Affordable Housing Program

REALTOR / Real Estate Broker Frequently Asked Questions

Purpose:

The City of Longmont is proud to offer multiple programs to low-income households to assist in purchasing a home. This document is an overview of program rules a buyer's agent will need to know to properly advise their clients on purchasing a home using the City's programs. See each program's policy for further explanation of the items below. The programs included are:

Affordable Housing Homeownership Program (AHHP): The AHHP is intended to serve households with two different tiers:

> **Affordable**: those whose annual income falls at or below 80% AMI for Boulder County.
>
> **Attainable:** those whose annual income falls between 81% AMI and 120% AMI Boulder County.

Longmont Down Payment Assistance Program (LDPAP): LDPAP is intended to serve households within the Longmont city limits, and:

1. Households whose income falls below 80% AMI for Boulder County when DPA loans are funded by the City's Affordable Housing Fund (AHF); and
2. Households whose income falls below 120% AMI for Boulder County when DPA loans are funded by State of Colorado Proposition 123 dollars or the City's Attainable Housing Fund.

Boulder County Down Payment Assistance Program (BCDPAP): BCDPAP is for buyers purchasing homes within Boulder County, but outside the City of Boulder. BCDPAP is funded with HOME dollars originating from the United States Department of Housing and Urban Development (HUD) and is intended to serve households whose income falls below 80% Area Median Income (AMI) by household size for Boulder County.

If you have questions that are not addressed below, please contact the Homeownership Program Coordinator, Katie Sylvis at katie.sylvis@longmontcolorado.gov.

Contract Process:

All applicants must be determined eligible for a program before completing a real estate contract. Applicants who apply after signing a contract will not receive expedited review of their application, which may jeopardize their ability to purchase a home.

Applicants must submit a completed real estate contract within 48 hours of the contract being signed by all parties. All real estate contract related documents (Counteroffer, Amendments, Affidavits, Addendums, Objections, Resolutions, etc.) signed by both buyer and seller are required to be sent to HCI staff as they are completed throughout the purchase process. Failure to send necessary documents in a timely manner may result in the applicant losing their eligibility.

BCDPAP requires the seller and buyer to sign the Acknowledgement of Acquisition of Property and Seller's Occupancy Certification form and submit both to HCI staff with the real estate contract. **BCDPAP may not be used to purchase properties that displace renters or otherwise involve tenants.**

The City and HCI staff cannot guarantee eligibility and is not responsible for any fees incurred, or lost earnest money, if ineligibility for the DPAPs results in an applicant terminating a real estate contract.

All Program Guidelines:

1. Primary residency is a requirement, and non-occupying co-borrowers are not allowed.
2. A copy of the appraisal from the primary mortgage lender is required before Closing takes place.
3. All applicants are required to attend a HUD-approved homebuyer education class ***and*** a personal homeownership readiness financial counseling meeting.

Down Payment Assistance Loan Terms:

1. The loan amount may be up to 10% of the home's purchase price with a maximum of $40,000. **Note: 10% is not guaranteed**, HCI staff will analyze each applicant's financial resources and transition costs and only provide as much funding as is required to fill the gap between what the applicant can afford and the cost to complete the purchase.
2. Interest is charged at 2% simple interest with monthly payments. Applicants whose income falls below 60% AMI have 0% Interest and deferred payments. Term is up to 30 years.
3. Loan balance is due upon the sale or refinance of the property.
4. Homeowners Insurance showing the City of Longmont as Additional Insured is required before Closing.
5. DPA loans will subordinate to the primary mortgage lender but will not take third position without written agreement with the City.
6. Debt-to-Income is limited to 35% for LDPAP, and 31% for BCDPAP (exceptions up to 35% may apply). DTI is calculated only on the front-end ratio. Front-end ratio is defined as the percentage of gross monthly income a homeowner pays for monthly housing costs. Housing costs include: mortgage principal and interest, property taxes, and homeowner's insurance (PITI), as well as any mortgage insurance premiums, association fees, ground lease fees, and other similar fees as applicable.
7. Applicants must have a minimum of $2,000 or 1% of the sales price (whichever is greater) of their own money invested into the purchase of a home.
8. Applicants may not receive any funds back at closing.
9. Total indebtedness on the property, including the first mortgage and all subordinate financing, cannot exceed 100% of the home's appraised value. The only exception is if the first mortgage is a government-backed loan (such as FHA, VA, or USDA-RD) with a mortgage insurance premium, and that insurance premium is the only reason that the loan amount is over 100% of its value.

Property Eligibility Criteria: see DPA policy for further explanation of property eligibility rules.

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1. Eligible properties include single family detached, single family attached, mobile homes/manufactured homes on a permanent foundation, and any of the above on a community land trust property.

2. Ineligible properties include housing used as a rental property with tenants living in the property in the preceding 90 days before a contract is signed, mobile home/land-lease properties within a mobile home park or resident-owned community, and properties within a floodplain.

    a. Exceptions may apply is the borrower maintains flood insurance and is under 80% AMI.

3. Property must be decent, safe, sanitary, and in good condition. At minimum the property must meet all applicable state and local housing quality standards and code requirements.

    a. A copy of the buyer's residential inspection report will be submitted to the City for review as soon as it is available.

    b. The City will conduct its own residential inspection of the property before issuing a Loan Commitment.

    c. Homes built before 1978 are subject to an additional lead-based paint visual inspection.

4. Before a Loan Commitment can be issued, an environmental review report must be completed and sent to the Colorado Division of Housing for approval.

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