

## What is Denver's Affordable Housing Ownership Program?

### Denver's program is . . .

- An opportunity for income-eligible buyers to purchase an affordable, covenant-restricted home
- For people who can qualify for a mortgage on their own
- Based on both minimum and maximum income requirements
- Based on the income of your entire household
- Based on an approval process that can take 10 business days **after all required information is provided**
- Based on an owner occupancy requirement
- Based on a homebuyer counseling requirement
- Separate from loan pre-approval or obtaining a mortgage

### What this program is not . . .

- For renters seeking affordable rentals
- Related to the Denver Housing Authority
- Available to households that earn less than \$28,000
- A way to obtain direct financial assistance
- A way to obtain a Section 8 voucher
- For emergency shelter
- An investment opportunity for "fix and flip" or for a family member

## Q & A

### If You're Interested in Purchasing an Affordable Unit

#### Who may apply for this program?

First, independent from this program, you must be able to qualify for a mortgage on your own. Beyond that, any person or household who appears to meet the requirements of the city's affordable unit ownership program may apply for income verification.

#### Do I have to be a first-time home buyer?

No. As long as your income is within program limits and you meet other program requirements, you may be eligible to purchase an affordable home.

#### Where can I find information on available for-sale affordable units?

You can visit [www.coloradahousingsearch.com](http://www.coloradahousingsearch.com) for available units.

#### I have not been approved for a loan yet by a lender. Should I apply for income verification?

No. You must be able to qualify for a mortgage on your own before participating in this program. All applicants seeking income verification to purchase must provide a signed copy of your purchase contract with the seller and/or a letter from a lender stating that the applicant is qualified for a loan up to the maximum allowed sales price of the unit, i.e., a loan pre-approval.

**I have been approved by the seller of a specific, existing unit already. Does this change my application status?**

Yes. If the seller has already approved you for purchase of an existing unit and you are under contract, your income verification application is automatically given first priority over other applicants. If you have been approved by the seller to buy a new construction unit, that is a higher priority than the applications of buyers who have not yet found a unit to buy.

**There are many more applicants to purchase an affordable unit than there are units available. How can I ensure that my application is a top priority for review?**

For each existing or new construction affordable unit that is for sale, the seller may provide the names of no more than two applicants for income verification review. The first applicant must be under contract to purchase the specific unit, with a copy for the contract provided to OED. This applicant will be given priority over the back-up applicant. A back-up (secondary) applicant may be provided for review given that the closing has not occurred. Additional applicants for a specific unit will not be reviewed.

**Do I have to attend a homeownership education class to qualify for this program?**

Yes. You are required to attend a homeownership education class and obtain a certificate of completion. Several nonprofit housing counseling organizations offer these classes free of charge. You can find these organizations at [www.denvergov.org/housing](http://www.denvergov.org/housing).

**What are the income limits for the program?**

Each year, these limits are slightly different. This program has minimum and maximum income limits, depending on the household size, that are based on the Denver Area Median Incomes (“AMI”) published annually by the U.S. Department of Housing and Urban Development. The minimum income limit is 50% AMI; maximum income limits depend on covenant requirements.

**My income exceeds income limits. Can an exception be made?**

No. There are no exceptions made in regard to the household income limits. These income limits are established per the above federal and local data, and are not negotiable.

**I want to purchase an affordable unit for an adult child or other family member. I will not be living in the unit myself. How does this application work?**

This program does not allow the unit owner (or buyer) to be someone other than the resident(s). The resident must qualify for the mortgage on his/her own, and meet the income verification requirements, for approval to purchase.

**My spouse will not be on the loan and/or doesn't work. Can I submit an application with only my information?**

No. Regardless of who is on the loan or their status, each adult household member must provide the information required.

**How long can I expect my application to take to be processed?**

Incomplete files cannot be approved, so be sure to provide everything promptly that is required. Once every required element of your application is complete, we then have 10 business days to verify household income and fully process it. Remember that a completed application includes all of the income data for each adult household member.

**What must be included with my application?**

Every household member over the age of 15 must provide all the information requested on the application, including but not limited to:

- Name /address of the development where you're interested in purchasing a unit.
- Transcripts of the last two years of federal income tax returns. You may obtain copies of Federal

transcripts by calling the IRS at 1-800-829-1040 or submitting a request on-line via [www.irs.gov/Individuals/Get-Transcript](http://www.irs.gov/Individuals/Get-Transcript).

- Last two months of statements for all checking, savings or other asset accounts. Asset accounts include stocks, bonds, money market accounts, individual retirement accounts and government bonds. The interest or dividends earned from these accounts will be added to your annual gross income.
- Employment verification form for each employed household member age 15 or older. Verification must be confirmed by the employer, not by the applicant.
- Copies of the last two months' pay stubs from each employed household member age 15 years and older.
- If you are self-employed, you must provide three years of Profit & Loss statements.
- Award letter(s) if you are receiving social security, pension, survivor, disability payments or Temporary Assistance to Needy Families (TANF) benefits.
- If you are receiving a financial gift from another person, the person will need to provide a letter that includes the amount of the gift and when the gift will be given.
- If you have been divorced since you last filed your federal income tax form, a copy of your executed divorce decree and separation agreement. *Your application cannot be processed until a final divorce decree has been issued.*
- If divorced, a copy of the executed Divorce Decree, Separation Agreement and Child Support/Custody orders if there are minor children. *Your application cannot be processed until a final divorce decree has been issued.*
- Finally, your completed application is signed and dated by all household adults.

**I was contacted by OED and informed that my application is incomplete. I need more time to compile the missing information.**

If your application is deemed incomplete after an initial review, OED will contact you and request that missing or incomplete information be provided. If this information is not received within 60 days of OED's contact and request, your file shall be withdrawn from consideration, it shall be ineligible for review, and the electronic application as well as physical application will be destroyed. If you wish to be income-verified in the future, a new application is required.

**What are the most common application omissions?**

- Not including income information for each adult household member;
- Submitting only two paystubs, not realizing that most paystubs cover only a two-week period, thus leaving one month of paystubs unaccounted for;
- Self-certifying the Verification of Employment; the verification must be completed by the employer and submitted directly to our office; and
- Providing bank statement print-outs that do not include account or institutional information.

**How long is my income verification valid?**

Your income verification is valid for six months as long as your income does not change. However, if you sign a purchase contract within the six months, the validity is automatically extended until the close or cancellation of that purchase contract. You must notify us immediately if your income changes after receipt of the income determination and prior to your purchase.

**I was income-verified over nine months ago but did not purchase an affordable unit. Do you still have my file?**

No. Approved applications are only kept for six months unless you applied for a renewal. Renewals may still require that you provide updated information.

**I do not have a job. Can I still apply?**

No. In order to assure future homeowner success, we require demonstration of earned income such as two months of pay stubs or a year-to-date profit and loss statement for those who are self-employed.

**I am self-employed. What will you accept in the place of pay stubs?**

If you are self-employed, you must submit three years of profit and loss statements. If you have just become self-employed, please submit a year-to-date profit and loss statement prepared by either you or your accountant and copies of any existing contracts. The statement must be notarized, sworn to, and signed by you. Self-employment income must also be documented via your federal tax returns.

**I lost last year's tax return. Do you really need it?**

Yes. Incomplete applications will not be processed. You can contact the Internal Revenue Service to request a summary statement of your previously filed tax return. Request transcripts by calling 1-800-829-1040 or at [www.irs.gov/Individuals/Get-Transcript](http://www.irs.gov/Individuals/Get-Transcript).

**My last tax return shows more income than I now make. Will this affect my eligibility for the program?**

Probably not. We use pay stubs and employer verification to determine your current and projected future income. Your tax return is used to verify other information on your application.

**I recently arrived in the U.S. and have never filed taxes. What do I need instead of tax returns?**

Please contact the Internal Revenue Service to request a Form 4506T stating that you have not filed federal taxes in the last two years. You can request this form by calling 1-800-829-1040 or by accessing [www.irs.gov/Individuals/Get-Transcript](http://www.irs.gov/Individuals/Get-Transcript).

**I have a relative who will be co-signing my mortgage loan but will not live in the home I am purchasing. Will my co-signer have to be income verified as well?**

It depends on whether the relative's name is going to appear on the Deed of Trust. If the co-signer, regardless of whether they will live in the unit, is listed on the Deed of Trust, then they are considered to have an ownership interest in the home and must be income verified. However, if the co-signer is not listed on the Deed of Trust, then they do not have to be income verified. Meanwhile, please be aware that any household member over the age of 15 who is going to live in the home must be income verified.

**I am receiving a gift from a relative for down payment assistance and closing costs. What do I do?**

You should provide a letter from the person giving you the gift indicating the amount of the gift and the circumstances surrounding it.

**Do you provide financing on my home?**

No. The City does not provide mortgage financing. Purchasers must receive their financing through a legally recognized commercial lender, such as a bank or mortgage company.

**Is this a subsidized program?**

No. Private developers are required by ordinance to provide a certain number of affordable homes within developments of 30 or more for sale homes. Neither the city nor the developers provide a subsidy to buyers. However, a nonprofit housing counseling agency may have information on various assistance programs. Please contact them directly for information.

**How about seller-assisted down-payment assistance?**

The city does not allow the use of any seller-assisted programs. These programs have a negative effect on affordable housing by artificially inflating the purchase price of a home.

**Is moderately priced housing the same as low income housing?**

No. The city defines moderately priced or workforce housing as housing that is affordable to persons earning between 50% and 80% Area Median Income (AMI).

**My income is below \$28,000. Where can I find a place to live in Denver?**

The Denver Housing Authority (DHA) offers a variety of programs to assist very low income households. DHA can be reached at 720.923.3107. You can also view their website for additional information at [www.dhanet.com](http://www.dhanet.com).

**This is an emergency! Can you find me a place to live right now?**

Please contact Mile High United Way at 211 or (303) 433-8383 for a list of emergency housing providers. You can also view their website for additional information at [www.unitedwaydenver.org](http://www.unitedwaydenver.org).