

First Home Conditions for Purchase of a Market Rate Property

The **approval** of a First Home grant is subject to the following conditions:

PROPERTY CONDITIONS

1. The Property must be located within Boulder city limits, and there are no exceptions;
2. The number of bedrooms in the property can not exceed the household size by more than one; and
3. The property must be in good condition.

PURCHASE CONDITIONS

1. The buyer must have completed the Homebuyers' classes and City orientation before entering into a contract. Buyer must also have met any other contingencies that may have been included in the preliminary certification letter, First Home funds will not be awarded until all certification contingencies have been resolved;
2. When a qualified applicant is ready to make an offer on a property, the applicant must first check with the Division of Housing to ensure that funds are available;
3. The Buyer's Purchase Agreement should contain the contingency language of, "This Purchase Agreement is contingent upon the Buyer receiving approval for a First Home grant in the amount of \$_____ from the City of Boulder by the date of _____.";
4. There is no maximum purchase price, but the grant cannot exceed \$56,000 for buyers receiving 20% and \$150,000 for buyers receiving 40% (households of 3 or more);
5. Buyer or buyer's agent must provide the Division of Housing with a copy of the fully executed purchase agreement;
6. The seller must provide confirm if the property is rented or not in writing to the Division of Housing;
7. A professional home inspector must inspect the property. If any major housing code violations are found, the Division of Housing may reject the property;
8. Buyer or buyer's agent shall provide the Division of Housing with a copy of the property inspection report, title commitment, and appraisal prior to the contractual deadlines;
9. The City will conduct a visual inspection of the property to ensure the home meets funding requirements. If a lead based paint test is required, the City will carry out such a test at the City's expense. The City will provide the buyer with a copy of this report. This inspection will be considered to be part of the inspection per the buyer's contract to purchase;
10. If the property is located in a flood hazard area the buyer or buyer's agent must provide to the Division of Housing before closing a receipt for purchased flood insurance in an amount equal to replacement value of the property;
11. The Division of Housing must be on the distribution list for Title Commitment; and

12. Buyer's lender must provide the Division of Housing with written confirmation that a first mortgage has been obtained that meets the following criteria:
- a. Based on gross income, PITI cannot exceed a combined front and back ratio of 42%;
 - b. The interest rate cannot exceed the current Fannie Mae 60-day rate by more than one percent;
 - c. If more than one mortgage is used to purchase the property, together they cannot exceed 100% loan to value (based on the affordable property resale price, not the contract price); and
 - d. Buyer will contribute at least \$2,000 in closing or down payment costs.

CAUTION

We find that First Home buyers are very excited by the opportunity to purchase a home of their choosing and we're pleased to offer this program to them. Please remember that however long you live in your new home, when you eventually sell it, it must be sold through the permanently affordable program. Due to the required buyer income limits, the higher the purchase price, the fewer households are likely to be able to afford the home in the future even if you can afford it now. This will limit your ability to sell at the maximum resale price. Also note that some home characteristics that you find appealing may not appeal to other people. If you keep these things in mind, you will likely be more satisfied when the time comes to sell your home. Please discuss any concerns you have with us and enjoy shopping for your home.