City of Boulder Homeownership Programs
Homeowner Manual 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.

Updated: 7/21/2014

Table of Contents

Welcome! 3

Programs Summary for 2014 4

Brushing Up on the Covenant 5

Calculating Maximum Resale Value 6

Capital Improvements and Updates 8

Maintenance 12

Home Repair Loan 12

Refinancing 13

Selling Your Home: A Step-by-Step Guide 14

Foreclosure Prevention 19

Frequently Asked Questions 20

Appendixes

- **For Sale By Owner Checklist** 21
- **Marketing Procedures** 22

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 so pleased that you purchased a home through City of Boulder's Affordable Homeownership program! 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 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 for information as it relates to your ownership experience.

We hope that 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
Physical Address: 1300 Canyon Boulevard, Boulder 80302
Mailing Address: P.O. Box 791 Boulder, CO 80306
303-441-3157, ext. 2
homeownership@bouldercolorado.gov
www.boulderaffordablehomes.com

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.

Program Updates

What's new:

As of January 1, 2014 there were more than 750 permanently affordable or restricted homeownership units within Boulder's city limits!

2014 Annual Appreciation This year's annual appreciation award amount was 2.77%. This amount was based on gains in the Consumer Price Index and Area Median Income.

Eligible Capital Improvements There was no change to the Capital Improvement and Capital Update policy this year. Later in this document there is information about what improvements and updates are eligible for credit, how to apply, and how the amounts factor into a home's maximum resale price.

Inclusionary Housing Plan The Division of Housing is working with the City Council to update Boulder's Inclusionary Housing Plan. Homeowner in our program bring a unique perspective, and we hope that they will participate in opportunities for community involvement in the process.

Solar Grants and Rebates Boulder's LEAD department (Local Environmental Action Division) is encouraging homeowners in the affordable program to consider solar power. Contact the city's Residential Sustainability Specialist at 303-441-3452 for more information.

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.

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 which includes limiting appreciation.
- Buyer 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.

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.

What Is The Maximum Resale Value of My Home?

The City of Boulder makes homes affordable through regulations and subsidies. When a buyer purchases a home through the city's program, they receive the benefit of these community investments in the form of a below-market price. The program requires that they pass those benefits on to the next buyer.

Every year the City of Boulder Homeownership Program provides owners with an annual letter. The intent of the letters is to:

- Communicate relevant information regarding the home and any changes to the Homeownership Program that may affect the ownership experience.
- Provide information about annual appreciation.
- Provide information about the maximum resale price of the home based on appreciation and capital improvements or updates.

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. Note that this formula focuses on keeping the homes affordable, and is not tied to the performance of the real estate market. Here is how the city calculates maximum resale values:

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) 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 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 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. 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.

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.

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)

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.

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, Capital Improvements for which credit at resale will be applied have been limited to ensure affordability for future home buyers. The city also wants to ensure that older affordable homes remain attractive; to accomplish this, a Capital Updates policy for homes over 20 years old has been introduced.

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 homeowners to maintain their 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 only for 100% of the amount paid for eligible materials per the provided itemized material list. 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.

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.

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.

Eligible Capital Updates:

1. Installation of solar photovoltaic systems and 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 replacement is 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.

Beginning January 1, 2008, the maximum amount of eligible Capital Improvements included within the calculations of the resale price limit is $25,000 during the period in which the owner owns the property. Approved Capital Improvement Credits will be credited fully at the time of final approval.

Capital Improvement 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 Capital Improvement 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.

Updates considered to be non-permanent are not eligible. Luxury and high-end items will only be eligible for Capital Update Credits at the cost of standard grade items.

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.

Beginning January 1, 2008, the maximum amount of eligible Capital Updates included within the calculations of the re-sale price limit is $25,000 during the period in which the Owner owns the Property. Approved Capital Update credits will be credited fully at the time of final approval.

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 below.

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. Please note, any completed eligible Capital Improvements and/or Capital Updates that are submitted for credit without having obtained pre-approval are allowed credit for only 50% of the pertaining eligible cost.

The process for requesting prior approval to ensure credit is:

1. Using the Capital Improvement/Capital Update form, 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.)

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.

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

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

The city will have the right 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.

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.

Maintenance

Homeowner 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. 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 HOA communities are required to pay their dues and abide by the rules established by homeowners in the community. In exchange, 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 don't have the cash 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. We offer technical assistance and contractor supervision to make sure the work is performed properly.

Income limits apply, and more information is found at www.boulderaffordablehomes.com, or by calling *Longs Peak Energy Conservation at 720-864-6401 for more information.*

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.

Refinancing

Owners may refinance a mortgage used to purchase their home if the refinance is a straight rate and/or term refinance of the existing principal balance plus one percent (to cover closing and associated costs). The refinance amount may not exceed 93 percent of the current resale value (excluding costs to sell) of the home. The City of Boulder must approve the terms of the loan to confirm they meet these requirements.

The city has a $10 promissory note and 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 that 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 promissory note and deed to the new loan (good faith estimate, truth in lending statement, loan application, and title commitment).

Once we receive the required documents from the lender, we require a minimum of 5 business days to analyze the loan, process our subordination, and send documentation to Title for closing. Please note that if terms or amounts change then we must receive new versions of all of the above documents.

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.

If an owner owns a home with a deed restrictions 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 that 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 against these home. 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 sales and closing costs. Here is information to help sellers decide what path to take:

Option One: Work with a Professional Real Estate Broker

Sellers may work with any realestate agent they like.

If a seller choose 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 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. Please note that if the commission exceeds 2.5 percent, or the closings costs exceed $650, these costs will not be added to the resale price. These additional costs will come out of the sellers 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 handle the contract responsibilities. The city does not represent the buyer or seller, or offer assistance with the sale. Sellers will likely hire a real estate attorney to help with the contract and other legal documents.

If a seller choose 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. A

checklist has been provided in the Appendix for those that wish to sell the home without the assistance of a real estate professional.

STEP TWO: DECIDE ON THE INSPECTION PROCESS. 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 which 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 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 choose 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 your 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 choose to wait for the buyer's inspection, then they are 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 can delay a closing.

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.

STEP THREE: SUBMITTING THE "INTENT TO SELL" FORM. Once a seller has chosen a real estate professional or decided on a For Sale By Owner transaction and determined their inspection preference, they will need to fill out and submit an "Intent to Sell" form. This form is on our website. Once this is received, we will send the seller a letter containing the maximum resale price or schedule an inspection.

STEP FOUR: MARKET AND SHOW THE HOME. The covenant on Homeworks Permanently Affordable homes requires that 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. Please read the Marketing Procedures for Permanently Affordable Homes document found in the Appendix.

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 (found on our website). The information included in this form must be accurate and complete before we can list the home. Sellers will also need to identify whether their home will be available for showings, or only shown by Open House. The Homeownership team member assigned to the sale will work with the seller to collect photos and listing information.

STEP FIVE: LOTTERY, AVAILABLE HOMES, AND GOING UNDER CONTRACT

Lottery: 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. This date will be 30 days after the listing becomes public at on our website.

During the 30-day marketing period prospective buyers will view the home. If a household decides they would like to buy the home then they will submit a Lottery Entry Form. Lottery Entry Forms are only accepted from households that have been certified to purchase in the program. If Lottery Entry Forms are received from two or more buyers a lottery is held. If only one form is received than a lottery is not needed. If no forms are received the home is immediately available for contracts from city certified buyers anytime after the 30-day open marketing period.

At the lottery, entrants will be ranked by the city's preference system, and those with equal ranking will be drawn from sub-lotteries. 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

In addition, 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). In these scenarios lottery entrants will be ranked accordingly.

The Homeownership Team member in charge of the sale will develop a list of lottery entrants, their rankings, and their contact information. This information will be shared with the seller's agent or the seller if they are not working with an agent.

If a home does not sell at the time of lottery, then it is considered to be "Available", and a program certified buyer can immediately place an offer, 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 If an applicant wins a lottery the seller must allow them at least 24 hours from the lottery to write a purchase contract and submit it 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 in the lottery. The seller can only reject the offer if:

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

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 on the lottery 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 city will allow the seller to move onto the next buyer on the lottery list.

If a seller refuses a contract then the next person in line (second place in the lottery) 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 in the lottery.

Lottery entrants 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.

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

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.

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.

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, lenders, inspectors, appraisers, Homeownership Program 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 allowed from contract to closing unless seller and buyer mutually agree to a different time line.

A copy of the final contract should be sent to our office within 48 hours of it being signed. The city will need to approve the terms of the contract, and prepare to work within the timeframes established for the sale.

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 reduce the sales price if the buyer agrees to make the repairs after closing.

In preparation for closing, the city will prepare documents that, at closing, will release the seller from their obligations to the community 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 decide 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.

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.

Foreclosure Prevention

If an owner is behind in mortgage or HOA payments, or have been served a notice of foreclosure, 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 Housing Authority's (BCHA) Housing Counseling Program hotline at **720-564-2279.**

BCHA's housing counselors are neutral parties who are not dependent on funding from either the lender or the borrower, and 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 online 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 your neighborhood. The Homeownership Program has no jurisdiction or vote in community matters. Active participation in an HOA will help to ensure a good homeownership experience.

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.

How much should a Homeworks Permanently Affordable home be valued at for purposes of property taxes?

The Boulder County Assessor's office recognizes the maximum resale price as the value of your home for tax purposes. The City Housing Division sends an updated list 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. The 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 requierments.

In order to rent a home, an owner may need a Rental License from the City of Boulder. Please be aware that some loans, such as CHFA or Habitat for Humanity loans, may restrict an owners ability to rent their home. Owners must also abide by any HOA requirements.

Can an owner have a housemate?

AN owner may rent out a bedroom or bedrooms in their home as long as they continue to owner-occupy your home.

How can an owner save energy in my home?

The City Department of Environmental Affairs provides information and links on energy conservation. Depending on the owners income, they may be eligible for low-interest grants or loans to 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 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.

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.

Appendixes

Appendix A - For Sale by owner Check List

Marketing:

____ 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 your sale. Review the form 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, per the terms agreed to in the City Website Marketing Information form.

Contract:

____ Receive lottery ranking information from the Homeownership team member assigned to the sale. Initiate contact with the lottery winner to initiate the process.

____ If after 24 hours a contract has not been received, the offer is not a full-priced offer, or the lottery winner 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 as listed here:

-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.

-It is understood that the Seller will provide the Buyer with a clean unit upon delivery of the deed.

____ Send a copy of your contract to the Homwownership 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 a convenient time for closing and schedule with the title company.

____ 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.

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 B

Open Marketing Procedures for Permanently Affordable Homes

In order to ensure fair public access to permanently affordable homeownership opportunities, the Division of Housing has developed required marketing procedures. When a seller is ready to market their Permanently Affordable home, these are the steps to follow:

1. The owner or their real estate agent should contact the Division of Housing at least 60 days before they hope to close on the sale of your home. We will ask for more information about the sale of the home and will then provide a letter containing the maximum resale price for the home. We will market the home on our website.

2. Owners must market their home for a minimum of 30 days to all potential buyers (Open Marketing Period). The Open Marketing Period cannot begin until we have received written notice of the owners intent to sell, along with the "City Website Marketing Information" form and photos. After receipt of that information the city needs up to 5 days to list the property and begin the Open Marketing Period.

3. An owner may not commit to sell to any buyer during the Open Marketing Period.

4. During the Open Marketing Period the owners must either list their home on the MLS or advertise at least twice in a local daily general publication. The Division of Housing will post the home on our website and may notify specific groups of income-certified buyers by email. If the owner selects the advertising option then the marketing period cannot begin until the ads are scheduled.

5. The owner or their Realtor® must make arrangements to show the home by appointment to all interested buyers *and/or* schedule at least two open houses. If the owner chooses not to show by appointment, they must select at least two dates for open houses with at least one within the first two weeks of listing. At least one open house must be during evening hours. We request owners keep a list of all buyers who see the home.

6. Interested buyers who have received preliminary certification letters from the Division of Housing and have seen the home should submit a Lottery Entry Form during the Open Market Period. Any buyers who have not applied to the city for certification should do so by the deadline listed on the city's web page for the home.

7. If there is more than one interested purchaser the city will conduct a lottery.

8. The Division of Housing will provide lottery results as applicable. The owner must give the household selected in the lottery a chance to sign a contract in the order selected. The first person drawn will have 24 hours to submit a contract. If this person fails to do so, the owner may offer the unit to the second person drawn and so on. Owners must provide interested buyers with at least 30 days between the end of the marketing period and closing unless both of owner and buyer agree to a quicker closing.

9. Once the owner has completed a contract with a buyer, forward a copy to the Division of Housing. At that time we will provide the buyer with a final certification of eligibility to purchase the home.

10. In accordance with the provisions of the Equal Opportunities Act and the City of Boulder's Human Rights Ordinance, an owner 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.

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.