

Q & A

If You Currently Own an Affordable Unit

I want to sell my affordable unit. What should I do?

Start by referring to the restrictions of the covenant that was placed on your property at the time of your original purchase. Information on the covenant was provided to you in one of two ways: (1) in a Memorandum of Acceptance (MOA) that you signed at the time of your original purchase, or (2) contained in the Warranty Deed, in a section titled “Acceptance of Affordability Restrictions,” that was provided to you at the time of your original purchase.

- **A signed MOA** is a legally binding document that confirms your acknowledgment and understanding of the covenant restrictions placed on your property. The MOA defines the limits for the income-restricted buyer you must sell the unit to, according to the covenant on your property, as well as the duration of the covenant and how future sales activity can occur. You signed and were provided a copy of the MOA at your closing.
- **A Warranty Deed** is also a legally binding document that conveys the title of the property. You were provided a copy of the Warranty Deed at your closing. Similar to the information in an MOA, the “Acceptance of Affordability Restrictions” section of your Warranty Deed defines the limits for the income-restricted buyer you must sell the unit to, according to the covenant on your property, as well as the duration of the covenant and how future sales activity can occur.

Regardless of how the covenant information on your property was provided to you, remember that the covenant is what enabled you to originally purchase it as an affordable home, and what preserves this affordability for future owners. The covenant remains with the property for a given time frame regardless of whether the property changes owners.

I want to sell my affordable unit and I have a buyer under contract. How can I ensure that the buyer’s application will not delay the sales process?

A buyer of a specific existing unit, if under contract, is the top priority for the city’s application review. You may submit a secondary (back-up) buyer for income verification review if your first applicant does not pass the approval process. Note that if there is information missing from a buyer’s application for income verification, that information must be provided within 60 days of the city’s request for it, otherwise the application will be withdrawn.

May I rent out my affordable unit?

No. You must live in the affordable unit as your sole and primary residence, or you must sell it. However, you can have a roommate as long as you continue to occupy the affordable unit as your primary residence.

If I pay off my mortgage, does my obligation to the affordable housing program remain in effect?

Yes. The covenant on your affordable unit is not tied to your mortgage; it is tied to the property itself. Therefore, paying off your mortgage does not relieve you of your obligation to adhere to the covenant terms and conditions you agreed to when you purchased your property.

My property tax bill shows an assessment that is higher than the maximum I am allowed to sell my unit for. What do I do?

Regardless of whether you signed an MOA or received the Warranty Deed as outlined above, the assessor's office will use the restricted (covenant-defined) value to determine your taxes. Without a covenant, your tax would reflect the unrestricted market value of your property. Provide a copy of your signed MOA or Warranty Deed to the assessor's office to correct the mistake.

If my unit's covenant allows inclusion of a broker commission, what is the maximum allowable commission?

The maximum allowable broker commission, if allowed by covenant, is 6%.

All inquiries regarding these policies should be directed to OED. You may email affordablehousing@denvergov.org.

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