



**City of Boulder
Housing and Human Services**

Homebuyers Guide



Homeownership Program

Table of Contents

Welcome!.....	3
Programs Summary.....	4
Permanently Affordable Homes Program - Overview	6
Down Payment Assistance - Overview	13
Step-By-Step Overview of the Purchase Process (Permanently Affordable Program Only).....	17
Opportunities for Middle Income Earners.....	19
Working with FHA and VA Financing	20
Frequently Asked Questions	21
Appendix A - Calculating the Maximum Resale Price Limit	22
Appendix B - Affordable Covenant Summary	24
Appendix C - Elective Education Opportunities for Homebuyers.....	25



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Welcome!

Dear Prospective Homebuyer,

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

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

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

Sincerely,

The Homeownership Program Team
City of Boulder
Housing & Human Services

City of Boulder Homeownership Programs
Mailing Address: P.O. Box 791, Boulder, CO 80306
303-441-3157, ext. 2
homeownership@bouldercolorado.gov
www.boulderaffordablehomes.com



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Updated: 10/31/2023

Programs Summary

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

Permanently Affordable Homes Program

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

Solution Grant

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

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

This down payment assistance program is a deferred loan for up to \$100,000 that helps buyers purchase a market-rate home within Boulder city limits. The loan is due and payable after 30 years, or if the home is sold before 30 years.

Middle Income Down Payment Assistance Pilot Program

This down payment assistance program offers middle-income households a zero-interest second mortgage on a market rate home within the Boulder city limits. The loan amount is \$200,000 or 30% of the home's sale price, whichever is less. In exchange for this down payment assistance, the buyer agrees to deed restrict the home to keep it affordable to future buyers. The loan is due and payable after 15 years, or if the home is sold before 15 years.

Colorado Down Payment Assistance Fund

This down payment assistance program provides a loan of up to \$25,000 at 0% interest to buyers in the City of Boulder.



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MetroDPA

The MetroDPA Program is administered by the City and County of Denver, and the City of Boulder is a participating jurisdiction. MetroDPA makes a forgivable loan available to income eligible buyers for up to 5% of the primary loan's value.

Personal Investment Enterprise (PIE)

The Boulder County PIE program gives qualified applicants a \$4 match for every dollar they save for down payment up to \$1,000 (\$4,000 match). Funds need to be saved in a special account and require a six-month saving period.

Details about all these programs are on the following pages.



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Updated: 10/31/2023

Permanently Affordable Homes Program - Overview

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

Permanently Affordable Homes Program: Eligibility Requirements			
INCOME & ASSETS Each home has its own income limits. Many are lower than these limits. Check the homes listed on our website for examples.	Household Size	Income Limit	Asset Limit
	1	\$111,600	\$140,000
	2	\$127,560	\$159,450
	3	\$143,520	\$179,400
	4	\$159,360	\$199,200
	5	\$172,200	\$215,250
	6	\$184,920	\$231,150
	7	\$197,640	\$247,050
	8	\$210,360	\$262,950
	Income calculation is based on gross income for standard employment and net income for self-employment income. The formula for calculating asset limits is 1.5 x 100% AMI. Asset limits will be updated annually when income limit figures are updated. Should the calculation result in a figure that is lower than the existing asset limit, the asset limit will remain the same and not be decreased. If there are questions regarding asset limits, please contact program staff as some exceptions can be made for extenuating circumstances (recent divorce, retirement, disability).		
FEE	\$25.00 application fee		
DEBT-TO-INCOME RATIO	Debt-to-Income ratio may not exceed 42% in most cases.		
BUYER'S MINIMUM CASH CONTRIBUTION	Buyers are required to contribute at least \$2,000 of their own money. Lenders may have requirements beyond this minimum.		



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Updated: 10/31/2023

HOMEBUYER EDUCATION	<p>To participate in the program each household must attend a city Orientation, and a homebuyer education class approved by the Colorado Housing Finance Authority (CHFA). These classes are also available online.</p> <ul style="list-style-type: none"> • The city Orientation is required prior to turning in an application. • The CHFA-approved Homebuyer Education Class is required prior to going under contract on a home.
LENDER/MORTGAGE LOAN	<p>Applicants must submit the following as part of their city application packet:</p> <ul style="list-style-type: none"> • Copy of the mortgage loan application (as prepared by their lender, not handwritten) or a recent credit report • Mortgage Preapproval Letter that lists maximum purchase price, loan amount, minimum down payment, estimated PITI, interest rate, and loan type
FIRST-TIME HOMEBUYER REQUIREMENT	<ul style="list-style-type: none"> • No requirement • Buyers may have owned a home in the past, or still own a home at time of application • Buyers must sell their home before closing on a Permanently Affordable home
RESALE RESTRICTIONS	<ul style="list-style-type: none"> • Homes must be re-sold to an eligible buyer after a fair marketing period • Resale price will be based on the original purchase price, plus annual appreciation (up to 3.5% per year) and approved capital improvements
OTHER REQUIREMENTS	<ul style="list-style-type: none"> • At least one person in the household must work 30 or more hours per week (unless retired* or permanently disabled) • At least one person in the household must have a work history of 1 year within the most recent 12 months (unless retired* or permanently disabled). • Property must be owner-occupied • Number of bedrooms may only exceed number in household by one in most cases • Buyer must adhere to all covenant restrictions (a copy of the covenant is available upon request)

* The programs definition of a “retired” household aligns with Social Security policy regarding retired individuals and the benefits for which they qualify. A household is considered to be retired if:



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- At least one member of the household is age 65 or older (Social Security definition of “normal” retirement age);
- Greater than 50% of the household’s income is comprised of retirement funds (social security, pension, regular 401(k)/IRA withdraws, etc.); and
- The retired person(s) is/are not earning more than the annual social security permitted income cap from employment or contract income (“Earnings Test Annual Exempt Amount for Under Full Retirement Age”).



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Permanently Affordable Homes Program – Program Details

Overview

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

Affordability

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

The maximum home price is restricted to keep the units affordable now, and into the future. Resale amounts are calculated to include annual appreciation and capital improvements. Annual appreciation is based on the annual change in the Area Median Income or the Consumer Price Index (whichever is less) and is restricted to a range of 1.0% - 3.5% per year. Capital improvements are awarded based on specific criteria, up to a maximum of \$30,000 throughout the ownership period (information about capital improvements can be found in the Homeowner Manual).

Choosing a Home and the Fair Selection Process

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

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

If no Selection Process Entry Forms are received, the home is immediately available for contracts from city certified buyers any time after the 30-day open marketing period.

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

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



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

If more than one household has submitted a form, then a fair selection process is conducted, and households are grouped into the following tiers:

1. Worked in Boulder city limits for a year or more and been certified continuously in the program for a year or more.
2. Worked in Boulder city limits for a year or more.
3. Worked in Boulder city limits for less than a year and been certified continuously in the program for a year or more.
4. Worked in Boulder city limits for less than a year.
5. Certified continuously in the program for a year or more.
6. All other certified applicants.

People classified as retired or permanently disabled are granted the work in Boulder city limits for a year or more preference.

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

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

Some homes may have unique preferences based on home features, such as being more suitable for higher occupancy (more space and/or a yard for households with at least one dependent) or accessible (preference given to those with physical disabilities for a home that has specific needed design features). These preferences are applied ahead of the standard tiers. This means that the highest tier preference will be given to households which comprise of a disabled member if accommodation is requested.

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 "Immediately 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 "Immediately Available".



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Variables Effecting Time to Buy a Home

There are a few variables that effect how long it takes to buy a home. The availability of homes is one factor. Some years more homes come up for sale and some years less. Another factor that can affect the timeline is a household's needs in a home. The more specific the needs a household has, the longer it can take for a home to become available that meets those needs. Finally, the Fair Selection Process described above creates an element of chance.

Historically, most of the Fair Selection Processes had entrants who were in tiers 1 and 2 above. As a result, those in the lower tiers have not regularly gone under contract and purchased homes in the program.

Shortly after each selection, the home listings on our website are updated with a breakdown of the selection. This is a good way to see who is currently prevailing in selections. The "Recently Sold" section on the website has all the homes sold in the last 12 months including the selection results.

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 and move onto the next buyer if:

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

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

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

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



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Owning a Permanently Affordable Home

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

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

Selling a Permanently Affordable Home

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

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



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Down Payment Assistance - Overview

Solution Grant

Overview: Grant for buyers in the City of Boulder Permanently Affordable Program or Thistle's Boulder Land Trust program.

Assistance available: Up to 5% of the purchase price of a Permanently Affordable home.

Income limits: Housing and Urban Development Low Income Limit + 10% (HUD + 10%).

Boulder HUD + 10% (2023)					
	1 person	2 people	3 people	4 people	5 people
Max income	\$75,980	\$86,845	\$97,715	\$108,500	\$117,240

Repayment: No repayment (homes future sales price is reduced by the grant amount).

More details: Eligible buyers receive funds from the city to cover down payment and closing costs to purchase a home in the city's Permanently Affordable program or a Thistle Community Land Trust home in the City of Boulder. Up to 5% of the home's value may be available. Funds are not available to help buyers achieve more than 5% down. Buyer funds (including gifts, assets, and other grants) will be applied first. Any remaining closing cost gap will determine the amount granted. Funds are not committed until a lender provides a Loan Estimate, Loan Application (form 1003), and Title Commitment. The grant is not paid back, though the city will reduce the future maximum resale price of the home by the grant amount. The funds are not intended to help a buyer avoid mortgage insurance, buy points, pay private mortgage insurance (PMI) in advance, pay down principal, meet a specific debt-to-income ratio, or provide any other buy-down assistance that causes the interest rate to be lower in exchange for costs paid at closing. In most cases, the grant is only available when a lender is requiring a down payment of 5% or less. Finally, for new construction, buyers cannot purchase upgrades and receive a grant.

Contact: City of Boulder Homeownership Program - homeownership@bouldercolorado.gov - 303-441-3157 - www.boulderadffordablehomes.com



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Shared Appreciation Loan (House to Homeownership or H2O)

Overview: Loan for buyers purchasing a market rate home in the City of Boulder.

Assistance available: Up to \$100,000.

Income limits: 120% of the Area Median Income.

120% of Boulder AMI (2023)					
	1 person	2 people	3 people	4 people	5 people
Max income	\$111,600	\$127,560	\$143,520	\$159,360	\$172,200

Repayment: Balloon payment due at 30 years, or upon transfer. Repayment amount is the original loan plus up to 15% of the home's appreciation at the time of pay off.

More details: The shared appreciation loan program provides a second loan for up to \$100,000 on market rate homes purchased in the city of Boulder. In support of the primary loan, this additional loan is intended to help buyers with limited assets close on a home. No payments are made on the loan for 30 years unless the home is sold or title is transferred. When the loan matures, the original amount is due along with a share of the appreciation. This loan can only be used on market rate homes in the City of Boulder. It is not designed to be used with the city's permanently affordable program. This program has no resale restrictions. The home may be sold at market-rate.

Contact: The Impact Development Fund - consumerloans@impactdf.org - <https://impactdf.org>

Middle Income Down Payment Assistance Pilot Program

Overview: Loan for buyers purchasing a market rate home in the City of Boulder.

Assistance available: \$200,000 or 30% of the sale price, whichever is less.

Income limits: 120% of the Area Median Income.

120% of Boulder AMI (2023)					
	1 person	2 people	3 people	4 people	5 people
Max income	\$111,600	\$127,560	\$143,520	\$159,360	\$172,200

Repayment: The interest on the DPA loan is 0% and no monthly payments are made on the loan. After 15 years, the total loan amount is due back. If the title of the home transfers before 15 years, the total is due at the time of title transfer.

More details: This loan offers middle-income households a zero-interest second mortgage. The loan amount is \$200,000 or 30% of the home's sale price, whichever is less. In exchange for this down payment assistance, the buyer agrees to deed restrict the home to keep it affordable to future buyers. This loan can only be used on market rate homes in the City of Boulder. It is not designed to be used with the city's permanently affordable program. This program has resale and other restrictions similar to the Permanently Affordable Homes Program ([described above](#)).

Contact: City of Boulder Homeownership Program - homeownership@bouldercolorado.gov - 303-441-3157 - www.boulderadffordablehomes.com



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Colorado Down Payment Assistance Fund (Colorado DPA)

Overview: Down Payment assistance loans with 0% interest.

Assistance available: Up to \$25,000.

Income limits: 80% of the Area Median Income (higher limits for those purchasing outside the City of Boulder).

80% of Boulder AMI (2023)					
	1 person	2 people	3 people	4 people	5 people
Max income	\$74,400	\$85,040	\$95,680	\$106,240	\$114,800

Repayment: Repaid over 30 years.

More details: The Colorado DPA fund provides a second loan for up to \$25,000 on permanently affordable or market rate homes in select Colorado areas. Homes purchased in the City of Boulder are eligible. In support of the primary loan, this additional loan is intended to help buyers with limited assets close on a home in Boulder. Payments on the 0% loan are made for 30 years.

Contact: The Impact Development Fund - consumerloans@impactdf.org - <https://impactdf.org>

Metro Down Payment Assistance (MetroDPA)

Overview: Loan that is forgiven after three years.

Assistance available: Up to 5% of the primary loan value.

Income limits: \$176,700 all households (2022).

Repayment: Loan is forgiven after three years if the owner continues to live in the home.

More details: MetroDPA makes available a loan for up to 5% of the primary loan's value. After three years of primary loan payments the MetroDPA loan is forgiven. The MetroDPA Program is administered by the City and County of Denver, and the city of Boulder is a participating jurisdiction. Lenders that have completed the required training are eligible to participate. It is the lender's responsibility to certify the applicant eligibility for this grant, reserve funds, and meet the reporting requirements.

Contact: City and County of Denver - www.metrodpa.org



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Personal Investment Enterprise (PIE)

Overview: Matched savings for down payment.

Assistance available: Up to \$4,000.

Income limits: 80% of the Area Median Income.

80% of Boulder AMI (2023)					
	1 person	2 people	3 people	4 people	5 people
Max income	\$74,400	\$85,040	\$95,680	\$106,240	\$114,800

Repayment: No repayment.

More details: The Boulder County PIE program gives qualified applicants a \$4 match for every dollar they save for down payment up to \$1,000 (\$4,000 match). Funds need to be saved in a program established account and require a six-month saving period.

Contact: Boulder County - pieprogram@bouldercounty.org – 303-441-3998 -

<https://bouldercounty.gov/families/community-action-programs/personal-investment-enterprise/>



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Updated: 10/31/2023

Step-By-Step Overview of the Purchase Process (Permanently Affordable Program Only)

Step One: Attend Orientation

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

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

Step Two: Contact a Lender

The city requires a pre-approval letter and a copy of a loan application (or a recent credit report) as part of the program application. One may use any lender they would like. If one chooses to work with a lender not familiar with the program, please direct them to the "For Lenders" section of our website.

Step Three: Apply

Complete the Boulder County Homeownership Programs Common Application. Applicants will need to attach all required supporting documentation requested in the application. If information is missing from an application submitted, they must be provided within 30 days of original submission.

For the purpose of the selection process application deadlines, we will not consider an application complete until all documents listed in the application have been received. Staff requires up to approximately 10 business days to process application documents to check for completeness.

The Boulder County Homeownership Programs Common Application enables applicants to apply the following homeownership programs: City of Boulder, Thistle Communities, Boulder County Down Payment Assistance Program, City of Longmont, Elevation Community Land Trust, and Flatirons Habitat for Humanity. We will share an application with other programs as indicated by applicant.

Step Four: Attend the Homebuyer Education Class

The Homebuyer Education class must be completed by buyers prior to going under contract on a home. The best time to take this class is while one is looking at homes. The class will provide information about the home purchase and closing process.

Applicants who are or have been a homeowner still must take this class. The class certificate must be dated within one year of applying to the program.

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



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Step Five: Shopping for a Home

Households that qualify for the Permanently Affordable Homes Program should look at our website for a list of currently available homes. A real estate agent can help set up showings, and open houses will be listed on our website.

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

One may use any real estate agent they would like. If one is working with an agent not familiar with the program, they should be directed to the "For Realtors" section of our website.

Step Six: Recertifying and Going Under Contract

The preliminary program certification is valid for one year. At the end of one year, applicants may recertify for free. Recertification materials are due two weeks before their current certification expires.

It's recommended to plan ahead. Staff requires up to approximately 10 business days to process recertification documents to check for completeness. Applicants may recertify after six months if there have been changes to income, assets and other household demographics.

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

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

Step Seven: Closing

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



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Opportunities for Middle Income Earners

For several decades the City of Boulder has created home buying opportunities for low to moderate-income households. More recently the focus has expanded to helping those with higher middle incomes.

Income Max (120% AMI - 2023)

1 Person	2 People	3 People	4 People	5 People	6 People
\$111,600	\$127,560	\$143,520	\$159,360	\$172,200	\$184,920

Down Payment Assistance

The income limit for the down payment assistance program, House to Homeownership (H2O), has been expanded to 120% of the Area Median Income, see above chart. In addition, the amount available to participants has doubled and now allows loans of up to \$100,000. This program offers a deferred payment second loan on a market rate home in Boulder.

The City of Boulder is also piloting the Middle Income Down Payment Assistance Program, to support middle income home buyers purchase of a market rate home. The income limit for this pilot program is up to 120% Area Median Income, and the down payment assistance amount available to participants is up to \$200,000 or 30% of the home sale price. In exchange for this down payment assistance, the buyer agrees to deed restrict the home to keep it affordable to future buyers.

Permanently Affordable Homes

Incomes as high as 120% of the Area Median Income, see above chart are allowed for some homes in the Permanently Affordable Homes program. Homes targeted for middle-income households generally sell for around \$275,000-\$375,000. Homes in this program sell at below market rate prices and have restrictions intended to keep them affordable into the future. While the number of homes available is limited, the city is working to increase the inventory of homes for middle-income buyers through regulatory requirements and acquisition. Currently available opportunities will always be listed on the Homes for Sale page.

MetroDPA (Down Payment Assistance)

This regional program can provide a forgivable loan for up to 5% of the primary loans value to households earning up to \$150,000. The MetroDPA Program is administered by the City and County of Denver, and the City of Boulder is a participating jurisdiction.

Full details about the House to Homeownership Program and Permanently Affordable Homes Program can be found elsewhere in this guide.



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Working with FHA and VA Financing

What are FHA and VA financing?

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

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

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

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

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

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

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

Are there other options besides FHA or VA loans?

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



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Frequently Asked Questions

How long does it take to become income certified? Up to ten business days after all required and requested documents are submitted.

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

How is annual income calculated?

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

How is income verified for self-employed people?

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

How are assets calculated regarding income?

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

Can the programs be combined?

The Shared Appreciation Loan program (H2O) cannot be combined with Permanently Affordable homes as it is designated to help applicants purchase a market-rate home. In addition, H2O cannot be used with the MetroDPA since H2O does not permit FHA or VA finance products. The Solution Grant may be used with select Permanently Affordable homes, or Thistle Communities Land Trust homes in Boulder city limits. Each listing on our website will indicate if the home is eligible for a Solution Grant.

Can a buyer have a co-signer?

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

Do applicants have to purchase in the city limits of Boulder? Yes. All Permanently Affordable homes are located within the City of Boulder. If one is considering using the Shared Appreciation Loan program (H2O) to purchase a market-rate property, the city's Planning Department can tell whether the property is located within the city limits. Contact them at 303-441-1880.



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Appendix A - Calculating the Maximum Resale Price Limit

The resale formula that sets the maximum price strikes a balance between keeping the home 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. In the Permanently Affordable Program the maximum increase for any given year is 3.5 percent, while the minimum increase is 1.0 percent. For homes purchased with the Middle Income Downpayment Assistance program the maximum increase for any given year is 5.5 percent, while the minimum increase is 3.0 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.boulderadffordablehomes.com for the most updated eligible capital improvement list).

F. Deduct the amount of any excessive damages 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.



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Example

Home Purchase Price: \$210,000
 Solution Grant Received: -\$8,000
 Starting Price for Resale: \$202,000

Appreciation Year One (2.3%): \$4,646 ($\$202,000 \times 2.3\%$)
 New Max Resale Price: \$206,646 ($\$202,000 + \$4,646$)

Appreciation Year Two (1.8%): \$3,636 ($\$202,000 \times 1.8\%$)
 Capital Improvement Credit: \$3,800
 New Max Resale Price: \$214,082 ($\$206,646 + \$3,636 + \$3,800$)



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Appendix B - Affordable Covenant Summary

All Permanently Affordable homes and homes purchased with the Middle Income Downpayment Assistance program come with affordable covenants that ensure the homes remain perpetually 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 limited appreciation.
- Buyers are required to maintain their affordable home in a manner that protects the health, safety and livability for future homeowners.
- 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 90-93% 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 prior to renting for approval.
- A long-term rental of only one room in the home may be permitted after the first year of ownership. Please contact us for details. Licensing regulations must be followed.

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



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Appendix C - Elective Education Opportunities for Homebuyers

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

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

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

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

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

For additional information, call 720-564-2279

or visit:

www.bouldercounty.org/departments/community-services/workforce-boulder-county/workshops/



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