



AGREEMENT REGARDING AFFORDABLE HOUSING COVENANTS

THIS AGREEMENT, dated as of Jan 31st, 2006, is between COLORADO HOUSING AND FINANCE AUTHORITY, having its principal office at 1981 Blake Street, Denver, Colorado 80202-1272 ("CHFA") and the City of Boulder, having its principal office at 1777 Broadway, Boulder, Colorado 80302 (the "City").

WHEREAS, the CHFA provides mortgage financing to increase the availability of affordable housing to low-income Coloradoans;

WHEREAS, the City of Boulder ("City") enforces affordability restrictions using a Permanently Affordable Housing Covenant ("Covenant") recorded against individual residential properties;

WHEREAS, many buyers wish to obtain mortgage financing through CHFA to acquire properties with Covenants; and

WHEREAS, CHFA's mortgage products, including first and second mortgages, are acceptable to the City in pursuit of its affordable housing goals.

NOW, THEREFORE, the City and CHFA agree that:

1. For the purposes of a Covenant, so long as CHFA holds a first deed of trust and a second deed of trust contemporaneously on a property restricted by a Covenant, all references in that Covenant to a first deed of trust, shall be deemed to include both CHFA's first and second deeds of trust without regard to the recording order of the Covenant or CHFA's deeds of trust.
2. In the event CHFA acquires a property restricted by a Covenant through foreclosure, acceptance of deed in lieu of foreclosure, or other exercise of its rights as lender pursuant to the terms of the Covenant, the Covenant shall be forever terminated and shall have no further effect as to that property or any transferee thereafter. This provision does not relieve the owner of that property prior to such transfer from his or her obligations to the City.
3. The Covenant Paragraph with the heading: Partial Subordination of Covenant and Covenant as Deed of Trust is modified so that the sentence that begins with, "However, the above notwithstanding...", is replaced with:

"However, the above notwithstanding, the mere exercise of the remedies by the City in the above Paragraph [with the heading, "City's Right to Acquire Owner's Interest"] shall not give rise to an event of default under the first deed of trust nor be grounds for acceleration of the debt."

4. The City and CHFA agree that this Agreement shall be recorded in the office of the Clerk and Recorder, Boulder County, Colorado and that this Agreement shall apply to all

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