes are also available on-line. To purchase a Homeworks Permanently Affordable home, both requirements must be fulfilled before closing. However, applicants may enter a lottery or submit a contract if their full application documentation has been received and approved, but the classes are not yet 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 • You may have owned a home in the past, or still own a home at time of application • You must sell your home before closing on a Homeworks 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), plus approved capital improvements
OTHER REQUIREMENTS	• Property must be owner-occupied • Number of bedrooms may exceed number in household by one • Buyer must adhere to all covenant restrictions

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Program Detail: Homeworks Permanently Affordable Program

Overview Homeworks 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 home's website.*

Affordability You will notice that each home on the website lists a maximum selling price. Per the terms of the covenant, a buyer can never pay more than the amount listed. Some buyers may have the opportunity to pay less than the maximum selling price, but this negotiation must be agreed to by the seller, and is usually dictated by market conditions.

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 or 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 Entering Lotteries Newly listed homes (both new development and resale properties) have a required 30-day marketing period. At the end of the marketing period, a lottery is held on a published date if Lottery Entry Form are received from two or more buyers. Prospective buyers may enter more than one lottery at a time, but will be pulled from lotteries if they go under contract.

Preference in lotteries will be given to applicants who live and/or work in the city of Boulder as detailed below (ranked from highest to lowest preference):

#1 – live + work + certified for the program for 1 year or more
#2 – live + work
#3 – work + certified for the program for 1 year or more
#4 - work only
#5 – live + certified for the program for 1 year or more
#6 - live only
#7 – does not live or work in the city of Boulder + certified for the program for 1 year or more
#8—does not live or work in the city of Boulder + certified for the program for less than 1 year

Some units may have unique preferences, such as Family Friendly (at least one minor household member), or Accessible (preference given to those with physical disabilities). Watch for these designations on the listing page for each home.

If a home does not sell at the time of lottery then it is considered to be "Available", and a certified buyer can immediately place an offer, regardless of their preference ranking. Homes with this status will be

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identified on the website as “Available” and will be categorized based on the number of bedrooms, but will not be found under “New Listings”.

Going Under Contract If you win a lottery then you have 24 hours from the lottery to write a purchase contract and submit it to the seller. The seller can reject your offer if:

a) it is lower than the maximum resale price
b) you currently own a home, even if is for sale or under contract

If a seller refuses a contract for one of the reasons listed above then the next person in line (second place in the lottery) will have 24 hours to present a purchase contract to the seller. Lottery entrants are not directly contacted if a home goes under contract before they had the opportunity to write an offer. To know whether a home that you’re interested in 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 has put a contract on a home they are not eligible to enter lotteries, or make offers on other homes unless they terminate the 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 30-60 days elapse between contract and closing.

The following items are **required** before an applicant is eligible to enter lotteries or put a contract on an available home:

- The household has been certified for the program. Applicants who are not yet certified must submit their **complete** application a minimum of two weeks prior to a lottery (deadline will be listed on the website). In the event that an application is incomplete or more information is required in the application deadline, the applicant will be ineligible for that particular lottery.
- The household has visited the home or the sales office (in the case of a new development).
- A Lottery Entry Form has been submitted (available on the program website). The form should be submitted to the City of Boulder Housing Division, attn: Homeownership Program, by the deadline listed on the website for each individual unit. The form can be submitted online, dropped off at Division of Housing Office at 1300 Canyon Blvd, or faxed to: 720-564-2188.

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Owning a Homeworks Home

Resale prices are restricted to keep these homes affordable into the future. The value of the home may increase based on annual appreciation and capital improvement credit—all of which will be calculated by the city and shared on an annual basis. Annual appreciation is based on the annual change of the Area Median Income or the Consumer Price Index, whichever is less, and will be capped between 1.0% - 3.5% per year. Capital improvement credits are awarded based on specific criteria and up to a maximum of $25,000 over the life of your ownership in the home. Information about Capital improvement credits can be found in the Homeowner Manual.

As a homeowner you will be required to maintain your home in good, safe, and habitable condition. The homes have been set aside as permanently affordable in our community, so all subsequent owners need to be able to enjoy the benefit of the home. 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 your HOA will help to ensure a good homeownership experience.

Selling a Homeworks Home

If you decide to sell your home at any point in the future you will need to contact the city. We will provide you with your maximum selling price for the home sale (see Appendix A: Calculating the Maximum Selling Price), and explain the steps in the city's sale process. You will also have the opportunity to have an inspection of your home if you are concerned about damage that could affect the sale.

Your home will be listed at www.boulderaffordablehomes.com, but may also be listed in other public ways as determined by you and your real estate professional. You will be required to market the home for 30 days before accepting offers on the home, and determine how you will make the home available to be viewed by interested parties.

We will work with you throughout your home sale, and help you to complete the transaction in a way that supports your interests, the interests of the affordable buyer, and the interests of our community. See the Homeowner Manual on our website for more details on the selling process.

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Solution Grant and Shared Appreciation Loan (H2O) Eligibility

Down Payment Assistance Programs: Eligibility Requirements			
Solution Grant Income and Asset Limits	**Family Size**	**Income Limit**	**Asset Limit**
	1	$51,490	$55,000
	2	$58,850	$70,000
	3	$66,220	$85,000
	4	$73,520	$100,000
	Inquire for larger family sizes, or 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	$53,870	$55,000
	2	$61,600	$70,000
	3	$69,340	$85,000
	4	$76,940	$100,000
	Inquire for larger family sizes, or 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	$91,100	none
	3+	$103,000	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 H2O: $25.00 application fee MMAP: no fee		
DEBT-TO-INCOME RATIO	Solutions Grant and H2O: 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 H2O buyers are required to contribute at least $2,000 of their own money. MMAP buyers are required to bring 0.5% of the mortgage to closing. Check with your lender for minimum requirements for your particular loan beyond the minimum $2,000.		

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HOMEBUYER EDUCATION	To participate in the program each household must attend a 75-minute city Orientation, and a day-long Homebuyer Education class offered by the Colorado Housing Finance Authority. These classes are also available on-line. • Both the city orientation and a CHFA-approved Homebuyer class are required prior to closing • For H20, both requirements must be fulfilled 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. **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 you have been divorced or legally separated within the most recent 3 years and have court documents showing that you no longer have an ownership interest in the property. **MMAP:** none
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. **H20**: Home will be a market rate re-sale with no price caps. The loan must be paid back in full, including shared appreciation, at the time of closing. **MMAP:** none
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. **H20**: Property must be owner-occupied and rental restrictions apply. Applicant must work in Boulder to qualify for H20.

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Solution Grant, Shared Appreciation Loan (H2O) and Metro Mortgage Assistance Details

The Solution Grant assists those with limited assets to afford down payment and closing costs for Homeworks homes in the low-moderate income program, or for properties purchased within the city limits through Thistle Communities Land Trust Program.

The Solution Grant is a "bridge grant" meaning that buyer assets must be used first, and then the grant can help to cover any gap between available assets and costs to close. We will require you to use most of your available personal assets before grant money is applied. The goal is to help a homebuyer reach the minimum down payment required by their lender and cover the closing costs for the transaction.

The grant award will never exceed 5% of the home's purchase price. The grant exists to help those with limited assets to cover basic purchase costs. It will not be awarded to eliminate mortgage insurance, provide a down payment higher than 5%, or allow the homeowner to use fewer assets in the transaction.

Grant amounts will not be determined until after a buyer and seller have signed a sales contract. We need to know the price of the home, details of the mortgage loan, and available buyer assets, to determine the amount that will be granted. Typically the grant amount is announced within two weeks of closing after all lender and title documents have been reviewed by city staff. Grant funds are limited and available on first-come first-served bases each year.

The House to Home Ownership (H2O) program is a deferred loan. There are no payments for 15 years, or until you transfer ownership of the home. 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 equal to the percentage of the H20 loan to the purchase price.

EXAMPLE 1

Purchase Price	H20 Loan Amount	Loan %	Appreciation	Amount Due at Transfer
$200,000	$20,000	10%	$80,000	$28,000 ($20,000 + $8,000)
$200,000	$35,000	15%	$80,000	$42,000 ($35,000 + $8,000)

EXAMPLE 2

Purchase Price	H20 Loan Amount	Loan %	Appreciation	Amount Due at Transfer
$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 you sell the home or refinance within two years, you will owe only the amount you borrowed.

This program has no resale restriction. The home may be sold at market-rate. All H2O participants are required to pay a $150 fee at closing.

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Your city application will be used to determine whether you are eligible for the H2O Program. In addition to the other city eligibility requirements, H20 has a few additional requirements:

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

The amount of the H20 loan will be determined based on the contract price of the home and the amount of assets that the buyer already has available. The H20 loan helps to bridge the gap between available assets and costs when a buyer does not have enough funding to purchase an open market home.

Metro Mortgage Assistance Plus Program Grant (MMAP) The MMAP Program is administered by the City and County of Denver, and 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, and the rest going to down payment and closing costs.

This grant can be used in conjunction with the Solution Grant but not the H20 Loan since H20 does not permit FHA or VA products. MMAP Program funds will be applied before determining the city's grant or loan amount. Please note that 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", or contact Stacy Houston at stacy.houston@raymondjames.com.

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Step-By-Step Overview of the Purchase Process

Step One: Contact a Lender
Choose a lender, submit their required documents, and receive mortgage loan pre-approval. The city will require your pre-approval letter and loan application as part of your program application.

Step Two: Attend Homebuyer Education
You will be required to attend two education classes:

1) City of Boulder Homeowner Orientation (1.25 hours: webinar or in-person; 45 minutes: online) This session offers an overview of program options and requirements; the process of buying a permanently affordable home in Boulder; owner requirements found in the Covenant (Appendix B); and appreciation and re-sale. Time for questions is included. Please see our website for a schedule: www.boulderaffordablehomes.com. Registration is required for webinar or in-person orientations.

2) First-Time Homebuyer Class sponsored by Colorado Housing Finance Authority (8 hours) Even if you've owned a home before you are required to attend this day-long, free session. The option also exists to take the class online, but a $50 fee will be charged for this option, and a one-on-one follow up appointment is required. Topics include: preparation for homeownership; the true cost of owning a home; mortgage lending and types of loans; working with a real estate broker; shopping for a home; HOAs; and post-purchase information. For a class schedule visit: http://www.chfainfo.com/documents/HBEClassSchedule.pdf Locations vary based on the date.

** Note: The above sessions are mandatory, but you may submit your application before attending them. Attendance before application will provide a wealth of information and answer many of your questions regarding the program. Both sessions must be complete by closing (or by contract if using the H20 loan). Information about elective homebuyer education opportunities is found in the Appendix C.*

Step Three: Submit an Application and Receive Program Preliminary Certification
Complete the application found on our website (www.boulderaffordablehomes.com) and gather all required documents on the checklist. If you are unable to download an application, please call us at 303-441-3157, ext. 2 to have one mailed, or pick one up at our office at 1300 Canyon Boulevard.

When you are ready to submit your complete application, you may mail or bring it to us. Because of the number of pages of documents please do not fax or email. If you would like to sit down with a member of the Homeownership team at our 1300 Canyon Boulevard office please call 303-441-3157, ext. 2 to schedule an appointment. Please note that staff cannot process an application until all documents have been provided, so we will notify you if anything is missing.

The City of Boulder Homeownership Program uses the Boulder County Homeownership Program Common Application. On your application you will have the opportunity to let us know if you would like your information shared with Thistle Communities and Boulder County Down Payment Assistance. Please review these programs on their respective websites to determine if you would like us to share your information.

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You will be notified of your program eligibility within two weeks of the city receiving all required documents. Your preliminary certification is valid for six months, or until you have a signed a contract for a property.

Step Four: Shop for a Home
If you qualify for H2O and will be purchasing a home on the open market, then work with your Realtor to find the home that you would like to purchase.

If you are certified for the Homeworks Permanently Affordable program (either low-moderate income or middle income) then it's time to start house shopping. You will automatically be added to our email list and will receive weekly information about newly listed Homeworks properties. All available homes (both re-sale and new construction) are also listed on our website (www.boulderaffordablehomes.com).

To view a Homeworks home work with your agent to schedule a showing or attend an Open House (dates will be listed on the website). If the property is being built in a new development then visit the sales office listed on the website.

When you find a Homeworks home that you would like to purchase, then you will either need to enter a lottery or write a contract. If a lottery date is listed then submit your Lottery Entry Form by the deadline listed on the website. The Lottery Entry Form is an electronic document found on every listing's web page. If you are the winner of the lottery you will have 24 hours to submit a contract.

If a Homeworks home is listed as "Available" then it was not sold through the lottery process. This means that you may submit a purchase contract to the sellers without having to wait for a lottery. Once you are under contract on a home you may not enter anymore lotteries or submit anymore contracts.

Step Five: Under Contract
During this time you will be busy with a number of items. They include:
1) Work with your Realtor and the seller to meet all deadlines;
2) Have the home inspected and submit the report to the city for review;
3) Submit your documentation for final program certification to the city;
4) Meet with a city staff member to review the terms of the covenant and other documents.

Step Six: Closing
Congratulations! At this meeting you will sign paperwork and receive your house keys! As you move through homeownership the city will be able to assist you with items like capital improvement credit, refinance, and the sale of your home. But for now relax and enjoy!

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Working with FHA Financing

What is FHA financing?

The Federal Housing Authority (FHA) underwrites loans for many people in our programs. FHA is 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."

A condominium development/project needs to be approved by FHA before they will back the loan of a person buying a home in the development. To receive FHA 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 do I find out if a home is FHA approved?

If you are using FHA financing, as you look at homes you should find out if the community qualifies for FHA financing. Here are some ways to do this:

- Ask your lender, "Can I use FHA financing on this home?"
- 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 me if a home is FHA approved?

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

Are there other options besides a FHA loan?

Yes, ask your lender. There are a variety of loan products available. You may be able to use a different type of loan to purchase a non-FHA approved home. Our program may also be able to help with a small loan or grant that would allow you to purchase a home using "conventional" financing. Please call for current details. We are also happy to talk with your lender.

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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 (under 18 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.

How is income verified for self-employed people?
Self-employed individuals should submit copies of their last three years of federal income-tax forms, an up-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 I combine any programs?
H2O cannot be combined with Homeworks as it is designated to help applicants purchase a market-rate home. The Solution Grant may be used with Homeworks low-moderate income homes and Thistle Community homes located in Boulder. Middle income households do not qualify for the Solution grant.

Can I 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 without consideration of the cosigner's income.

Do I have to purchase in the city limits of Boulder? Yes. All Homeworks homes are located within the City of Boulder. If you are considering using H20 to purchase a market-rate property then the city's Planning Department can tell you whether the property is located within city limits. Contact them at 303-441-3270.

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.

Appendix A
Calculating the Maximum Resale Price Limit

A. Start with your purchase price

B. Subtract the amount of any Solution Grant monies received

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) The maximum increase for any given year is 3.5 percent, while the minimum increase for any given year is 1.0 percent.

D. Each year add the product of the multiplication described in (C) to the original purchase price.

E. Add the cost of approved Capital Improvements up to the time of contract. Improvements to the home may be made at any time by the owner, but only 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. Shortly before the Resale Price Limit is determined, the city shall have the right to inspect the Property. If after such an inspection, the city determines that the Owner has not fully complied with their maintenance obligation, the city shall determine the cost to complete repairs necessary to restore the property to a good, safe and habitable condition. This amount is called the Excessive Damage Assessment, and shall be included in the Resale Price Limit calculation.

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, or depending upon conditions affecting the real estate market.

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 homes come with affordable covenants that ensure that 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 will have a Maximum Resale Price Limit which includes limiting appreciation (see Appendix A)
- The buyer is required to maintain their affordable home in a manner that protects the health, safety and livability of 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.
- 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.
- 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 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 your money, track your expenses, identify your “needs” and “wants," and develop ways to make budgeting a habit.

Credit: This class will teach you how to manage your credit effectively and wisely. You will learn what goes into a credit score, how to access your free credit report, ways to improve or build your credit, how to read your credit report and correct information on your report that is not accurate.

Debt Reduction: Let us help you discover the reasons you 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: This class is designed to help you start a relationship with a financial institution or evaluate your 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.

Registration is not required. For additional information call 720-564-2279
or visit:
www.bouldercounty.org/family/housing/pages/hcschedules.aspx

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