City of Boulder
Housing Division

Owners Guide

Homeownership Program

Updated: 10/1/2015

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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 Homeowner,

We are pleased that you purchased a home through City of Boulder's Affordable Homeownership program! Boulder has 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 purchased your home through the city's programs, you received the benefit of these community investments. The program requires you to pass the benefits on to the next buyer when you sell. This handbook will help you understand your rights and responsibilities as an owner in the permanently affordable program.

Please note that the information provided in this handbook pertains to the most recent versions of policy and the Covenant. Refer to the Covenant you signed at closing to confirm the exact rules related to your home.

We hope you are enjoying your home, and will be happy to assist you in the future.

Sincerely,

The Homeownership Program Team
City of Boulder
Division of Housing

City of Boulder Homeownership Programs
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303-441-3157, ext. 2
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Brushing Up On the Covenant

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.

Please refer to your version of the Covenant signed at closing for specifics related to your ownership obligations.

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What Is The Maximum Resale Value?

The resale formula that sets the maximum price strikes a balance between keeping the price affordable and allowing owners to receive a return on their investment in the property. This formula is not tied to the performance of the real estate market. Below is how the city calculates maximum resale values for a majority of the homes in the program. Owners should consult their individual covenant for the specific formula.

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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Capital Improvements and Updates Policy

Permanently affordable homes have been constructed as complete and livable homes for households with limited, qualifying incomes and assets. As such, credit in the resale price for work done is limited to ensure affordability for future homebuyers. There are two types of credit available: Capital Improvement Credit and Capital Update Credit. Improvement credit is generally credit given for upgrades made to a home. Update credit is generally given for replacing older systems in older homes. No credit is given for routine maintenance or repairs.

This policy describes the Division of Housing's criteria for eligible Capital Improvement and Capital Update credit for permanently affordable housing units. The policy also describes requirements for homeowner maintenance of the homes.

If the homeowner uses a professional contractor to complete the improvement or update, the homeowner will be credited 80% of the total amount paid for eligible work and materials if the work has been preapproved in advance.

If the homeowner, an immediate family member, or a non-professional completes the improvement or update work, the homeowner will be credited for 100% of the amount paid for eligible materials per the provided itemized material list if the work has been preapproved in advance (credit for labor is not given). Receipts documenting the materials purchased must be submitted.

The credit for a Capital Update will depreciate over 20 years: 75% of the Capital Update cost will depreciate in 10 equal amounts annually for the first 10 years; the remaining 25% will depreciate in 10 equal amounts annually for the remaining 10 years.

Eligible Capital Improvements:

1. Energy efficiency improvement of added insulation.

2. Improvements that increase habitable space. Finished basements must have at least one egress window and all improvements must conform to current city code requirements.

3. Cooling systems including: whole house fans, ceiling fans, non portable evaporative coolers and central air conditioning.

4. Flooring: replacing carpet at least 10 years old with hardwood (including cork and bamboo, but not laminate) or ceramic tile. Replacing old carpet with new carpet is not eligible for credit.

5. Radon gas mitigation cost (Radon testing costs are not eligible, only mitigation cost as necessary to remedy); if Radon level is above the EPA established threshold the cost to mitigate using a qualified contractor is eligible.

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Eligible Capital Updates:

1. Installation of solar photovoltaic systems and/or solar thermal systems.

2. Renovation of kitchens and bathrooms that are at least 20 years old.

3. Replacement of single pane or defective double pane windows that are at least 20 years old.

4. Replacement of a furnace that is at least 10 years old with a high efficiency furnace with an AFUE greater than or equal to 90%, plus sealed combustion. If home design precludes direct venting, an upgrade to a minimum 80% AFUE is eligible.

5. Replacement of a hot water heater that is at least 10 years old with a high efficiency hot water heater with an energy factor of 0.62 or higher (Energy Star Listed), R-16 tank insulation; Anti-Siphon valves; and hot water pipe insulation of at least 6 feet.

6. Perimeter fencing when not provided by the developer.

Improvements or updates considered to be non-permanent or cosmetic are not eligible. Luxury and high-end items chosen over standard grades will only be eligible for credit at the cost of standard grade items.

Credit will not be given after the Intent to Sell has been received by the city, and a maximum resale price has been issued. If radon mitigation or carpet upgrades are needed during the sale process, it must be performed before the home is listed on the website, and in compliance with this Capital Improvement and Update policy, if the owner wishes value added to their home. If these improvements are made after the home is listed for sale or under contract, no value will be added.

Beginning January 1, 2008, the maximum amount of credit included within the calculations of the resale price limit is $25,000 during the period in which the owner owns the property. Approved improvements/credits will be credited at the time of final approval.

Credits received before January 1, 2008 are given in limited annual amounts calculated every year based on the percentage of change in the Consumer Price Index-Urban area (CPI-U). Each year the credit amount given will be adjusted to a percentage amount equal to the change in the CPI-U or up to 3.5%, whichever is less. If the CPI-U decreases, the annual credit percentage will remain the same as the percentage for the previous year. The credited amounts will be added each year the owner owns the property up to the total credit amount. Upon the sell of the property the owner will receive the yearly credit amounts earned and prorated up to the date of sale, which will be included in the re-sale maximum value.

In order to qualify as an eligible Capital Improvement or Update, it is mandatory that each proposed expenditure be approved in advance by the Division of Housing. The process for receiving credit is listed in the “How to Receive Credit” section.

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How to Receive Credit for Capital Improvements and Capital Updates

To ensure the full allowed credit for eligible Capital Improvements or Capital Updates, it is mandatory that each proposed expenditure be approved by the Division of Housing prior to commencement of any work. Any completed eligible Capital Improvements and/or Capital Updates that are submitted for credit without pre-approval are allowed credit for only 50% of the pertaining eligible cost.

The process for requesting prior approval

1. Using the Capital Improvement/Capital Update form on our website, submit a written request for approval of the proposed Capital Improvement or Update.

2. Include detailed plans and an itemized estimate of cost. Capital Improvements or Updates estimated to cost more than $5,000, whether the work is to be done by the homeowner or a contractor, require the homeowner to submit bids from two licensed contractors. If the work is not being done by a contractor, the homeowner shall submit an itemized list of materials and the estimated costs. If using a contractor and or a supplier provide: name(s), address(es) and, phone number(s) on the estimate(s). (Do not send originals, only copies.).

3. After pre-approval of a Capital Improvement or Update, if the scope of the pre-approved work changes or if there are increases in costs, to ensure credit for the additional work and/or cost the homeowner must request a modification of the pre-approval before starting the work and/or incurring the costs. The request should include the revised detailed plans and/or itemized cost estimate.

4. The Division of Housing will review the proposal and approve eligible Capital Improvements or Updates within 14 days of receipt of a complete request.

5. Capital Improvements or Updates that have been approved must be completed within six months of approval or a new request for pre-approval will be required.

6. After an Eligible Capital Improvement or Update has been completed, within four weeks of completion of the work, the homeowner must submit to the city an itemized receipt or bill of sale, complete with the contractor or supplier's name, address and phone number. The homeowner must submit a copy of the final inspection approval and building permit if one was required. (Do not send original documents, only copies.)

7. Within 14 days of receipt of the final Capital Improvement or Update request the city will notify the homeowner in writing of the final amount of the credit.

8. All approved credits will be added to the maximum resale price immediately.

If a homeowner who is selling has obtained a ClimateSmart Loan to finance eligible updates or improvements and a balance remains on the loan, the homeowner must either pay the loan balance in full at closing to transfer ownership to a subsequent owner.

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It may be necessary to obtain a permit for the work. Please contact City of Boulder Inspection Services at 303-441-1880 or visit their website at www.bouldercolorado.gov/buildingservices regarding permit information. Owners who are building something new will want to show their plans to a Project Specialist in Planning and Development Services at 1739 Broadway, 3rd floor.

The city has the right within the covenant to inspect the property at times that are mutually convenient to the city and the homeowner to confirm the Eligible Capital Improvements or Updates have been completed in a workmanlike manner and the reasonable value of the improvement. If the city, in its reasonable discretion, is unsatisfied with the documentation provided by the homeowner, it may base its determination of the value of the improvements upon an estimation provided by an objective third party professional who is knowledgeable about local construction costs and practices. At the conclusion of this process the Division of Housing will send a written statement of approved Capital Improvement or Update Credit to the homeowner.

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Maintenance

Homeowners are required to maintain their home in a good, safe, habitable condition. These homes have been set aside as permanently affordable in our community. As such current owners have a responsibility to future owners of the homes. The best way to care for a home is by completing routine maintenance tasks. This helps to prevent costly repairs, as well as keeps the home looking and performing at its best.

Please note that lack of maintenance or care can result in an Excessive Damage Assessment being applied to the Maximum Resale Price at resale. Shortly before we determine the resale price, the city shall have the right to inspect a property. If after such an inspection, the city determines the owner has not fully complied with their maintenance obligation, the city shall determine the cost to complete repairs and work necessary to restore the property to a good, safe and habitable condition. This amount shall be called the Excessive Damage Assessment, and it shall be included in the calculation of the Resale Price Limit. In most cases, owners will be given the opportunity to make repairs. If the city approves of the workmanship of these repairs, the cost will not be deducted from the sale price of the home.

Homeowners in Home Owners Association (HOA) communities are required to pay their dues and abide by the rules established by homeowners in the community. The HOA is required to live up to its obligation of providing maintenance as defined in the community's Covenants, Conditions, and Restrictions (CC&Rs). It is an owner's right as a homeowner in an HOA community to request repairs within the scope of the HOA's responsibility. Please review HOA documents before proceeding with repairs to determine whether responsibility for a repair rests with the owner or the HOA.

Home Repair Loan Program

If one owns a home that is in need of repairs, but does not have the money or equity to finance the repairs, the Division of Housing may be able to help. We offer low-interest loans to low income homeowners for health and safety repairs and energy conservation measures of up to $25,000 for single family homes. Repayment of the loan is deferred for fifteen years or until the sale of the home, whichever comes first. Technical assistance and contractor supervision are provided to make sure the work is performed properly.

More information can be found at www.boulderaffordablehomes.com, or by calling Longs Peak Energy Conservation at 720-864-6401.

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Solar Grant Program

Grant are available for Homeworks Permanently Affordable homes for the installation of solar electric and solar thermal (hot water) systems. These grants are award twice a year through the City of Boulder's Local Environmental Action Division. More information can be found at www.bouldercolorado.gov/solar

Refinancing

Most owners may refinance a mortgage used to purchase their home if the refinance amount does not exceed 93 percent of the current resale value of the home (90 in the case of a Home Equity Line of Credit – HELOC). The City of Boulder must approve the loan to confirm it meet these requirements and the new loan terms meet the current mortgage policy.

The city has a $10 deed recorded against the property. This lean will be subordinated to the new financing, as is required by most lenders, if the terms listed above are met.

Owners should contact us when they are ready to refinance their home so we can provide the owners with a letter containing their home's current value, details on determine their maximum refinance amount, and the required documents needed for the city to subordinate its $10 deed to the new loan.

Once we receive the required documents from the lender, we require a minimum of five business days to analyze the loan, process our subordination, and send documentation to Title for closing. If terms or amounts change then we must receive new versions of the loan documents.

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Selling a Home: A Step-by-Step Guide

If an owner owns a home with a deed a restriction that is not a part of the Permanently Affordable program please contact Homeownership Program staff for details on resale. If an owner owns a Permanently Affordable Home with resale restrictions (the majority of homes in the program), please read all of the information below.

If an owner needs help determining which program their home is in or there are further questions about selling after the following has been read, please contact the Homeownership Team at homeownership@bouldercolorado.gov or 303-441-3157, ext. 2.

These procedures were put in place to ensure another member of the community can benefit from the affordable housing program when an owner is ready to sell. Below are the steps to selling a Homeworks Permanently Affordable home, as well as things to keep in mind regarding the covenant recorded with these homes. Once we have received the owners "Intent to Sell" form (found on our website) a Homeownership Team member will be assigned to the sale. This person will be designated to work with the owner and their agent until the home has changed ownership.

STEP ONE: DECIDE TO SELL WITH OR WITHOUT AN AGENT. Seller can choose to work with a professional real estate broker, or they can sell the home themselves. In either case, the maximum resale price will be increased by a set amount to help cover some marketing and closing costs.

Option One: Work with a Professional Real Estate Broker: Sellers may work with any realestate agent they like. If a seller chooses this option then we will add a 2.5 percent commission, to be split between seller's and buyer's agent, and $650 for closing costs to the resale price. The city's website maintains a list of participating real estate agents who are familiar with our programs, though sellers are free to work with any real estate agent they choose. If the commission exceeds 2.5 percent, or the seller's closings costs exceed $650, these costs will not be added to the resale price. These additional costs will come out of the seller's proceeds from the sale.

Option Two: Seller Sells the Home by Themselves (For Sale by Owner): In this scenario, the seller markets the home, schedules showings for the property, and handles the contract responsibilities. The city does not represent the buyer or seller, or offer assistance with the real estate aspects of the sale. Sellers will likely hire a real estate attorney to help with the contract and other legal documents.

If a seller chooses this option then we will add $550 for marketing and sales expenses and $650 for closing costs to the maximum resale price. If the marketing and sales expenses exceed $550, or the closings costs exceed $650, any additional costs will not be added to the resale price. These additional costs will come out of the seller's proceeds from the sale. There is a checklist is in the appendix to help those that wish to sell the home without the assistance of a real estate professional.

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STEP TWO: INSPECTION. The covenant attached to the Homeworks Permanently Affordable homes requires owners maintain the home in good, safe and habitable condition. To ensure adequate maintenance has been carried out the home will be inspected. The owner will be given the option to repair items that do not meet this standard or reduce the resale price. There are two inspection choices:

Option One: City Inspection Before Listing and Buyer's Inspection After Going Under Contract

If a seller chooses to have the property inspected before listing then the city-contracted inspector will check for damage and maintenance issues. The inspection will happen before we calculate the maximum resale price, and will be scheduled within two weeks of receiving the sellers Intent to Sell form. After reviewing a copy of the inspection report, we offer sellers the opportunity to fix items needed to restore the home to a good, safe and habitable condition. If a seller chooses to not make the repairs then the maximum resale price of the home will be reduced to cover the cost of repairs for the buyer.

The buyer will also be required to have an inspection after going under contract to purchase the home, so sellers will have two inspections performed if they choose this option. If the buyer's inspection turns up items that need correction (even if they did not show up in the city inspection) then the city will require seller correct those items as well.

Pro of this option: Sellers can enter into the sale knowing that their home is adequately repaired. There is no expense to the seller, as the city will pay for the first inspection.

Con of this option: Extra time is required before listing a home to accommodate the inspection and any repairs.

Option Two: Buyer's Inspection After Going Under Contract

Sellers can choose to forgo the city inspection and only have a buyer's inspection. If a seller chooses to wait for the buyer's inspection, they agreeing that the maximum resale price of the home may decrease based on the buyer's inspection. We will review a copy of the buyer's inspection and the city will determine what items must be repaired to restore the home to a good, safe and habitable condition. The seller will be asked to make any repairs, or reduce the sales price, based on the findings of the inspection.

Pro of this option: This alternative allows us to more quickly calculate the maximum resale price and list the home.

Con of this option: Waiting for the buyer's inspection postpones correcting issues until after a buyer has been found, and could delay a closing.

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STEP THREE: SUBMITTING THE "INTENT TO SELL" FORM. The "Intent to Sell" form is on our website and should be submitted at least 60 days prior to when the seller would like to close on the sale. Once this is received, we will send the seller a letter containing the maximum resale price or schedule an inspection if needed.

STEP FOUR: MARKET AND SHOW THE HOME. The covenant on most Homeworks Permanently Affordable homes requires sellers abide by fair marketing procedures. In order to ensure fair public access to limited affordable homeownership opportunities, the city has developed standard marketing procedures.

Sellers must market their home for a minimum of 30 days to all potential buyers. This open market period generally begins within five days of receiving written notice of the seller's intent to sell, along with the City Website Marketing Information form.

The seller's property will be listed on our website. To create this online listing we will use information from the City Website Marketing Information Form submitted by the seller along with photos. The information included in this form must be accurate and complete and photos received before we can list the home.

During the Open Market Period, sellers must advertise at least twice in a local daily general publication ***or*** list their home on the Multiple Listing Service (MLS). The Division of Housing will also post the home on our website and may notify specific groups of income-certified buyers by email. The marketing period cannot begin until the seller's ads are scheduled (if the owner is not working with an agent) and we have posted the home on our website.

The seller or seller's agent must arrange to show the home by appointment to all interested buyers o*r* schedule open houses. If the seller chooses not to show by appointment, they must select at least two dates for open houses. One must be during the first two weeks of the open marketing period so new applications can be turned in by the deadline. One open house needs to be within the last two weeks of the end of the marketing period and one open house must be during evening hours. Sellers should keep a list of all buyers who see the home.

Sellers may not commit to sell to any buyer during the Open Market Period.

Home must be sold to a program-qualified buyer and cannot be sold for more than the maximum price allowed. Interest in buying affordable homes varies, just as with market-rate homes. A seller's home will be competing with other affordable homes, both new and resale.

The seller's property will be listed on our website. To create this online listing we will use information from the City Website Marketing Information Form submitted by the seller along with photos. The information included in this form must be accurate and complete before we can list the home.

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STEP FIVE: FAIR SELECTION PROCESS, AVAILABLE HOMES, AND GOING UNDER CONTRACT

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. At the end of the marketing period, the households that submitted forms 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.

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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.

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)

The city recommends the seller counter an offer that is lower than the maximum resale price at least once before requesting to move onto the next buyer down on the selection list. If the seller receives a full-priced offer with no contingency of a home to sell but does not agree with other terms of the contract, the city expects the seller to counter at least one time before requesting to move onto the next buyer. Conversely, the seller's counter terms should be reasonable and in the realm of generally acceptable terms for transactions in the program, as determined by the city, before the seller can move onto the next buyer down on the selection list. Please contact us if here are questions about a specific situation.

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. The seller may elect to wait longer than 24 hours for a contract. Alternatively, after 24 hours without an offer the seller may move onto the next person down in the selection process.

Typically 30 days elapse between contract and closing. We require 30 days be allowed from contract to closing unless seller and buyer mutually agree to a different time line. A buyer's inability to close before or after 30 days is not justification for rejecting an offer.

Please include the following additional provision in the contract under "Additional Provisions"

> *Buyer understands this property is covenant restricted. The City of Boulder Division of Housing will provide the Buyer with a copy of the Affordable Housing Covenant by the Title Deadline. Buyer has until the Title Objection Deadline to object to the Covenant terms. If Buyer has no objection, it is assumed he/she agrees to all conditions of such covenant including limitations on resale and occupancy requirements.*

A copy of the final contract should be sent to our office within 48 hours of it being signed. The city will review the terms of the contract to insure it conforms to the program requirements (price, closing timeline, ect.).

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STEP SIX: CONTRACT PERIOD AND CLOSING Once a buyer has put a contract on a home they are not eligible to enter other lotteries. The seller and buyer, along with their real estate agents, lender, inspector, appraiser, city program staff, and the title company will work together to complete the transaction.

Once the buyer has had their inspection the city will need to receive it for review. We will determine whether any mandatory corrections will need to be made based on the sellers covenant agreement to maintain the home in good, safe, and habitable condition. If corrections are identified the seller must either repair the items within the timeframe already specified in the contract, or agree to a credit to the buyer if the buyer agrees to make the repairs after closing. The cities inspection requests does not limit the buyer's ability to request the same items and/or additional work under the terms of the sales contract. Our inspection procedures are separate from the buyers.

In preparation for closing, the city will prepare documents that, at closing, will release the seller from their obligations with regard to the affordable home. These obligations will be transferred to the new owner when they sign the covenant and other city documents at closing.

Other Important Notes:

In accordance with the provisions of the Fair Housing Act and the City of Boulder's Human Rights Ordinance, sellers cannot discriminate against a potential buyer based on their age, sex, race, creed, color, marital status, religion, national origin, ancestry, handicap, sexual orientation or familial status.

Although unlikely to occur, the covenant gives the City of Boulder the right to purchase a Homeworks Permanently Affordable home once the owner informs us of their intent to sell. If the seller decides to list with a Professional Real Estate Broker, the listing contract needs to exempt the Real Estate Broker's commission in the event that the city purchases the home, as it will not be added to the maximum resale price.

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Foreclosure Prevention

If an owner is behind in mortgage or Home Owner Association (HOA) payments, or have been served a notice of foreclosure they are required to notify the city. For people in this situation help is available. The Boulder County Housing Authority (BCHA) is dedicated to helping homeowners at risk of foreclosure. A few important points:

- Early intervention is key to helping homeowners on the edge stay in their homes.
- Counseling is not just for borrowers already in foreclosure but for all who have missed a payment or who think they may miss a payment.
- If an owner is in jeopardy of foreclosure, or know someone who is, contact the Boulder County BCHA Housing Counseling Program hotline at **720-564-2279.**

BCHA's housing counselors are neutral parties that act as an information resource for borrowers and as facilitators between the borrowers and lenders. The BCHA's Housing Counseling Program is approved by the U.S. Department of Housing and Urban Development to conduct foreclosure prevention counseling.

For assistance, visit the BCHA's Foreclosure Prevention website at:
http://www.bouldercounty.org/family/housing/pages/hcforeclosure.aspx, or call them at 720-564-2279

Please keep in mind that non-payment of HOA dues can result in foreclosure. The city is unable to assist owners with HOA matters as the HOA is made up of members of those living in the HOA. The Homeownership Program has no jurisdiction or vote in community matters. Active participation in an HOA will help to ensure a good homeownership experience.

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Frequently Asked Questions

How much should a Homeworks Permanently Affordable home be valued at for purposes of property taxes?
The Boulder County Assessor's office recognizes the affordable price as the value of a permanently affordable home for tax purposes. The City Housing Division sends updated values to the Assessor's office annually. If the Notice of Valuation from the Assessor is significantly different from the maximum resale price, please contact us.

Can current owners of a Permanently Affordable home move to a different Permanently Affordable home?
If the owner has lived in their current Permanently Affordable home for at least two years, they are allowed to buy another Homeworks Permanently Affordable home once the current home is sold. If an owner has lived in their current Permanently Affordable home for less than two years, they are not eligible to buy another Permanently Affordable home unless their family size has changed or they are moving from a home in the low/moderate income program to a home in the middle income program.

Can an owner rent their home?
Generally, an owner must live in their home for at least five years before they are eligible to rent. An owner may generally rent for a period or periods of time totaling 12 months out of every seven years of ownership. If an owner intends to rent they should contact us for requirements.

In order to rent a home, an owner may need a Rental License from the City of Boulder. Please be aware that some loans may restrict an owner's ability to rent their home. Owners must also abide by any HOA rental requirements.

Can an owner have a housemate?
An owner may rent out a bedroom in their home as long as they continue to owner-occupy your home.

How can an owner save energy in their home?
The City Department of Environmental Affairs provides information and links on energy conservation. Depending on the owner's income, they may be eligible for grants or low-interest loans to add solar or improve energy efficiency in their home. Please contact the City of Boulder's Local Environmental Action Division (LEAD) at 303-441-1881 for more information.

Where can an owner find out more about their Home Owners Association (HOA)?
They should contact their HOA president or the management company hired by the HOA.

The answer to my question in not in this handbook.
The Homeownership team is here to help. If you've already worked with a team member then we encourage you to contact them directly. Otherwise contact us at 303-441-3157 ext. 2 or homeownership@bouldercolorado.gov.

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Appendix - For Sale by owner Check List

Marketing:

- ◻ Consult the open marketing procedures described earlier in this guide
- ◻ Submit an Intent to Sell form and City Website Marketing Information form with photos.
- ◻ Receive Maximum Resale Price from the member the Homeownership Team assigned to the sale. Review the calculation and report any inaccuracies.
- ◻ Once the listing has been made public at www.boulderaffordablehomes.com:
    - Confirm selection preferences for the home if any
    - Confirm maximum resale price
    - Confirm listing information, contact information, and descriptions are all correct
- ◻ Hold open houses, or schedule showings as needed.

Contract:

- ◻ Receive selection process results from the Homeownership team member assigned to the sale. Initiate contact with the highest ranked household to initiate the process.
- ◻ If after 24 hours a contract has not been received, the offer is not a full-priced offer, or the highest ranked household has a home to sell then the seller may move to the next person on the list. NOTE: These are the ONLY reasons that a seller may move to another buyer.
- ◻ Use the Colorado Real Estate Commission-approved form when writing a contract.
- ◻ We require 30 days be allowed from contract to closing unless seller and buyer mutually agree to a different time line.
- ◻ Inclusions must include any capital improvements for which credit was given.
- ◻ No more than $2000 earnest money can be requested.
- ◻ Arrange for Title Insurance to cover standard exceptions; ensure that the Homeownership team contact is on the title circulation list.
- ◻ Common Interest Community (HOA documents) review period required.
- ◻ Closing costs split 50/50.
- ◻ Prorate property taxes on most recent mill levy.
- ◻ Liquidated damages provision to be used if Buyer is in default.
- ◻ Include in the contract the city's additional provisions:
- ◻ *Buyer understands this property is covenant restricted and that the Covenant is available from the City of Boulder Division of Housing upon request. Buyer has until the Title Objection Deadline to object to the Covenant terms. If Buyer has no objection, it is assumed he/she agrees to all conditions of such covenant including limitations on resale and occupancy requirements.*
- ◻ Send a copy of your contract to the Homeownership Coordinator assigned to the sale
- ◻ Send the Homeownership Coordinator a copy of any amendments or extensions to the contract including inspection items.

Closing:

- ◻ Buyer and Seller agree on a convenient time for closing and schedule with the title company.
- ◻ Homeownership Coordinator MUST be given 5 working days notice of any change in the closing date.
- ◻ Remember to take photo ID with you to the closing.

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