



# City of Boulder Housing and Human Services

## Owners Guide



## Homeownership Program

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Updated: 10/20/2022

## Welcome!

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Dear Homeowner,

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

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

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

Sincerely,

The Homeownership Program Team  
City of Boulder  
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  
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## Brushing Up on the Covenant

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All Permanently Affordable homes 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 limiting 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](mailto:homeownership@bouldercolorado.gov).*



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## What Is The Maximum Resale Value?

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

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

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

### Example

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

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

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



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## *Capital Improvement and Update Credit Policy*

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### **PURPOSE**

Permanently affordable homes have been constructed as complete and livable homes for households with limited, qualifying incomes and assets. Capital and Energy Efficiency Improvements that result in an increased price at resale are limited to ensure affordability and home quality for future home buyers. Improvements and updates must be durable, long-lasting and reduce utility and/or maintenance costs enough to ensure that an increase in the home's future sale price is viewed as fair since the benefit and some cost will carry forward to the next buyer. Unless under an older covenant (prior to January 2008) the lifetime credit maximum is \$30,000 during the time that a household owns the home.

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.

### **POLICY**

This policy describes the Housing and Human Services 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.

#### **Eligible Credit Amounts:**

Homeowners will be credited 80% of their out-of-pocket expense for eligible labor and materials if the work has been preapproved in advance. Amounts received from grants, discounts or other 3<sup>rd</sup> party subsidies will not be included in the final credit amount. If an owner does the work themselves no value will be added for their labor. Tools and other items purchased to complete the work, that will not remain in the home as part of the improvement will not receive credit. Receipts documenting the full scope of work must be submitted for credit.

#### **Depreciation of Capital Updates (not applicable to Capital or Energy Efficiency Improvements):**

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.

#### **Pre-approval Required:**

In order to qualify as an eligible Capital Improvement or Update, each proposed project must be approved in advance by the Division of Housing to receive the maximum credit allowed. Any completed improvements or updates that would be eligible for credit, but that are submitted after start of the project, will receive only 50% of the allowable credit if it had been pre-approved. Please see the Capital Improvement and Update Request Form posted on the city website for how to apply for pre-approval.



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### Eligible Capital Improvements:

1. Improvements that increase habitable square footage per city code. Finished basements must have at least one egress window and all improvements must conform to current city code requirements.
2. Installation of new cooling systems including whole house fans, ceiling fans, non-portable evaporative coolers and central air conditioning. Unit must meet the energy standards to qualify for an EnergySmart rebate or is a minimum of 15 SEER for central air conditioning, ENERGY STAR units only, whichever is greater.
3. Flooring: replacing carpet or vinyl flooring that is at least 10 years old with one of the following:
  - Hardwood floors (solid or engineered, including cork and bamboo, but excluding laminate);
  - Luxury Vinyl Plank flooring with a wear layer of 20 mil or higher, is waterproof, and has a rigid core;
  - Ceramic tile.
4. Radon gas mitigation cost for levels above the EPA established threshold. Radon testing costs are not eligible, only mitigation costs using a qualified contractor as necessary to remedy are eligible.
5. New perimeter fencing when not provided by the developer.

### Eligible Energy Efficiency Improvements:

Energy efficiency improvements may be eligible for additional rebates and incentives through EnergySmart. For program and rebate eligibility consult EnergySmart at [www.energysmartyes.com](http://www.energysmartyes.com).

1. Energy efficiency improvement of added wall, ceiling or crawlspace insulation.
2. Installation of solar photovoltaic systems and solar thermal systems excluding leased systems.
3. Installation of electric vehicle charging infrastructure, which includes installing Level 1 and/or 2 outlets.
4. Appliances: Replacing an appliance with an ENERGY STAR appliance that stays with the house can receive a \$100 flat rate credit.
5. Replacement of a furnace or boiler that is at least 10 years old with a heating system that meets the following energy standards: furnaces that qualify for EnergySmart rebate or is a minimum 95% AFUE, whichever is greater; boilers that qualify for EnergySmart rebate or is a minimum 90% AFUE, whichever is greater.
6. Replacement of a water heater that is at least 10 years old with an ENERGY STAR water heater or electric heat pump that meets the energy standards to qualify for EnergySmart rebate or 0.67 Energy Factor rating or higher, whichever is greater.
7. Replacement of a whole house fan, non-portable evaporative cooler or central air conditioning unit that is at least 10 years old with a unit that meets the energy standards to qualify for EnergySmart rebate or is a minimum of 15 SEER for central air conditioning, ENERGY STAR units only, whichever is greater.

### Eligible Capital Updates:

1. Renovation of kitchens and bathrooms that are at least 20 years old.
2. Replacement of single pane or defective windows of any age, or double pane windows that are at least 20 years old with windows that meet current City of Boulder prescriptive energy code.



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**In emergency situations, some work can receive full allowable credit if it is not pre-approved. For example, a water heater or furnace goes out and needs to be replaced as soon as possible. Full credit can be given if the owner contacts the city within 30 days of the work's start date.**

**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 an Intent to Sell Form has been received by the city and a maximum resale price has been issued. Improvements made during the marketing or contract period are not eligible for credit.**

Beginning January 1, 2008, the maximum amount of eligible Capital Improvements included within the calculations of the resale price limit is \$30,000 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 were 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 sale 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.

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 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 Planning and Development Services at 303-441-1880 or visit their website at [www.bouldercolorado.gov/plan-develop](http://www.bouldercolorado.gov/plan-develop) regarding permit information.** If you are building something new you will want to submit your plans to a Project Specialist in the Planning and Development Services Office at 1739 Broadway, 3<sup>rd</sup> floor.

The city reserves 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.



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## Maintenance

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

Lack of maintenance or care can result in an Excessive Damage Assessment being applied to the Maximum Resale Price at resale. Shortly before the resale price is determined, the city shall have the right to inspect a property. If after the 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 is called the Excessive Damage Assessment, and the deduction is 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 Homeowners Association (HOA) communities are required to pay their dues and abide by the rules established by homeowners in the community. The HOA is required to live up to its obligation of providing maintenance as defined in the community's Covenants, Conditions, and Restrictions (CC&Rs). It is an owner's right as a homeowner in an HOA community to request repairs within the scope of the HOA's responsibility. Please review HOA documents before proceeding with repairs to determine whether responsibility for a repair rests with the owner or the HOA.

## Home Repair Program

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

More information can be found at [www.boulderaffordablehomes.com](http://www.boulderaffordablehomes.com), or by calling 303-774-4339.



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## Solar Grant Program

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Grants are available for Permanently Affordable homes and income-qualified homeowners within Boulder city limits for the installation of solar electric and solar thermal (hot water) systems. More information can be found at <https://bouldercolorado.gov/services/solar-grants>.

## HOA Assessment Grant Program

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HOA Special Assessment Grant – this program will pay Homeowner Association (HOA) special assessments for owners in the Permanently Affordable Homeownership Program. To qualify, owner's need to not have other options for paying the assessment. The money is paid directly to the HOA on behalf of the owner. In exchange, the owner agrees to a lower resale price when they sell. The sales price reduction is equal to the grant amount. Funds are limited. Interested owners should contact program staff for details.

## Refinancing

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Most owners may refinance a mortgage used to purchase their home if the refinance amount does not exceed 93 percent of the current resale value of the home for fixed rate financing (90 percent for variable rate financing including HELOCs). The City of Boulder must approve the loan to confirm the loan meets these requirements and the new loan terms meet the current mortgage policy.

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

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

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



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## *Selling a Home: A Step-by-Step Guide*

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

If an owner needs help determining which program their home is in or if they have additional questions about selling, please contact the Homeownership Team at [homeownership@bouldercolorado.gov](mailto:homeownership@bouldercolorado.gov) or 303-441-3157, ext. 2.

These procedures were put in place to ensure continued benefits for future homeowners. Below are the steps to selling a Permanently Affordable home, as well as what to keep in mind regarding the covenant recorded with these homes. Once we have received the owners "Intent to Sell" form (found on our website) a Homeownership Team member will be assigned to the sale. This person will be designated to work with the owner and their agent until the home has changed ownership.

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

*Option One: Work with a Professional Real Estate Agent:* Sellers may work with any real estate agent they like. If a seller chooses this option, a 2.5 percent commission will be added, to be split between seller's and buyer's agent, and \$650 for closing costs to the resale price. Sellers are free to work with any real estate agent they choose. If the commission exceeds 2.5 percent, or the seller's closings costs exceed \$650, these costs will not be added to the resale price. These additional costs will come out of the seller's proceeds from the sale.

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

If a seller chooses this option, then we will add \$550 for marketing and sales expenses, 1.25 percent commission for the buyer's agent, and \$650 for closing costs to the maximum resale price. If the marketing and sales expenses exceed \$550, or the closings costs exceed \$650, any additional costs will not be added to the resale price. These additional costs will come out of the seller's proceeds from the sale. There is a checklist in the appendix to help those that wish to sell the home without the assistance of a real estate professional.

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



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

If a seller chooses to have the property inspected before listing, then a city-contracted inspector will check for damages and maintenance issues. The inspection will happen before we calculate the maximum resale price and will be scheduled within approximately two weeks of receiving the seller's 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 program required standards. If a seller chooses to not make the repairs, then the maximum resale price of the home will be reduced to cover the cost of repairs for the buyer.

The buyer will also be required to have an inspection after going under contract to purchase the home, so sellers will have two inspections performed if they choose this option. If the buyer's inspection reveals 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.

Pros of this option: Sellers can contract 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.

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

### *Option Two: Buyer's Inspection After Going Under Contract*

Sellers can choose to forgo the city inspection and only have a buyer's inspection. If a seller chooses to wait for the buyer's inspection, they agree 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 program standard. The seller will be asked to make any repairs, or reduce the sales price, based on the findings of the inspection.

Pros of this option: This alternative allows for a faster calculation of the maximum resale price and listing the home.

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

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

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



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

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

During the Open Marketing Period, sellers must have their home listed on a Multiple Listing Service (MLS) or if they are unable to access the MLS then seller must explain how they are going to market their home (such as other websites, flyers, distribution lists, etc.). Homeownership Program staff will also post the home on our website and may notify specific groups of income-certified buyers by email. The marketing period can begin after we understand the marketing plan and have posted the home on our website.

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

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

Homes 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.

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

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

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

If no forms are received, the home is immediately available for contracts from city certified buyers 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:



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- The household needs to be certified for the program. Applicants who are not yet certified must submit their **complete** application a minimum of three weeks prior to the end of the 30-day open marketing period (deadline will be listed on each home's 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 be ineligible 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).
- 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, 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 for a year or more preference.

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

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

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 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 Homeownership Program staff. 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.



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If a home does not go under contract at the end of the 30-day open marketing period and fair selection process, then the home becomes “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”.

### ***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 come up 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 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:

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

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

If a seller refuses a contract, then the next highest ranked household in the selection process will have 24 hours from when they are notified of their opportunity to present a purchase contract to the seller. The seller may elect to wait longer than 24 hours for a contract. Alternatively, after 24 hours without an offer the seller may move onto the next person down in the selection process.



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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.

Please include the following additional provision in the contract under “Additional Provisions”

*Buyer understands this property is covenant restricted. The City of Boulder Homeownership Program 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 Buyer agrees to all conditions of such covenant including limitations on resale and occupancy requirements.*

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

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

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

In preparation for closing, the city will prepare documents that, at closing, will release the seller from their obligations regarding 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 Permanently Affordable home once the owner informs us of their intent to sell. If the seller decides to list with a Professional Real Estate Agent, the listing contract needs to exempt the Real Estate Agent’s commission in the event that the city purchases the home, as it will not be added to the maximum resale price.



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## Foreclosure Prevention

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

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

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

For assistance, visit the Boulder County Foreclosure Prevention website at:  
<https://www.bouldercounty.org/families/housing/personal-finance-coaching/>  
or call them at 720-564-2279.

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



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## Frequently Asked Questions

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

The Boulder County Assessor's office recognizes the affordable price as the value of a permanently affordable home for tax purposes. The City of Boulder Division of Housing sends updated values to the Assessor's office annually, and they update values every two years. 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 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. Any owner wishing to purchase a different home would need to submit a new application to the 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 home in full. An owner may generally rent for a period or periods of time totaling 12 months out of every seven years of ownership. If an owner intends to rent, they should contact us for requirements.

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

### **Can an owner have a housemate?**

A long-term rental of only one room in the home may be permitted if the owner continues to occupy the home. This is allowed only after one year of ownership. Please contact us for details. Licensing regulations must be followed.

### **How can an owner save energy in their home?**

The City of Boulder Climate Initiatives Department provides information and links on energy conservation. Depending on the owner's income, they may be eligible for grants or low-interest loans to add solar or improve energy efficiency in their home. Please contact the City of Boulder's Climate Initiatives Department at 303-441-1931 for more information.

### **Where can an owner find out more about their Homeowners Association (HOA)?**

They should contact their HOA president or the management company hired by the HOA.

### **The answer to my question is 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](mailto:homeownership@bouldercolorado.gov).



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## Appendix - For Sale by owner Check List

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### Marketing:

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

### Contract:

- Receive selection process results from the Homeownership team member assigned to the sale. Initiate contact with the highest ranked household to initiate the process.
- If after 24 hours a contract has not been received, the offer is not a full-priced offer, or the highest ranked household has a home to sell then the seller may move to the next person on the list. NOTE: These are the ONLY reasons that a seller may move to another buyer.
- Use the Colorado Real Estate Commission-approved form when writing a contract.
- We require 30 days be allowed from contract to closing unless seller and buyer mutually agree to a different timeline.
- Inclusions must include any capital improvements for which credit was given.
- No more than \$2,000 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.
- Title company closing cost split 50/50
- Prorate property taxes on most recent mill levy.
- Liquidated damages provision to be used if Buyer is in default.
- Include in the contract the city's additional provisions:  
*Buyer understands this property is covenant restricted. The City of Boulder Homeownership Program 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, then it is assumed Buyer agrees to all conditions of such covenant including limitations on resale and occupancy requirements.*
- Send a copy of your contract to the Homeownership team member assigned to the sale.
- Send the Homeownership team member a copy of any amendments or extensions to the contract including inspection items.

### Closing:

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



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