



FIELD GUIDE TO AFFORDABLE HOUSING

Look Before You Leap!

There's no doubt about it. The idea of owning a home—possibly the first place you can call your very own—is exciting! When looking at the listings, almost anything seems possible. Dream away ... but how about a reality check? Can you really handle it? Let's take a look.

What's in a name?

APCHA (APP-sha), the Housing Authority, Housing Board, Housing Office, Affordable Housing, Employee Housing, Deed-restricted Housing, Work Force Housing ... they're all the same: a program coordinated by the City of Aspen and Pitkin County in a proud effort to keep the community in our community.

The Housing Board develops policy, the Aspen City Council and Board of County Commissioners review, deliberate and put policy into action. APCHA administers the program from offices located in the Court House Plaza Building, 530 East Main Street, Aspen.

It's a Wonderful Life.

Aspen has an entirely unique character that attracts, well, entirely unique characters who visit, live, work and retire in the valley. Booming resort real estate prices have made it difficult if not impossible for local employees and business owners—the very people who keep the community and the community spirit going—to live where they work.

*APCHA intends this booklet as a general guide and not as a legal document.
All information is subject to change without notice.*

City and county employee housing programs were instituted in 1974, combined in 1982 and reorganized as APCHA in 1988 to foster public and private development of Affordable Housing for resident workers.

The Affordable Housing program is a vital component of the Aspen Area Community Plan that advances key principles including sustainability, diversity, preservation and quality of life.

APCHA makes housing available to full-time employees who could not otherwise afford to own a home and build a life as part of the community they support. Homes are categorized according to incomes/asset level and the number of household members.

This booklet focuses on the Affordable Housing *ownership* program that oversees several hundred homes and plans future developments. “Affordable” means not only limited cost of purchase, but also restricted property deeds and limited returns when selling.

Established APCHA Guidelines—all sixty-some pages!—spell out specific eligibility requirements for potential buyers and the simple steps in an orderly process for bidding, buying, owning and selling.

Affordable Housing rental units and a special type of Resident-Occupied (RO) units are explained in the Guidelines but not reviewed here.

Of course, Affordable Housing ownership carries serious responsibilities. Each complex is governed by a Home Owners' Association (HOA) under Deed Restrictions, Covenants, Bylaws, Declarations, Rules and Regulations specific to that complex. Don't be confused by the different terms that HOAs use—they're all rules or statutory requirements that establish how a complex is managed and operated.

APCHA website: www.aspenhousingoffice.com

Guidelines, current sales listings, forms, Home Owners' Association documents for each complex, and other helpful information are posted on the APCHA website.

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Glossary

All definitions are in reference to the Affordable Housing program and not intended as legal definitions.

Affidavit of Lawful Presence: sworn written statement that applicant is in the US legally

Amendments to Protective Covenants: changes and/or additions to HOA Declarations, rules and regulations; same as Supplemental Declarations of Covenants

APCHA: Aspen Pitkin County Housing Authority; office located in Courthouse Plaza, Lower Level, 530 East Main Street, Aspen; www.aspenhousingoffice.com

APCHA home: specific residence, unit, condominium or freestanding home in an Affordable Housing complex

Articles of Incorporation: legal certificate issued by the state empowering an HOA to conduct prescribed business of administering and managing an Affordable Housing complex

Assessment: periodic or special charge to owners to meet a particular or immediate need or to fund Capital Reserves

Bid period: two weeks following initial sales listing of an Affordable Housing home during which bids are accepted

Bylaws: corporate rules for conducting business

Capital Reserve: HOA policy regarding depreciation, capital repairs and replacements; *Capital Reserves* are funds or an account set aside to make capital repairs and replacements.

Common area: portions of complex property and improvements shared by all residents; maintained by the HOA

Complex: reference to Affordable Housing property consisting of ownership homes or units and common areas; building with multiple units, multiple buildings of units or freestanding homes

Declaration of Covenants/Condominium Declaration: with regard to HOAs, policies and rules adopted in addition to Bylaws

Deed Restriction: terms of contract between APCA and every Affordable Housing owner imposing limitations on property ownership according to state and local laws and APCA policies

Dependent: dependents in household determine the number of bedrooms available to an APCA applicant;

child, stepchild or sibling, or their child/grandchild under age 19, if a student, under 24 at year end; who lived at home at least 100 days of last year and provided no more than half her/his own financial support that year; only one divorced parent may count a dependent child; or

adult relative or household member living with taxpaying applicant, receiving more than half her/his financial support from applicant; not a qualified dependent of another Affordable Housing owner

Dues/Monthly Assessments: routine charges to owners for management and maintenance of complex usually charged monthly

Earnest money: funds presented by buyer as consideration to bind a sales contract when signed; for APCA contracts, \$2000

Employee: an APCA-qualified employee works full-time (1500 hours/year) in Aspen/Pitkin County for a qualified employer; self-employed applicants qualify by proving ongoing business operations in Pitkin County.

Employer: an APCA-qualified employer is located, licensed, doing business and paying taxes in Aspen/Pitkin County; or a not-for-profit business within Pitkin County

Escrow: amount held in trust by third party to meet future obligation, often for payment of taxes or insurance on real property

Fair Market Value (FMV): the price a property will bring on the free market; Affordable Housing applicants may not transfer assets for less than FMV in order to qualify

Home Owners' Association (HOA); not-for-profit corporation managing and maintaining an Affordable Housing complex

In-complex: refers to Affordable Housing owner of a unit at the same Affordable Housing residential complex where another unit is listed for sale; "in-complex" owners have bidding priority

Lottery: process following the close of the bid period to determine a winner among tying bidders of top priority

Mortgage: financial agreement under which an individual borrows money to purchase real property and secures the loan with property as collateral

Ownership Exclusion Zone (APCHA Zone): Roaring Fork Drainage including areas of Eagle, Garfield, Gunnison and Pitkin counties; and town of Rifle to No Name area; persons owning developed property in the APCA Zone are not eligible for Affordable Housing.

Pre-qualification: with regard to a mortgage, process of obtaining general approval from a bank or lender in advance of bidding on or signing a contract to buy a home

Priority: established order in which bids of eligible applicants are accepted; determined by applicant's bid price, size of household, history of local employment and current Affordable Housing ownership, if any, special needs and other factors

Property taxes: Affordable Housing owners are responsible for payment of Pitkin County taxes on their APCA homes; due in February and June each year; often included in mortgage escrow

Protective Covenants: same as Deed Restrictions, Declarations of Covenants

Reverification Affidavit: legal document required of APCA owners every two years confirming continuing eligibility

Settlement statement: closing document detailing financial terms of contract sale

Supplemental Declaration of Covenants: same as Amendments to Protective Covenants

Title company: local real estate title office administering closing of real estate sale; APCA provides a list of title companies

Transaction Fee: fee paid by seller to APCA; currently two percent (2%) of sale price; includes six hundred dollars (\$600) due as non-refundable Listing Fee; balance due upon closing

First Things First

Find out if you are eligible and ready to make the leap. Make sure you understand the APCA process, including steps and timing of your application, bidding and the lottery. And consider the ongoing responsibilities of owning as well as the possibility of selling as part of your plan as you consider Affordable Housing.

Who is eligible for Affordable Housing?

Under APCA rules, an eligible applicant must:

- Work full time (1500 hours/year) in Aspen or Pitkin County
- Occupy Affordable Housing as a primary residence
- Not own other developed property in the Ownership Exclusion Zone (APCHA Zone)

Full-time employees/employers are eligible for Affordable Housing as soon as they begin full-time work in Aspen/Pitkin County, though other qualifications must also be met. Look for the current table illustrating the category income/asset levels and household size under “Eligibility,” page 13.

A minimum four-year work history establishes priority in the bidding process, but is not a pre-requisite for eligibility. Find out more about priorities in the “Bidding” section, page 19.

Retirees and persons with special needs who have worked full-time in Pitkin County for four years prior to Affordable Housing application are considered to meet the work requirement. An applicant who owns other property in the APCA Zone but intends to sell it may be eligible as long as the other property is sold at Fair Market Value before or simultaneously with an Affordable Housing purchase.

*Having raised my family, worked and retired in Aspen
I am so grateful to have the ability to stay
in the community that I've made my own.
I couldn't live anywhere else.*

Can I afford to own my own home?

Good question! The time to take an honest look at your situation is *before* you make the leap.

Evaluate your financial situation realistically. Ask yourself the hard questions. *What is my income after taxes? What are my current financial obligations? How would buying a home affect my plans for saving, or facing a financial emergency? Can I afford the upkeep of a home?*

Owning a home is a major financial commitment that continues as long as you own the property. The purchase price is just one expense—the largest, of course—among many others in buying and owning. Buying usually involves financing costs and other fees. Owning involves HOA dues, annual property taxes, homeowner’s insurance, maintenance, furnishing and improvement costs.

Keep your dreams alive but your feet on the ground. Find out if you can, in fact, afford an Affordable Housing home before taking any steps to buy. Sort out your finances and priorities. Take the time to organize your records, loose papers and important documents in one location, a file or loose-leaf binder—you’ll need them for both Affordable Housing and financing applications.

If you have not worked out a monthly budget, the following budget worksheet might help you get started. Find out if your nest egg will be enough for an APCA home. Make a list of your income from all sources. Next, list routine expenses and fixed costs such as utilities, auto, insurance, etc., as well as existing debts and obligations (remember credit card debt, child support, etc.).

With an understanding of your current income and expenses, check Affordable Housing listings for the cost of units for which you might qualify. Add up the expected ownership expenses: HOA dues and assessments, property taxes and move-in expenses like painting, or buying furniture. And there will be surprises ... there always are. You’ll want a financial cushion.

List any assets and property you own. Lay it all out in writing to see where you stand. If you are not sure about your credit history or your qualification for financing, you might want to obtain your credit report from the credit bureaus listed on page 11.

Monthly Budget Worksheet

Income (before tax):	
Income 1	_____
Income 2	_____
Other income	_____
GROSS INCOME	=====
Income tax paid	_____
NET INCOME (after tax)	=====
Expenses:	
Rent	_____
Auto payment(s)	_____
Auto insurance	_____
Auto fuel/service	_____
Utilities 1 (water, electric, gas)	_____
Utilities 2	_____
Credit card payments	_____
Student loan payments	_____
Childcare	_____
Cell phone(s)	_____
Home phone(s)	_____
Internet/cable	_____
Health insurance	_____
Medical/medicine expenses	_____
Life insurance	_____
Groceries	_____
Education	_____
Clothing/Personal	_____
Entertainment	_____
Other	_____
Mortgage payment	_____
HOA dues/assessments	_____
Property taxes	_____
Homeowner's insurance	_____
Miscellaneous expenses	_____
TOTAL EXPENSES	=====
SAVINGS	=====
Assets	
Savings/Investment accounts	_____
Retirement funds/accounts	_____
Real estate	_____
Personal property	_____
Other	_____
TOTAL ASSETS	=====

What about financing?

Smart buyers plan ahead and are proactive about financing. APCHA offers a list of local mortgage lenders familiar with deed-restricted property. You can ask a bank about pre-qualifying for financing—that is, *before* beginning the application and bidding process. Pre-qualification does not actually secure a loan but lets you know what you can afford.

If you manage to get into the Affordable Housing process before visiting the bank, it could cause a delay. And even with pre-qualification, a sales contract should include a financing contingency to allow time for securing a loan for a specific home and purchase price. APCHA approves all financing agreements. Look for tips on applying for a loan under “Buying,” page 24.

HOAs and Deed Restrictions

A Home Owners’ Association (HOA) incorporated as a not-for-profit business by the State of Colorado governs each Affordable Housing complex.

It’s not as complicated as it sounds. Owners are members of the HOA at their complex; the HOA manages the complex according to the Deed Restrictions and certain state and local laws. It’s a democracy.

If you are interested in a particular complex, learn about the HOA that governs it. Open the HOA documents online and take a look.

The documents may look like a bunch of legal beagle hooey that won’t affect you, but if you become an Affordable Housing owner, they will! Deed Restrictions and Bylaws establish rights and responsibilities of owners and authorize HOAs to manage the complex, collect dues and assessments and adopt new rules. HOA dues usually cover regular operational costs; assessments can be less predictable.

It might help to talk to people who live in Affordable Housing, particularly in complexes you are considering. Ask how the HOA works. Is it representative of the owners, organized, are dues and assessments reasonable, what about the Capital Reserves? Learn what you can from others, but stay focused on your situation.

What are Capital Reserves?

Colorado law mandates that each HOA adopt a Capital Reserve policy regarding depreciation, repairs and replacements of common areas such as parking lots, stairways, sidewalks, etc. Though having a policy is required, setting aside funds for repairs and replacements is not.

Naturally, you would want to know if, as an owner, you could be assessed for unexpected or major capital repairs or replacements in the future, right? When considering a unit listed for sale, *be sure to check the HOA Capital Reserves situation!*

Capital Reserves apply only to repairs and replacements in common areas and do *not* apply to capital improvements you make to your unit—those are made at your personal expense.

Will I need a lawyer?

Maybe. In CO, lawyers are not required in real estate transactions but a buyer or seller may, of course, seek legal advice. If you want a lawyer but don't know one, ask family or friends for recommendations or do your own research and get help *before* signing on the dotted line.

*It is the right house for us and
when I think of all the houses I looked at in the past ...
that I never would have been able to afford
... this one I can.*

Would you like to check your credit?

Contact one of three national credit bureaus:

Equifax 800 685 1111 www.equifax.com

Experian 888 397 3742 www.experian.com

TransUnion 800 888 4213 www.transunion.com

Credit concerns? Pick up the brochure *Building a Better Credit Report* at the APCA office.

ELIGIBILITY

Square Peg in a Round Hole?

Okay, you're employed in Pitkin County full time (or otherwise qualified), you will use your Affordable Housing unit as your primary residence and you do not own developed property in the Ownership Exclusion (APCHA) Zone ... and you're confident you can handle the responsibility. Check, check, check, check!

How do I fit into the program?

It can be hard to tell which home is right for *you*. Every Affordable Housing complex is different, every home is different—each with a certain number of bedrooms. And every home fits into a *category*.

At first glance the categories look like a puzzle, but a simple formula correlates income and asset levels to size of the home. If you're organized, identifying your category is a breeze. If not, locate your financial/tax records and important documents ASAP.

The rule of thumb is one bedroom per owner, one bedroom per dependent. For a couple or two-person household, both persons must be qualified employees to be eligible for a second bedroom.

A long list of written proof of qualification and income/assets is required with your application—find application requirements and a document checklist on pages 15-16—but for starters, to establish eligibility for a certain category, you need to know:

- Number of adults and dependents in your household; look under “Glossary,” page 4, to find out who is a dependent.
- Two previous years' household income; includes *everyone* in the household, even Granny and the kids; refer to W-2s and tax returns; includes retirement income of which all must be reported, though only sixty percent is counted.
- Value of all assets owned by the household; savings, investment and retirement accounts, real property, business interests, your share in the family cabin back home ... *everything*.

Add up your gross household income/net assets and number of qualified dependents. Then check the table to see where you fit in. Applicants facing unusual hardship may apply for special review.

Ownership Categories

2012 MAXIMUM ALLOWABLE INCOME/ASSETS FOR OWNED UNITS

Dependents	Category						
	1	2	3	4	5	6	7
0	34,000	53,000	85,000	139,000	148,000	162,000	179,000
1	41,500	60,500	92,500	146,500	155,500	169,500	186,500
2	49,000	68,000	100,000	154,000	163,000	177,000	194,000
3 or more	56,500	75,500	107,500	161,500	170,500	184,500	201,500
Net assets	100,000	125,000	150,000	175,000	200,000	225,000	250,000

What if my circumstances change? Will I have to move?

APCHA rules accommodate the normal course of life. Generally, once ownership is established, income, asset and number-in-household limits are lifted.

However, every two years, each owner is required to submit a Reverification Affidavit confirming eligibility.

Owners retiring from qualified employment retain eligibility. An owner whose spouse or other qualified household member dies may remain in the home. A surviving minor child may remain until age eighteen (18) when individual qualification is required.

But for a couple or two-person household, both must continue qualified employment until retirement to retain eligibility in their category. And roommates are allowed only if eligible and HOA rules permit; find roommate rental rates in the APCHA Guidelines.

An Affordable Housing owner who develops property in the APCHA Zone may retain eligibility for three years from the date a building permit is issued. A qualified business owner may, with approval, be eligible to purchase an additional Affordable Housing unit for business-related purposes. On rare occasion, owners in violation of HOA and APCHA rules may lose eligibility.

Take the long view. When committing to a buying a new home, look down the road ahead and consider the future to be sure you and your household will remain eligible.

APPLICATION

Mighty are the Preparations

In most situations APCHA manages every step in the sale and purchase of a home, from approving eligibility of buyers to listing homes for sellers, bidding, lotteries, sales contract negotiations, closings and compliance—the whole enchilada!

Take the time to understand the process before jumping in. Submitting an application for eligibility is the first step of many in buying an Affordable Housing home ... and it's a big one!

Start by reviewing the application documents. We're talking paperwork here ... and lots of it!!

APCHA requires a completed application form and several supporting documents proving qualification—with *absolutely everything in writing*. But have no fear! Completing one step helps with the next.

If you are organized enough to figure out your housing category and/or pre-qualify for a loan, you have most of what you need to apply.

The “Employee Housing Bid Submission Packet,” available for download on the APCHA website, includes an application form, an affidavit to attest applicants are US citizens or permanent residents, an IRS Request for Transcript of Tax Return form and a Bid Submission Form. If two people are applying both must submit individual required documents. Bids may be submitted with the application or in later bid periods, after eligibility is established. Eligibility is generally valid for one year.

The staff was exceptionally supportive and friendly, and helped me overcome the seemingly overwhelming hurdles in buying a home.

Application Form

Here's what you need or need to know to complete the application form:

- Personal information: date of birth, contact information
- Household information: name, relationship and date of birth of household members
- Employment history: employers, dates of employment
- Income of all household members from all sources: gross monthly income; dividends, interest, rental income, child support/alimony, Social Security, other
- Assets of all household members: net value of bank, credit union accounts, retirement (sixty percent (60%) counted as asset) and investments, real estate, autos, businesses, other
- Real property owned: household member/owner's name, property address, type, market value, amount owed, net value
- Financial liabilities of all household members: amounts owed on mortgages, auto, student and personal loans, credit cards, child support/alimony, other

Supporting Documents Checklist

Copies of the following documents must be submitted with the completed application:

- Valid CO driver's license or CO ID card; or US military or military dependent ID, Native American tribal document, Permanent Resident card; picture ID
- Most recent pay stub; if self-employed, Aspen business license and supporting documents.
- Two previous years' Federal and State income tax returns; Self-employed applicants may be required to provide additional documents, e.g., office lease, profit/loss statements, client/appointment records, etc.
- W-2s, 1099s for ALL years worked in Aspen/Pitkin County
- Statements/appraisals of all assets and liabilities
- APCHA release form authorizing access to loan application information
- If necessary, Employer Affidavit.
- If necessary, Pitkin County Voter Registration; separation/divorce decrees, custody affidavits, other

Affidavit of Lawful Presence

Each applicant must sign a statement that she/he is in the United States legally. The form is part of the application packet. Non-US citizens must submit documents to support the affidavit.

... everyone was extremely helpful with information on what paperwork I needed ...

Application Tips

Check or cash only. A fifty-dollar (\$50) application fee is due with the application. One bid may be submitted with the application at no charge; each additional and later bid is subject to a \$5 filing fee each.

Submit copies of documents; keep your originals. APCA charges to make copies.

Can't find your tax returns? Call the IRS at **800 829 1040** and follow the prompts to speak with a real person to request a free transcript of your tax return(s). Transcript(s) may be faxed or will be mailed within five days of the request. The APCA application packet includes IRS form 4506-T for mailing a request. Or check www.irs.gov

Qualifying income. Seventy-five percent (75%) of qualifying household income must be earned in Pitkin County. Net income determines eligibility; gross income is not specifically limited.

Need proof of Aspen/Pitkin County employment? Lost your W-2s? Submit a Request for Social Security Administration Earnings, with the required small fee, to the SSA to receive your earnings report. Download form SSA-7050 at www.ssa.gov or call or visit the Glenwood Springs Social Security office at **866 220 7898**, 201 14th St, Glenwood Springs (9am-4pm, M-F) to obtain a form. It can take several weeks to get the info ... better to keep track of your W-2s!

What if my files are on my computer? Print documents from your computer for the application process. If you file taxes electronically, be sure to print and keep a copy of your tax returns. Remember to burn a CD or back up computer files periodically or at year-end and keep software or backup drive current to ensure future access.

Keep records organized; start a household file. Once organized, try to stay organized; store your important papers in a secure, central location—a fireproof safe, locked file or safe deposit box. Start an APCA file, beginning with a copy of your application. Keep HOA notices together in a loose-leaf binder.

Just the facts, ma'am. Applicants submitting false statements will be disqualified.

Privacy Policy. Documents submitted to APCA remain confidential.

BIDDING

Chart Your Course

APCHA bidding follows a specific pattern and timetable.

Listings are posted Mondays, advertised Wednesdays.

As homes become available for sale, listings are posted on the APCA website on Mondays and advertised the same week—only on Wednesdays—in local newspapers.

Read the listings carefully. Look for your category and number of bedrooms (BR). Check square footage (SF), special features, and, oh, yes, the \$\$\$ price. If parking is provided or pets allowed, etc., the listing will usually say so. Note the HOA dues and property tax.

An open house date or owner contact information is included in each listing. Open houses usually take place later on the same day the listing is advertised. If you are anticipating bidding, plan ahead and allow time for open houses on Wednesdays.

Sample Listing

TWIRLINGAME CONDOMINIUMS, 123 GORGE ROAD, #4, CATEGORY 2, 3 BR, 3 BA, 1300 SF, \$145,000. W/D, parking, no pets. HOA dues, \$225/mo; ann prop taxes approx \$301. Open House, Wed, March 22, 2010, 5:30-7:00pm. Bid period ends 4pm, Wed, Apr 5, 2010; in-complex bids due 4pm, Wed, Mar 29, 2010; lottery scheduled at noon, Mon, Apr 10, 2010.

Initial Bid Period is Two Weeks.

Bids must be submitted in writing on the APCA Bid Submission Form before the end of the bid period. In-complex bids are due during the first week of the bid period or are treated like other bids. APCA homes not sold in the initial bid period remain listed until sold.

Bid results are posted on Fridays.

On Friday following the end of the bid period, results are posted on the APCHA website and at the APCHA office at Courthouse Plaza, 530 East Main Street, Aspen. Can't make it to Courthouse Plaza? Call 920 5050.

Because of the high demand for Affordable Housing and the fact that bids above the asking price are disqualified, APCHA usually receives several tying bids at the asking price. Tying bidders are then prioritized and a winner is decided by lottery.

How are bids prioritized?

Bids are prioritized first according to the amount of the bid, then the number in household as it relates to the size of the home and finally the employment history of the bidder. Top priority requires a minimum four-year work history and only bidders of top priority are allowed to participate in the lottery. When housing inventory warrants, applicants without priority may be allowed to bid. Have your eye on a particular unit? Ask APCHA if you can bid on it!

A few situations are given special priority. A person already living in an Affordable Housing household has first priority if a departing household member sells her/his share.

An in-complex owner—in the same Affordable Housing complex under the same HOA as the home listed for sale—is given second priority in bidding on another home in that complex, provided the bid is placed during the first week of the bid period. In-complex priority does not apply to Affordable Housing single-family homes.

For mobility-disability homes, special-needs applicants have priority after in-complex bidders.

Eligible applicants who do not have a four-year work history or a household that does not include one person per bedroom are permitted to bid, however the bid will have a lower priority.

Priority does not alter other eligibility requirements. Detailed explanations of all factors that determine priority may be found in the Guidelines.

Lotteries are held on Mondays.

A lottery is held to select the winner and runners-up among all tying bidders of top priority on a particular APCHA home. The longer the work history of the bidder, the more chances she/he has in the lottery.

An applicant with work history of 4-8 years is permitted 5 chances; 8-11 years, 6 chances; 12-15, 7 chances; 16-19, 8 chances; 20 or more years, 9 chances. Though the system is now computerized, picture ping-pong balls in a glass bowl—with five balls representing a bidder with a four-year work history and up to a nine-ball maximum for those with longer work histories.

The lottery takes place in the APCHA office at high noon on the Monday following the close of the bid period. Lottery results are posted on the website and at the APCHA office. APCHA contacts the winner(s) and assists with completion of the sales contract.

Second Chances

Yes, Virginia, there is a Santa Claus. If a lottery winner does not sign a sales contract within three days, or if a signed sales contract fails for any reason, runners-up in the lottery will be given the opportunity to proceed to a sales contract, in order of lottery selection. Applicants who do not qualify for or win the lottery on a particular home may, of course, try and try again.

Bidding Tips

In-household bids. A joint owner of an APCHA home may not bid on another APCHA home without proof of divorce or separation, or of transfer of the jointly owned share.

Don't aim too high. Bids exceeding the asking price are disqualified.

Good standing. An Affordable Housing owner bidding on another Affordable Housing home must be an owner in good standing and not under compliance review.

Prepare to win. A winning bidder and seller are given just three days to negotiate and sign a sales contract. Buyer must present two thousand dollars (\$2000) earnest money when the contract is signed. Be ready to roll!

BUYING

Put Your Ducks in a Row

Winning is one thing. Buying a home is quite another. This is no Ducky Derby, but it can sometimes feel like a race to the finish.

Three-day Negotiation Period to Sign Sales Contract

The winning bidder is allowed a maximum three-day period to negotiate and sign a sales contract with the seller or the opportunity is lost. If so, the lottery runner-up is declared winner, and the process continues until a sales contract is signed and closed.

APCHA works with both buyer and seller as transaction broker and uses a modified Colorado Real Estate Commission contract form for buyer and seller to agree to terms usually including:

- *Purchase price*
- *Inspection contingency:* Buyer establishes the right to inspect the home and settle any inspection discrepancies with seller in a certain period of time, under APCHA rules no later than halfway through the contract period.
- *Financing contingency:* Buyer agrees to secure financing within a specified time frame or forfeit the contract.
- *Seller's list of attachments:* “Attached” items usually transfer with real estate, but a seller may negotiate particular items, like a favorite chandelier or curtains.
- *Closing date:* The date to settle the contract, or “close” the sale; buyer and seller usually attend a formal closing at a title company office to sign the necessary documents ensuring transfer of the property and funds.

Without the cooperative guidance and downright helpful assistance of APCHA, I quite honestly think we would not be in this most happy of situations.

About Property Title

Property title is an official legal record of real estate ownership, registered in the county where the property is located. The title is issued as a deed and will read exactly as the buyer(s) are named at the top of the sales contract (double-check for accuracy). An Affordable Housing home is owned in *fee simple*, an old legal term meaning it is owned completely and in its entirety.

If an Affordable Housing home is to be jointly owned, the names of all buyers are written on the sales contract and buyers usually choose one of two forms of Colorado joint property title.

- *Joint Tenants* own undivided shares in the property and have a “right of survivorship.” If one owner dies, the survivor(s) assumes ownership of the share owned by the deceased. Typically used between spouses or settled couples, this form of title is intended to leave a family home to the surviving spouse or partner.
- *Tenants in Common* own separate shares that may be sold independently of other owners of the home. Of course, a new buyer of a separate share in an APCHA home must be eligible and is subject to the rules regarding priority.

Three days fly by! The negotiation/signing period is the time to consult a lawyer if you so choose, review contract details, Deed Restrictions and HOA documents, determine the time frame for any contingencies—usually financing and inspection—and set a closing date. If you decide not to consult a lawyer, be very cautious and take the time to understand every part of the contract you sign.

Pay attention to everything you sign!

Your signature is a legal commitment. Read everything carefully, even the fine print. If you don't understand something, ask for help.

Okay, I have a signed contract. Now what?

The contingencies you negotiated in the contract now must be settled within the agreed time frame, usually several days before the closing date. Line up your financing, take care of the inspection of the home as soon as possible and check with APCHA to be sure you have everything covered.

Help! I'm going to need a loan!

Banks are in business to make loans. They're looking for customers who are making a good investment and have the income to pay them back. It's as simple as that.

Local banks like to work with Affordable Housing applicants because the APCHA financial review is rigorous and property values are reliable. A list of local banks and lenders familiar with deed-restricted property is available at the APCHA office; friends and family may also offer referrals.

Banks charge borrowers interest on money loaned and repaid over a specific period of time, usually a period of years. Interest rates and loan repayment plans vary and they change with economic times. Some interest rates are fixed and will not change for the term of the loan; others are variable and can be raised over time. Late monthly payments and, in some cases, early repayment of the entire loan usually carry penalty charges.

Do some homework. Research current interest rates and local home mortgage terms and learn as much as you can before going to the bank.

Make an appointment with a loan officer at your bank and other lending institutions. Don't be afraid to shop around! Compare rates and terms. Find the best deal you can.

The bank will require completion of a loan or mortgage application (usually long). Ask about picking up the application in advance so that you can arrive at your meeting prepared. If the meeting will be on the phone, ask that application materials be faxed or emailed to you in advance. You may also be asked to fax or email your documents to the bank.

Mortgage Application Checklist

A bank/lender usually requires the following:

- Personal identification: e.g., driver's license, passport
- Social Security number
- Letter or proof of employment
- Recent W-2s, pay stubs and tax returns as proof of income
- Current statement(s) of assets: investment and retirement accounts, etc., business and property appraisals
- Legal documents showing financial obligations or anticipated income, divorces, alimony, child support decrees
- Other documents affecting financial status
- Household budget
- Listing information for a particular APCHA home under consideration

Allow about an hour for a productive meeting. Take the time to gain a clear understanding of the terms being offered and the obligations you would assume. Ask all the questions you have. Learn what amount of money you will be able to borrow and what your financing costs will be going forward. It is your responsibility to be sure your financing is realistic.

Remember, if you pre-qualify, it is based on the facts at the time; an actual mortgage is based on the specific home and facts at the time of purchase. If significant time passes between pre-qualification and signing a sales contract, your bank may request recent financials.

What if I need a co-signer for my loan?

Sometimes a financing applicant is unable to qualify for a mortgage on her/his own and may be asked by the lender to provide a co-signer, usually a parent or relative, who agrees to repay the loan if the applicant fails to do so. APCHA allows a non-eligible co-signer but requires a Co-signer's Affidavit.

Inspection Checklist

APCHA conducts a basic inspection of a home before establishing a sales price, nevertheless buyers of an Affordable Housing home are advised to include an inspection contingency in the sales contract and pursue a thorough inspection.

Professional, licensed inspectors are available by appointment for a fee usually based on square footage—a minor expense compared to the cost of a home. An inspector’s written report pinpoints items and areas that are damaged, defective or not up to code as well as any estimated cost of repairs. Inspection results are negotiated through the APCHA office and satisfied either through repair by seller before closing or a reduction in sales price for cost of the repairs. Areas typically inspected are:

- Structural: foundation, walls, ceilings, roof, masonry
- Roof, gutters, downspouts: confirm whether these are common areas covered under your HOA Declarations;
- Electrical: electrical service and circuit-breaker box adequate and meets code; outlets, switches, fixtures secure and in good working order; no exposed or excess wires
- Plumbing, water heater: service to home meets code; no leaks, good water pressure and drainage
- Heating/air conditioning: units up to code and in good repair; ask for maintenance records and service provider; vents, intakes clean and in good working order; check filters
- Telephone and cable: locate service boxes, connections and wires; check installations and quality of connections
- Bathrooms: tile, fixtures, mirrors
- Kitchen: appliances, sink, cabinets
- Floors: all surfaces
- Windows in good working order, no broken windowpanes
- Woodwork, doors, built-in shelves and cabinets
- Garage, storage space: access and condition

Closing the Sale

When all the contingencies in the sales contract have been satisfied and documented with APCHA approval, you’re ready to close.

Closing takes place in a title company office. APCHA assembles the closing documents, contingency agreements, financing documents, etc., in coordination with the title company that oversees the actual closing. The title company insures clear, transferable property title, handles completion and signing of closing documents, ensures the transfer of funds and registers the sale with the county to establish the new property title.

APCHA, the buyer and seller and/or their lawyers usually review and agree in advance to all issues and documents including a “settlement statement” declaring final financial terms between all parties, including any adjustments for repairs. The settlement statement also shows the balance of the transaction fee due to APCHA from the seller.

Buyers are, of course, required to sign an HOA document agreeing to Deed Restrictions governing the home being purchased. Depending on the HOA, the document may be called a Memorandum of Acceptance of a Master Deed Restriction or an Occupancy and Resale Agreement. APCHA may under certain circumstances require other closing documents.

That’s it. All parties sign all documents—it usually takes about an hour to pass the papers around for signatures—and the deal is done! Congratulations! You are a homeowner!

A few weeks later, the county sends a property deed to the new owner(s) and/or the bank holding the mortgage. Keep it in a safe place!

*I am very happy in my new "family oriented" community,
and forever grateful for Aspen's affordable housing model
and to the committed staff for
keeping the valley livable for all!*

OWNING

It's Affordable Housing! Big Brother's going to look after me ... right?

APCHA helps you through the door, but after that you're on your own. Home sweet home.

Owning a new home is thrilling to be sure, but the responsibilities of home ownership can become overwhelming. APCHA offers occasional seminars to familiarize new owners with the routine of home maintenance and HOA governance.

Participate in your HOA.

Every Affordable Housing complex is a true community. Owners have much to gain by participating in, or at least following, their HOAs. Stay up to date on HOA issues, read the notices you receive, attend meetings, ask questions and keep track of HOA meeting minutes as a reference.

Maintain your home.

Your HOA—with the help of your dues and periodic or special assessments—is responsible for common areas but, in general, everything inside the walls of your home is yours to maintain.

You will want to protect your investment, of course, but it is also your obligation as an owner to comply with your specific HOA Declarations in maintaining your home.

Set up an annual calendar for routine cleaning and seasonal maintenance. Make repairs when needed.

Thankfully, we have not had any "surprise" special assessments over the years because our HOA has a strong long-term Capital Reserve policy and has maintained the funds to support major repairs.

Permitted Capital Improvements

Capital improvements can enhance the quality and value of your home. Permitted capital improvements as listed below must be approved in advance by APCHA. Non-permitted and non-approved capital improvements may not or may only partially be credited toward the value of your APCHA home.

- Permanent fixtures (like a wall)
- Energy and water conservation installations
- Senior/special needs facilities
- Health/safety devices (e.g. radon remediation)
- Finishing unfinished spaces
- Addition of or finishing permanent storage spaces
- Landscaping, deck, balcony additions and extensions
- “Green” building products

Leave of Absence

On occasion owners have to leave the valley temporarily and may, with bona fide reason and statement of clear intent to return, retain Affordable Housing eligibility by requesting a leave of absence of up to one year with the possibility of a one-year extension. A Leave of Absence Request form must be submitted thirty days in advance of taking leave and is subject to approval of both APCHA and your HOA.

Can I ever rent my home?

HOA rules permitting, owners taking approved leave may be allowed to rent provided:

- A copy of the lease is approved by APCHA and the HOA
- The tenant agrees to HOA Deed Restrictions
- Rent does not exceed routine owner's expenses—mortgage, HOA fees, taxes and insurance—plus fifty dollars.

In some complexes, APCHA may approve short-term rentals to faculty, students and staff on a seasonal basis.

Compliance

Complaints about violations of rules and policies do occasionally arise. Grievance policies for each APCHA complex are explained in the respective Deed Restrictions and HOA Declarations.

The grievance process is intended to resolve compliance issues to the benefit of every party involved. The process requires timely written notice to APCHA and, if necessary, a hearing. Procedures are detailed in the Guidelines.

As an owner, the best way to protect your investment is to honor your Deed Restrictions and HOA responsibilities, maintain your home, participate in HOA governance and simply be a good neighbor.

*As for deed restriction and all that comes with it,
I didn't buy this house to make money;
I bought it because I want to live in Aspen.*

*I'm close to my job so
I don't have to get up in the middle of the night
to go to work in the morning.
And no having to drive up and down 82, yeah!!*

SELLING

Can't Put Lipstick on a Pig!

Families grow. Children move away. Things change. Affordable Housing owners decide to sell. When that time comes, inform the APCHA office and follow the procedures for listing and selling. It can be almost as exciting as buying! And of course, you'll want the best possible price. Who wouldn't?

Maximum Sales Price

Now remember ... Affordable Housing homes are deed-restricted, with both a limited cost of purchase and a limited rate of return—some call it a “cap” on return. APCHA establishes a Maximum Sales Price based on:

- Previous purchase price
- Plus—Deed Restrictions permitting—three percent (3%) simple appreciation for each year owned or a multiple of the Consumer Price Index (CPI) between date of purchase and date of sale, *whichever is less*
- Plus cost of approved capital improvements, not to exceed ten percent (10%) of purchase price, less depreciation
- Plus cost of exempt capital improvements: health, safety, energy efficiency, water conservation, “green” building materials, etc.

Following inspection of the home, the maximum price could be discounted according to:

- the **CONDITION** of the home—and this is *the clincher!*

If you want full value, whip your home into shape before listing it! Make all necessary repairs. Don't try to cover up problems—you can put lipstick on a pig but, it's still a pig! A professional inspector will not be fooled. Make repairs the right way—it will pay off.

Minimum Standards

Leave your Affordable Housing home in the condition you would expect to find it if you were buying. Sellers are expected to meet APCHA Minimum Standards:

- Clean, odor-free home
- Carpets steam-cleaned within 2-3 days of closing
- Surface scratches, marks, holes in doors, floors, walls, woodwork, cabinets, counter tops, other than normal wear and tear, repaired
- Walls in good repair and paint-ready
- Windows and window locks in good repair; broken panes replaced
- Original window screens in place and in good repair
- Window coverings clean and in working order
- Doors and door locks in good repair
- Light fixtures, outlets, switches secure and in working order
- Plumbing in good repair with no leaks
- Tile grout in good repair and clean
- Roof in good repair with no leaks
- Safety hazards including radon remediation resolved
- Working keys for all locks to be provided at closing

If the condition of a home does not meet Minimum Standards and/or a buyer's inspection warrants, sellers may be asked to make certain repairs prior to closing or the sales price may be reduced by the cost of necessary repairs, as approved by APCHA.

Transaction Fee

Every seller is charged a Transaction Fee, currently two percent (2%) of the sale price of the home. Six hundred dollars (\$600) is collected as a non-refundable Listing Fee at the time of listing. The balance, based on the final sales price, is deducted at closing.

POP QUIZ

Ready, Freddy?

Find out if you're ready for Affordable Housing ownership—there could more than one right answer. Good luck!

What's an HOA?

a) Happy Old Aspenite b) Affordable Housing Home Owners' Association c) slurred "hey, how are ya?" We've all heard it. d) corporation governing an Affordable Housing complex

Who decides bidding priority?

a) APCHA b) APCHA c) APCHA d) the president

May I remodel my APCHA home?

a) no b) sure, whatever you like c) yes, with APCHA approval and within Permitted Capital Improvements guidelines

When should I go to the bank about financing?

a) when there are no more checks in my checkbook b) before starting the bidding process c) when APCHA tells me to go

If I can't make a big profit, why bother taking care of my APCHA home?

a) oh, come on! b) to honor HOA Deed Restrictions c) to get the big bucks Maximum Sales Price when I sell

Capital Reserves are:

a) savings that Congress puts aside each year b) funding to support HOA long-term capital repairs and replacements c) dinner plans in Denver d) hockey benchwarmers

How can I contact APCHA?

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