

APPENDIX 14

The documents contained in Appendix 14 are examples of legal documents necessary to implement a Section 203(k) program by a State or local government agency. Publication of these sample documents is not an endorsement of the contents, or with the agreements, by the U.S. Department of Housing and Urban Development. The contents within this appendix may not include all information necessary to implement a Section 203(k) program, given changing facts in every negotiation and agreement process. Your attorney should be consulted to ensure that the requirements you would like in the agreements satisfy your needs and the rights of your homebuyers.

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AGREEMENT FOR DENVER AFFORDABLE HOMEOWNERSHIP PROGRAM
(Lender Agreement)

This agreement is made and entered into this _____ day of _____, 1990, by and between Universal Lending Corporation ("ULC"), and the Denver Urban Renewal Authority ("DURA") (the "Agreement"),

WITNESSETH

WHEREAS, the Federal Home Loan Bank of Topeka ("FHLB") has implemented an Affordable Housing Program ("AHP") pursuant to the authority granted by the United States Congress in the Federal Home Loan Bank Act (12 U.S.C. (1430(j)) and the regulations of the Federal Housing Finance Board (12 C.F.R. Part 960);

WHEREAS, Columbia Savings, a Federal Savings and Loan Association ("Columbia"), in cooperation with the City and County of Denver submitted an application for subsidy funding to the FHLB in connection with the FHLB's AHP of Four Hundred Seventy-three thousand, four hundred and no/100 Dollars (\$473,400), which application was approved by the FHLB; and,

WHEREAS, DURA has been designated by the City and County of Denver as the agency in charge of administering the Denver Affordable Homeownership Program ("DAHP") through the acquisition of federally-owned residential properties within the City's community development neighborhoods from the Department of Housing and Urban Development ("HUD") for use in connection with the DAHP for conditional conveyance of such properties to eligible DAHP Participants and, through agreements for program administration with Columbia and ULC; and,

WHEREAS, DURA, in cooperation with Columbia, the City and County of Denver, HUD and ULC has developed the DAHP which requires eligible and qualified DAHP Participants to obtain financing to complete necessary repairs to DAHP properties; and,

WHEREAS, ULC is a Federal Housing Administration-approved mortgagee; and,

WHEREAS, ULC has been approved by the Colorado Housing and Finance Authority ("CHFA") as a seller/servicer for Bond money; and,

WHEREAS, ULC desires to provide loan assistance to qualified DAHP participants for the rehabilitation of DAHP properties using Section 203(k) loans insured by the Federal Housing Administration, and CHFA funds; and,

WHEREAS, DURA and ULC desire to implement the DAHP utilizing the direct subsidy to be received from the FHLB and the 203(k) and CHFA funds pursuant to the terms, conditions and procedures imposed on those funds by their respective authorizing legislation, the regulations governing their use and the requirements promulgated by their overseeing agencies.

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NOW THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

I. COMMITMENT OF FUNDS

ULC agrees to allocate \$2,000,000 of funds set aside by CHFA for the purchase of Federal Housing Administration Section 203(k) loans to accommodate the purchase and rehabilitation by eligible DAHP Participants of DAHP properties. These loans shall be referred to as "203(k)DAHP Loans", and shall be secured with a first mortgage against the DAHP property.

ULC agrees to allocate \$473,400 of subsidy funds provided by the FHLB for assistance to eligible purchasers of DAHP properties with downpayment, closing costs, and prepaid expense requirements associated with the purchase of DAHP properties, and purchase and rehabilitation expenses of those properties calculated according to a formula specified by Columbia. These loans shall be known as "Columbia Loans" and shall be secured with a second or third mortgage against the DAHP property.

ULC shall have the sole authority and responsibility to apply federal 203(k), CHFA and FHLB requirements to determine the eligibility of borrowers for 203(k)DAHP Loans and Columbia Loans; and, to approve properties and proposed rehabilitation upon said properties pursuant to the provisions of Section 203(k) and all applicable regulations and guidelines.

II. CONDITIONAL CONVEYANCE OF TITLE

With each DAHP Participant approved by ULC and selected by the City through a lottery process, DURA will execute (1) a Purchase and Sale Contract ("Sales Contract") and (2) a DAHP Purchase Agreement (the "Purchase Agreement") which shall set forth the terms and conditions of the sale of property to the Participant as required by the Federal Home Loan Bank Act and the Federal Housing Finance Board regulations. DURA will also

execute a Special Warranty Deed which will conditionally convey title to the DAHP property to the Participant's name, subject to a Right of Re-Entry for Condition Broken as defined by the Purchase Agreement.

Under the terms of said Purchase Agreement each Participant will agree to substantially rehabilitate the property, maintain it and occupy it as his/her primary residence for at least five (5) years. After said five year period, if the Participant has satisfied all conditions subsequent set forth in the Purchase Agreement, DURA will record, and deliver to the Participant a Certificate of Satisfaction and a Renunciation of Right of Re-Entry whereby DURA will divest itself of any Right of Re-Entry previously reserved. The Participant will then hold fee simple title to the DAHP property.

III. LOAN REPAYMENT GUARANTEE BY DURA

DURA recognizes that the loan security offered for the 203(k) Loans may be at risk during the five year period of conditional title; and also that the loans made to Participants pursuant to this Agreement are at interest rates substantially below prevailing market rates.

To eliminate any risk arising out of the conditional conveyance of DAHP property, and in consideration of the preferred interest rates afforded to

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Participants, DURA agrees to guarantee the repayment of each 203(k) Loan made pursuant to this Agreement. This guarantee shall remain in effect only while DURA is vested with Right of Re-Entry in a DAHP Property, and shall be effective only upon the default of the Participant as defined in this Article III, paragraph 1, and according to the following terms and conditions:

1. The Participant shall be in default for purposes of this guarantee if he/she:
 - a. fails to make any payment, or part thereof, for 60 consecutive days from the original due date or such payment; or
 - b. defaults under the Deed of Trust from the Participant, to the Public Trustee of the County in which the DAHP Property is located for the benefit of ULC; or
 - c. shall have made a general assignment for the benefit of creditors, or any proceeding shall be instituted by or against such Participant seeking to adjudicate him/her a bankrupt or insolvent, or if all or any part of the property or an interest therein is foreclosed upon or is sold, transferred or assigned by Participant; or
 - d. The Participant fails to keep all DAHP property insured for

fire and extended coverage in an amount specified by ULC, with loss payable to ULC, DURA and Columbia (as applicable) the FHLB; or

e. The Participant fails to pay all taxes and assessments against the DAHP property; AND

2. ULC has notified DURA of any loan payment which is 30 days past due, or any other event of default within 10 days of ULC's acquisition of knowledge Of such default, by certified mail, return receipt requested, sent to DURA at the following address: Denver Place, Suite 2750, South Tower, 999 18th Street, Denver, Colorado 80202; and

3. ULC has made reasonable and diligent attempts to collect delinquent payments and/or remedy other events of default, including at least:

a. transmittal of notification to the Participant, by certified mail, return receipt requested, sent to the Participant's last known residential address, of the nature of default and the amount of action needed to cure the default; and

b. certified attempt to contact the Participant by telephone at his/her last known residential and work telephone numbers; and

c. certified attempt to contact the Participant, in person, at the last known residential address; and

d. If the Participant fails to cure his/her default on or before the expiration of 30 days from the date of certified notice to Participant of said default by ULC, then ULC shall send a Notice of Default to DURA

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by certified mail, return receipt requested, to the address indicated infra at Article III, paragraph 2. Said Notice of Default shall set forth the name of the Participant, the nature of the default, the amount needed to reinstate the loan, and documented collection efforts. DURA shall commence the cure of the default within 20 days of receipt of the Notice of Default either by: (1) tendering the amount required to reinstate the loan and continue to make payments on the loan; or (2) paying the entire outstanding loan balance. DURA shall have the sole discretion to select the method of curing the default.

4. In order to encumber DURA's conditional interest in the DAHP property during the five year period in which it retains a conditional right of re-entry, and in order to make DURA's interest in the property subordinate to the interests of the Secretary of HUD, DURA will execute the first mortgage Deed of Trust.

IV. ASSUMPTIONS

ULC agrees to allow a qualified borrower to assume the loan of a Participant in the event the Participant defaulted on the terms of the Purchase Agreement or DURA is required to guarantee repayment of the loan. The qualifications of a proposed assumptor shall be determined by ULC in accordance with the requirements and limitations upon 203(k)DAHP and CHFA loans, as well as the Federal Home Loan Bank Act Affordable Housing Program.

ULC, in cooperation with the CHFA, shall have sole authority and responsibility to qualify a new borrower and is entitled to a maximum of five hundred and no/100 dollars (\$500.00) for fees and costs incurred as a result of the assumption process. The guarantee under Section III of this agreement shall apply to any loan that is assumed by a replacement Participant under this program. ULC agrees that it will make a determination within ten (10) calendar days after completion of processing the assumptor's loan application regarding the eligibility of a proposed assumptor presented to ULC by DURA, that it will notify DURA of its action and the reasons therefore within two (2) days of taking such action; and that it will not unreasonably withhold approval.

V. LOAN FEES

Upon approval by ULC of a 203(k) loan application referred to ULC by DURA, ULC shall receive the allowable closing costs as provided by 203(k) loan regulations, as well as fees allowed pursuant to the commitment of funds as outlined by the CHFA. The loan amount shall be established using HUD and CHFA guidelines. Items known as prepaid expenses for taxes, hazard insurance premiums, and interest adjustments, shall also be appropriated and accounted for in the 203(k)DAHP Loans and Columbia Loans as permitted in the applicable law and regulations. These costs shall be charged to the Participant or DURA (as seller) as is customary.

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VI. INTEREST RATE

The 203(k)DAHP Loans shall be made at an interest rate of no more than eight and three-tenths percent (8.30%), or any other rate of interest mutually agreed upon by DURA, ULC and CHFA.

The Columbia Loans shall be made on a 20 year deferred basis at no interest.

VII. LOAN TERM

The 203(k)DAHP Loans shall be made for a term of 20 years. The Columbia Loans shall be deferred loans with terms of 20 years. Both types of loans are due upon sale of the DAHP Property.

VIII. FIRST PAYMENT DATE

The first payment date on the 203(k)DAHP Loans shall be the first day

of the second month following the loan closing. In the event the property will not be habitable during the rehabilitation period, the monthly payments (up to a maximum of 6 months) that would become due and payable during that rehabilitation period can be included in the loan amount and paid out of the construction fund.

IX. LOAN APPLICATIONS

ULC agrees to review and consider loan applications, to act on such loan applications within ten (10) days of completion of processing, and to notify DURA of its actions and the reasons therefore within two (2) days of taking action on the loan application.

Loan applications will include or be accompanied by, to the extent feasible, the following:

1. The borrower(s) name(s), address, telephone number, and the address and legal description of the DAHP property.
2. Borrower(s) income and sources of income, major debts and monthly payments.
3. Purposes of the loan, including a summary of work to be done for improvement of the property and the estimated cost.
4. The required exhibits for rehabilitation under FHA 203(k).
5. Credit report and preliminary title report shall be ordered by ULC and a copy of the title report shall be furnished to DURA.

X. SUCCESSORS AND ASSIGNS

The covenants herein contained shall bind, and the benefits and advantages inure to, the respective successors and assigns of the parties hereto.

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XI. AMENDMENTS

This agreement may be modified or amended only with the prior written consent of the parties.

XII. INDEMNIFICATION

DURA and ULC agree that the only relationship established through this Agreement is for the provision of 203(k)DAHP and Columbia Loans and Loan guarantees as provided for in this Agreement.

XIII. TERM

The term of this Agreement shall expire one year from the date of the

Agreement (although the repayment guarantee shall survive the Term of this Agreement).

Attest _____
Susan Powers, Secretary

DENVER URBAN RENEWAL AUTHORITY

By _____
John E. Moye, Chairman

Attest: _____

UNIVERSAL LENDING CORPORATION

By: _____
A. Bruce Bowler,
Chief Executive Officer

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PURCHASE AND SALE CONTRACT

ATTENTION AFFORDABLE HOMEOWNERSHIP PROGRAM PARTICIPANT. THIS CONTRACT CREATES A BINDING OBLIGATION TO PURCHASE THE HOME AWARDED TO YOU IF YOUR APPLICATION FOR FINANCING IS APPROVED.

In consideration of the premises and mutual covenants contained herein, the parties to this Contract agree as follows:

1. I (We), _____ (Participant(s)) agree to purchase, according to the rules and regulations of the Denver Affordable Homeownership Program ("DAHP") and financing agreements issued in connection therewith, and the terms and conditions set forth herein, the following described property:

(the "Property")

Also known and numbered as: _____.

The purchase price for said Property shall be U.S. \$ _____, payable as follows:

Full purchase price, in cash, at closing.

Provided however, that if our (my) loan for financing to purchase and rehabilitate the Property is not approved this contract shall be null and void and I (we) shall not be obligated to purchase the Property and shall forfeit only the following costs:

\$ _____ Credit Report Fee;

\$ _____ Appraisal Fee

2. The Denver Urban Renewal Authority ("Seller") agrees to sell the Property to Participant(s) according to the rules and regulations of the AHP, and the terms and conditions set forth herein, provided however, that it shall not be required to sell the Property to Participant if:

- a. Seller is unable to acquire the Property from the Department of Housing and Urban Development or other entity through no fault of its own.
- b. Seller is unable or unwilling to remove valid objections to the title prior to closing.
- c. Seller determines that Participant is not eligible to participate in the DAHP.

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3. Participant(s) agrees to promptly and diligently execute all documents and furnish all information and documents required by the Universal Lending Corporation, and to pay all required costs associated with the application and financing process.

- a. If Participant's loan application is approved, but Participant(s) defaults on its obligation under this Contract to purchase the Property, all payments made by Participant(s) as are more specifically described below shall be forfeited by Participant and both parties shall thereafter be released from all obligations hereunder.

\$ _____ Credit Report

\$ _____ Appraisal Fee

\$ _____ CHFA Commitment Fee

- b. The DAHP is being conducted under special arrangements with the Colorado Housing Finance Authority ("CHFA") and Participant, and the Property must meet all rules, regulations and requirements of CHFA including, but not limited to, the payment of a commitment fee to release CHFA funds.

4. Participant will accept the Property in the condition existing on the date of closing. Seller does not warrant the condition of the Property, including, but not limited to, mechanical systems, or compliance with code requirements and will make no repairs to the Property after execution of this contract.

5. The rehabilitated, appraised value of the Property as defined under FHA Section 203K guidelines must be no less than the combined purchase price plus all costs of rehabilitation or the Borrower may rescind this contract and be reimbursed all unexpended funds associated with the processing of this loan.

6. Participant shall not assign or transfer Participant's rights or

obligations under this Contract without prior written consent of the Seller.

7. This contract contains the final and entire agreement between Seller and Participant and they shall not be bound by any terms, conditions, statements, or representations, oral or written, not contained in this contract.

8. Participant and Seller agree that in the event of controversy arising out of the operation of this contract, the parties will submit said controversy or dispute to binding arbitration. Such arbitration shall be conducted in Denver, Colorado in accordance with the Colorado Rules of Civil Procedure and Colorado statutory provision governing arbitration as then constituted.

Participant	Date	Participant	Date
Denver Urban Renewal Authority:			
By: _____			
		Title	Date

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AFFORDABLE HOMEOWNERSHIP PROGRAM PURCHASE AGREEMENT

THIS AGREEMENT, made and entered into this _____ of _____, 1989, by and between the Denver Urban Renewal Authority ("DURA") and _____ and _____ ("Participant"), whose address is _____, Denver, Colorado 802__ (the "Agreement").

WHEREAS, the Federal Home Loan Bank of Topeka ("FHLB") has implemented an Affordable Housing Program ("AHP") pursuant to the authority granted by the United States Congress in the Federal Home Loan Bank Act (12 U.S.C. (1430(j)) and the regulations of the Federal Housing Finance Board (12 C.F.R. Part 960);

WHEREAS, Columbia Savings, a Federal Savings and Loan Association ("Columbia"), in cooperation with the City and County of Denver submitted an application for subsidy funding to the FHLB in connection with the FHLB's AHP of Four Hundred Seventy-three thousand, Four Hundred and no/100 Dollars (\$473,400), which application was approved by the FHLB; and,

WHEREAS, DURA has been designated by the City and County of Denver as the agency in charge of administering the Denver Affordable Homeownership Program ("DAHP") through the acquisition of federally-owned residential properties within the City's community development neighborhoods from the Department of Housing and Urban Development ("HUD") for use in connection

with the AHP for conditional conveyance of such properties to eligible DAHP Participants and, through agreements for program administration with Columbia and Universal Lending Corporation ("ULC"); and,

WHEREAS, DURA, in cooperation with Columbia, the City and County of Denver, HUD and ULC has developed the DAHP which requires eligible and qualified Participants to obtain financing to complete necessary repairs to DAHP properties; and,

WHEREAS, the Participant is an eligible purchaser under all applicable rules and regulations of the DAHP, and is ready, willing and able to meet the conditions associated with the program;

NOW, THEREFORE, in consideration of the premises and mutual agreements contained herein, the parties agree as follows:

ARTICLE 1. DAHP PROPERTY. DURA will conditionally convey to the Participant, together with the improvements thereon and subject to any easements and/or restrictions of record, if any, the following property commonly known and numbered as _____, located in the City and County of Denver, Colorado, more fully described in Exhibit A, attached and incorporated hereto (the "DAHP Property").

ARTICLE 2. PURCHASE PRICE. Subject to the terms and conditions of this Agreement, DURA will conditionally convey the DAHP Property to the Participant and the Participant will pay the amount of U.S. \$ _____ and no/100 Dollars (\$_____), to be paid in cash simultaneously with the delivery of a "Special Warranty Deed (Conditional Conveyance)" conditionally conveying the DAHP Property to the Participant.

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ARTICLE 3. CONDITIONAL CONVEYANCE OF DAHP PROPERTY.

(a) Form of Deed. DURA shall conditionally convey to the Participant title to the DAHP Property by a Special Warranty Deed containing a right of re-entry for condition broken (the "Deed"). The Deed shall be in the form of the document entitled "Special Warranty Deed (Conditional Conveyance)", a copy of which is attached hereto as Exhibit B. Such conveyance and title shall, in addition to the condition subsequent provided for in Article 19 of this Agreement, be subject to:

(1) Easements of record for public streets, sewer and water utilities and such other easements or rights-of-way as are a matter of public record and recorded in the records of the Clerk and Recorder, City and County of Denver.

(2) Such conditions and covenants, consistent with the Denver Affordable Housing Program rules and regulations, and restrictions running with the land as are imposed by the Deed.

(b) Recordation of Deed. DURA shall promptly file the Deed for recordation in the land records of the City and County of Denver.

(c) Title Insurance. Participant will be responsible for paying all title insurance costs.

ARTICLE 4. DAHP PROPERTY CONVEYED WAS "AS IS" FOR REHABILITATION. Participant will accept the DAHP Property in the condition existing on the date of closing. DURA does not warrant the condition of the DAHP Property, (including but not limited to mechanical systems) nor compliance with City Building Code requirements. All rehabilitation and property maintenance responsibilities will be assumed by the Participant upon the delivery of the Deed. Participant agrees to protect the DAHP Property from vandalism beginning from the date of conditional conveyance until the date of occupancy.

ARTICLE 5. RIGHTS OF ACCESS TO DAHP PROPERTY.

(a) DURA shall permit the Participant or his representative to have access to the DAHP Property prior to conditional conveyance to the Participant.

(b) After conditional conveyance of the DAHP Property and during the operation of this Agreement, the Participant shall permit DURA or the City and County of Denver, or their agents or designees, to make reasonable inspections at reasonable times in order to assure compliance with the terms and conditions of this Agreement and the Deed.

ARTICLE 6. REHABILITATION PLANS AND CONTRACTS. The plans and specifications for the rehabilitation of the DAHP Property shall conform with the DAHP Program rules and regulations, this Agreement, any rules and regulations or covenants governing the rehabilitation financing secured by the Participant through ULC and insured by the Federal Housing Administration, and all applicable State and local laws and regulations. Rehabilitation plans and contracts between the Participant and any contractors must be approved in writing by ULC before any work begins. Any changes in rehabilitation plans or construction contracts must also be approved, in writing, by ULC.

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ARTICLE 7. COMMENCEMENT AND COMPLETION OF REHABILITATION.

(a) Participant agrees to begin rehabilitation on or before thirty (30) days after the date of conditional conveyance of title.

(b) Any defects that pose a substantial danger to health and safety, such as, but not limited to, plumbing, heating and electrical code violations shall be corrected before the expiration of one (1) year from the date of conditional conveyance of the DAHP Property to the Participant, or within the time specified in any rehabilitation finance agreement executed by the Participant in connection with this program, whichever is less. However the Participant may not, under any circumstances, commence occupancy of the DAHP Property until such defects have been corrected and a Certificate of Occupancy has been issued.

(c) Any other repairs or improvements required in order to meet

applicable standards of the City and County of Denver for decent, safe and sanitary housing, or any energy conservation measures required by the City and County of Denver, must be completed within three (3) years from the date of conditional conveyance to the Participant, or within the time specified in any rehabilitation finance agreement executed by the Participant in connection with this Program, whichever is less.

(d) All work pertaining to any electrical, heating and/or plumbing will be performed by licensed contractors, and pursuant to permits required and issued by the City and County of Denver.

ARTICLE 8. LEAD-BASED PAINT HAZARDS. The rehabilitation of the DAHP Property under this Agreement is subject to HUD Lead-Based Paint Regulations, 24 C.F.R. Part 35. Any contracts made by the Participant for the rehabilitation of the DAHP Property shall be made subject to provisions for the inspection and elimination of lead-based paint hazards under Subpart B of the aforementioned regulations, and the Participant shall be responsible for the inspections and certifications required under 24 C.F.R. 35.14(f).

ARTICLE 9. CERTIFICATE OF COMPLETION OF REHABILITATION. After completion of the rehabilitation required by Article 7 of this Agreement, and receipt by DURA of a Notice of Completion of Rehabilitation from ULC, DURA will furnish the Participant with an appropriate instrument so certifying. The certification shall be a conclusive determination of satisfaction and termination of the agreements and covenants in this Agreement and in the Deed with respect to the rehabilitation of the Property by the Participant, and his heirs and assigns.

ARTICLE 10. CERTIFICATE OF SATISFACTION.

(a) After completion of all the terms and conditions of this Agreement by the Participant, including occupancy as a principal residence for five (5) consecutive years as provided in Article 12, DURA will furnish the Participant with an appropriate instrument so certifying. This certification by DURA shall be conclusive determination of satisfaction and termination of the agreements and covenants in the Agreement and in the Deed with respect to the obligations of the Participant, and his heirs and assigns.

(b) The Certificate of Satisfaction shall be in such form as will enable it to be recorded in the Clerk and Recorder's Office in the City and

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County of Denver. DURA shall record the Certificate of Satisfaction, and all recording fees are to be paid by the Participant. If DURA fails to provide this certification within thirty (30) days after written request by the Participant, DURA shall provide the Participant with a written statement, indicating in detail in what respects the Participant has failed to meet the provisions of this Agreement, or is otherwise in default, and what remedial measures, if any, the Participant must take in order to obtain such certification.

(c) Once the Certificate of Satisfaction is recorded, the conditions contained in this Agreement and in the Deed shall cease to have any force and effect except for the restriction against non-discrimination contained in Article 12(b). The Participant shall thereafter hold fee simple title to the DAHP Property.

ARTICLE 11. INSURANCE. Upon conditional conveyance of the DAHP Property, the Participant will obtain All Risks Coverage Insurance on the DAHP Property in at least the amount required by ULC. This insurance must be maintained during the life of this Agreement. The City and County of Denver and DURA shall be included as additional insureds. The Participant agrees to furnish evidence of insurance prior to beginning any work on the DAHP Property.

ARTICLE 12. RESTRICTIONS UPON USE OF THE DAHP PROPERTY.

(a) The Participant agrees, and the Deed shall contain such covenants, that the Participant shall occupy the DAHP Property as his principal residence for not less than five (5) consecutive years from the date of initial occupancy of the DAHP Property, except as otherwise first approved in writing by HUD, on a case-by-case basis, when emergency conditions make compliance with this requirement unfeasible. This restriction and covenant shall continue in full force and effect for five (5) years from the date of initial occupancy of the DAHP Property.

(b) The Participant agrees for himself, his heirs and assigns, and every successor in interest to the DAHP Property, and the Deed shall contain such covenants, that the Participant and his heirs and assigns, shall not discriminate upon the basis of race, color, creed, sex or national origin in the sale, lease or rental or in the use or occupancy of the DAHP Property or any rehabilitation of the Property. It is intended, and the Deed shall so state, that this restriction and covenant shall be a covenant running with the land and that it shall be binding, to the fullest extent permitted by law and equity, for the benefit and in favor of, and enforceable by, DURA and the United States of America. This restriction and covenant shall remain with the land forever.

ARTICLE 13. REPRESENTATIONS AS TO REHABILITATION.

The Participant represents and agrees that his purchase of the DAHP Property, and his other undertakings pursuant to this Agreement are, and will be used, for the purpose of rehabilitation of the DAHP Property and not for speculation in land holding.

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ARTICLE 14. PROHIBITION AGAINST TRANSFER OF DAHP PROPERTY AND ASSIGNMENT OF DAHP PROPERTY. The Participant will not make or suffer to be made any sale, conveyance, lease or transfer of this Agreement or the Property, without the prior written approval of the DURA, for a period of five (5) years after the date of initial occupancy.

ARTICLE 15. LIMITATION UPON ENCUMBRANCE OF DAHP PROPERTY. The Participant shall not engage in any financing or any other transaction

creating any mortgage or other encumbrance upon the DAHP Property except for the purpose of financing the reconstruction and improvement of the DAHP Property, prior to a period of five (5) years after the date of initial occupancy.

ARTICLE 16. TAXES. Participant agrees to assume full responsibility for payment of all taxes on the DAHP Property as of the date of signing of the Deed.

ARTICLE 17. REMEDIES IN GENERAL. In the event of any breach of this Agreement, the breaching party shall, upon receipt of written notice from the other, proceed immediately to cure or remedy such breach on or before the expiration of thirty (30) days after receipt of such notice. In case such action is not taken or not diligently pursued, or the breach is not cured within thirty (30) days, the aggrieved party may institute proceedings to cure and remedy such breach including, but not limited to, proceedings to compel specific performance by the party in breach of its obligation.

ARTICLE 18. BREACH BY THE PARTICIPANT: RIGHT OF AUTHORITY TO RE-TAKE DAHP PROPERTY.

(a) Any of the following shall constitute breach of this Agreement by the Participant;

(1) Any default in, or violation of, the Participant's obligations with respect to the rehabilitation or, abandonment or substantial suspension of rehabilitation work, and any such default, violation, abandonment, or suspension is not cured, or remedied within thirty (30) days after receipt of written demand by DURA so to do; or

(2) Failure of the Participant to pay real estate taxes on the DAHP Property when due, or the placing of any encumbrance or lien on the DAHP Property not authorized by the Agreement, or suffering any levy or attachment to be made, or any mechanics lien, or any other unauthorized encumbrance or lien; and, such taxes or assessments are not paid, or the encumbrance or lien is not removed or discharged; or, provision satisfactory to ULC for such payment, removal, or discharge is not made within thirty (30) days after written demand by ULC; or

(3) Any transfer of the DAHP Property in violation of the Agreement and such violation is not cured within thirty (30) days after written demand by the Authority; or

(4) Failure of the Participant to continue to occupy the DAHP Property as his principal residence as required in Article 12; or

(5) Failure of the Participant to regularly and adequately maintain the DAHP Property in accordance with the "Minimum Guidelines for Maintenance of DAHP Property" which were distributed to the Participant during an orientation session; or

(6) Any material breach of this Agreement, or any default in the performance of covenants made, or payment requirements in connection with any rehabilitation financing secured by the DAHP Property; or

(7) Any misrepresentation by the Participant made to DURA or the City and County of Denver which affects the Participant's eligibility to participate in the DAHP, or any misrepresentation by the Participant to ULC which would affect the Participant's eligibility for the rehabilitation financing for the DAHP Property.

(b) Upon default, the Participant agrees to voluntarily vacate and surrender possession of, and any interest in, the DAHP Property to DURA, which shall attempt to find a qualified assumptor. In order to facilitate the transfer of the DAHP Property to a new Participant in the event of default, the Participant(s) shall execute a limited Power of Attorney on the same date as the date of this Agreement, which Power of Attorney shall give DURA consent in advance to transfer the financing obligations of Participants to a successor.

(c) Upon default, DURA shall have the right to re-enter and take possession of the DAHP Property and to terminate the estate conveyed by the Deed to the Participant and the DAHP Property shall revert to DURA. It is the intent of this provision that the conveyance of the DAHP Property to the Participant shall be made upon, and the Deed shall contain, a condition subsequent to the effect that in the event of any such default, failure, violation or other action or inaction by the Participant specified in subdivision (a) of this Article, that DURA, will file and record with the Clerk and Recorder of the City and County of Denver a demand for cure of the particular default, failure or violation, and will send such demand or notice to Participant as required in Article 22 of this Agreement. And, unless the terms of such demand are met within the time therein specified, DURA will declare a termination of the title and of all rights and interest in and to the DAHP Property conveyed to the Participant, and the title and all rights and interests therein shall revert to DURA. Such condition subsequent and any reversioning of title in DURA shall always be subject to and shall not defeat, or limit in any way the lien of any trust deed authorized by this Agreement.

(d) No waiver of any breach of this Agreement shall constitute a waiver of any later or other breach.

ARTICLE 19. CONFLICT OF INTEREST.

(a) No member, official, or employee of the DURA or of the City and County of Denver shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official, or employee participate in any decision relating to this Agreement which affects his personal interests or the interests of any corporation, partnership, or association in which he is directly or indirectly interested.

(b) The following persons are not eligible to become Participants in the DAHP and shall have no interest in the proceeds of a loan or any contract for work, supplies, or services for the rehabilitation of the DAHP Property:

(1) Members of the governing body of the City and County of Denver;
and

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(2) Members of the governing body of DURA; and

(3) During his tenure, or for one year thereafter, any officer or employee of the City and County of Denver or DURA who exercises any function or responsibility in connection with the administration of the DAHP.

ARTICLE 20. EQUAL EMPLOYMENT OPPORTUNITY. In connection with the performance of work under this Agreement, the Participant agrees not to refuse to hire, discharge, promote or demote, or to discriminate in matters of compensation against any person otherwise qualified, solely because of race, creed, color, religion, sex, age, national origin or ancestry; and further agrees to insert the foregoing provision in all subcontracts hereunder.

ARTICLE 21. PROVISIONS NOT MERGED WITH DEED. None of the provisions of this Agreement are intended to or shall be merged by reason of any deed transferring title to the Property from the DURA to the Participant or any successor in interest, and any such deed shall not be deemed to affect or impair this Agreement.

ARTICLE 22. WRITTEN NOTICES. All notices required to be sent to either of the parties to this Agreement must be in writing and sent via certified mail, return receipt requested, to the following addresses:

Denver Urban Renewal Authority
999 18th Street
Suite 2750, South Tower
Denver, Colorado 80202

Purchaser's Address:

ARTICLE 23. AMENDMENTS. This Agreement may be modified or amended only with the prior written consent of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

ATTEST:

DENVER URBAN RENEWAL AUTHORITY

By: _____
Susan Powers, Secretary

By: _____
John E. Moye, chairman

DAHP PARTICIPANT:

DAHP PARTICIPANT:

SSN: _____

SSN: _____

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STATE OF COLORADO)
City and) ss.
County of Denver)

The foregoing instrument was subscribed and sworn to before me this
____ day of _____, 19__, by

_____ and _____, and the
DENVER URBAN RENEWAL AUTHORITY,

by John E. Moye, its Chairman, and Susan Powers, its Secretary.

My commission expires:_____

Notary Public

SEAL

address

Attachments

- (1) EXHIBIT A: Legal Description of DAHP Property
- (2) EXHIBIT B: SPECIAL WARRANTY DEED (Conditional Conveyance)

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DENVER AFFORDABLE HOMEOWNERSHIP PROGRAM
SPECIAL WARRANTY DEED
(Conditional Conveyance)

KNOW ALL MEN BY THESE PRESENTS. That the DENVER URBAN RENEWAL AUTHORITY,
a body corporate and politic of the State of Colorado, whose address is
Denver Place, Suite 2750, South Tower, 999 18th Street, City and County of
Denver, State of Colorado (the "Grantor"), for the consideration of _____
_____ Dollars (U.S. \$_____) and other valuable consideration,
in hand paid, hereby sells and conveys to _____
whose address is _____, (the "Grantee"),
the following described real property situated in the City and County of
Denver, State of Colorado, to wit:

(the "Property")

Also known and numbered as:_____.

Subject to the reservations and exceptions hereinafter made and with the restrictions and upon the covenants below stated, and subject to any state of facts an accurate survey would show, and subject to any easements, restrictions or other interests of record; with all of its appurtenances and warrants title to the same against all persons claiming under the Grantor; BUT IF:

(a) The Grantee fails to begin rehabilitation on the Property within thirty (30) days from the Date of Conveyance as defined in the Denver Affordable Homeownership Program Purchase Agreement; or

(b) The Grantee fails to correct defects in the Property which poses a substantial danger to health and safety, such as plumbing, heating and electrical code violations, within one (1) year from the date of delivery of this Deed; or

(c) The Grantee fails to make any other repairs or improvements needed to meet applicable standards of the City and County of Denver for clean, safe and sanitary housing, or for energy conservation within three (3) years of the delivery of this Deed; or

(d) The Grantee fails to make any other repairs or improvements required by the Federal Housing Administration Commissioner or his agent or designee as a condition of obtaining rehabilitation financing for the Property; or

(e) The Grantee fails to pay real estate taxes or assessments on the Property; or

(f) The Grantee fails to obtain and/or maintain All Risks Coverage Insurance in at least the after-rehabilitation value of the Property; or

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(g) The Property shall remain encumbered in any manner whatsoever other than by a mortgage, deed of trust or other security device given by the Grantee for the purposes of financing of construction of the improvements thereon at a date thirty (30) days after the date of recording of a written "Demand for Removal of Encumbrances" by the Grantor, unless the Grantee has recorded written evidence, bearing the approval of the Grantor, of the removal of such encumbrance; or

(h) The Property, or any part thereof or interest therein shall be conveyed without the prior written consent of the Grantor, prior to the expiration of five (5) consecutive years after the date of initial occupancy of the Property by the Grantee, except under a Deed of Trust permitted by this Deed, and except as security for obtaining the financing permitted by this Deed; or

(i) The Grantee shall cease to occupy the Property as his residence

before the expiration of five (5) consecutive years from the date of initial occupancy of the Property; or

(j) The Grantor records a "Demand to Cure Defects" and the improvements on the Property do not, at the end of thirty (30) days from the date of said recording, comply with the provisions of said demand; or

(k) The Grantor records a "Demand to Diligently go Forward with Construction" and fifteen (15) days after such recording there has not been compliance with the provisions of such demand; or

(l) The Grantor records a "Demand to Complete Construction" and sixty (60) days after such recording there has not been compliance with the provisions of said demand; or

(m) The Grantor records a "Demand to Cure Change in Ownership or Occupancy" and thirty (30) days after such recording there has not been compliance with the provisions of said demand; or

(n) The Grantor records a "Demand to Cure Breach of Denver Affordable Homeownership Program Purchase Agreement" specifying the breach of said agreement by and between DURA and Grantee dated _____, and thirty (30) days after such recording there has not been compliance with the provisions of said demand;

Then the Grantor, its successors and assigns, shall have the right to terminate the estate herein granted and to re-enter and retake possession of the Property and to re-vest in the Grantor, its successors and assigns, the estate conveyed by this Deed, subject only to any mortgage, deed of trust or other security device given by the Grantee for the purposes of purchasing the Property and financing construction or rehabilitation of the improvements thereon. It is intended by the parties hereto, and the Grantee expressly acknowledges for itself, and all its successors in interest that the interest so reserved to the Grantor is a RIGHT OF RE-ENTRY FOR CONDITION BROKEN.

The above-described conditions subsequent shall be satisfied, and a "Renunciation of Right of Re-Entry" reserved to the Grantor shall be given,

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only when the Grantor has filed for record with the Clerk and Recorder for the City and County of Denver the following duly acknowledged certifications:

(a) "Certificate of Completion of Rehabilitation" as described in Article 9 of the Denver Affordable Homeownership Program Purchase Agreement dated _____ by and between Grantor and Grantee.

(b) "Certificate of Satisfaction" as described in Article 10 of the Denver Affordable Homeownership Program Purchase Agreement dated _____ by and between Grantor and Grantee. Such Renunciation of Right of Re-Entry

shall accompany any Certificate of Satisfaction; shall apply only to the property therein described; shall operate to free the designated property from the above conditions subsequent and to divest the Grantor of any right of re-entry and shall be substantially in the following form:

"To have and to hold the above-described premises unto _____ forever, so that neither the Denver Urban Renewal Authority nor any of its successors in interest shall at any time hereafter have, claim, or demand any right, title, or interest in or to the above-described premises, or any part thereof by virtue of the Right of Re-Entry for Condition Broken reserved to the Denver Urban Renewal Authority in the Special Warranty Deed recorded at reception number _____, in the Office of the Clerk and Recorder, City and County of Denver, Colorado."

It is further declared that the Property shall be subject to the following covenants:

(1) Construction of the improvements for the rehabilitation of the Property shall be commenced within one (1) month from the date of delivery of this instrument and shall be diligently prosecuted to completion. Said improvements shall be completed within _____ days/months of the date of this instrument, provided, that if the mortgage securing money loaned to finance the improvements, or any part thereof, is insured by the Federal Housing Administration, then the commencement and completion time shall be within the time specified in the applicable Rehabilitation Loan Agreement approved by the Federal Housing Administration.

(2) Grantee shall comply with the applicable rules and regulations issued by the Secretary of Housing and Urban Development (the "Secretary" of "HUD") which prohibit the use of lead-based paint in residential structures undergoing federally assisted construction or rehabilitation and require the elimination of lead-based paint hazards.

(3) Neither Grantee nor any successor to Grantee's interest shall discriminate upon the basis of race, color, creed, sex, religion, national origin, age or handicap in the sale, lease, or rental or in the use or occupancy of the Property or any improvements erected or to be erected thereon, or any part thereof. The United States shall be deemed a beneficiary of this covenant both for and in its own right and also for the purposes of protecting the interests of the community and other parties, public or private, in whose favor or for whose benefit said covenant has been provided

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without regard to whether the United States has at any time been, remains, or is an owner of any land or interest therein to or in favor of which said covenants relate. The United States shall have the right, in the event of any breach of said covenants, to exercise all the rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breach of agreement or covenant,

to which it or any other beneficiary of such agreement or covenant may be entitled.

(4) It is intended by the parties hereto, and the Grantee expressly covenants, for itself and all its successors in interest, that these covenants shall run with the land.

The covenant in this deed governing completion of the construction of the improvements shall be satisfied only by a Certificate of Completion of Rehabilitation duly acknowledged by the Grantor and filed for record. Such Certificate shall be effective to satisfy said covenant only with regard to the real property designated in the Certificate. Upon recording of the Certificate of Completion of Rehabilitation, the burden of said covenant with regard to the real property designated shall dissolve and the term of said covenant shall terminate with regard to that property. The recorded Certificate of Completion of Rehabilitation shall further mean:

(a) That any party purchasing or leasing the property designated therein shall not incur any obligation with respect to the construction of the improvements relating to that property.

(b) That neither the Grantor nor any other party shall thereafter have any right or remedy against the property designated therein for non-compliance with said covenant.

Notwithstanding any of the provisions of this Deed, including but not limited to those which are intended to be covenants running with the land, the holder of any deed of trust or mortgage given to secure the purchase price and the construction of the improvements to the Property by the Grantee (including any holder who obtains title to the Property or any part thereof as a result of foreclosure proceedings, or action in lieu thereof, but not including (a) any other party who thereafter obtains title to the Property or such part from or through such holder or (b) any purchaser at foreclosure sale other than the holder of the deed of trust or mortgage itself) shall not be obligated by the provisions of this Deed to construct or rehabilitate or complete the construction or rehabilitation of the improvements or to guarantee such construction, rehabilitation or completion nor shall any covenant or any other provision in the Deed be construed to so obligate such holder.

Notwithstanding any provisions in the express conditions and covenants to the contrary, if:

(a) Upon foreclosure of a Deed of Trust insured by the Secretary of HUD, title is acquired by the Trustee or beneficiary of the Deed of Trust, the Secretary, or any other party; or

(b) Title is acquired by any party by a deed-in-lieu of foreclosure of a HUD-insured Deed of Trust; or

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(c) A Deed of Trust insured by the Secretary is assigned to the Secretary; then the conditions described in subparagraphs (a) - (n) on page 1 of this Deed shall be deemed satisfied or permanently waived and Grantor shall give a "Renunciation of Right of Re-Entry" in substantially the form provided herein to the holder of title, or to the Secretary if the Deed of Trust has been assigned to the Secretary, and the condition described in subparagraph (1) on page 2 of this Deed shall also be deemed satisfied or permanently waived.

Signed and delivered this ____ day of _____, 19__.

ATTEST:

DENVER URBAN RENEWAL AUTHORITY

By: _____
Susan Powers, Secretary

By: _____
John E. Moye, Chairman

STATE OF COLORADO)
City and) ss.
County of Denver)

The foregoing instrument was acknowledged before me this ____ day of _____, 19__ by John E. Moye as Chairman, and Susan Powers as Secretary of the Denver Urban Renewal Authority, a body corporate and politic.

WITNESS my hand and official seal.

My commission expires:_____.

SEAL

Notary Public

Address

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POWER OF ATTORNEY
(Limited)

KNOW ALL MEN BY THESE PRESENTS, that I (We), _____,
of the City and County of Denver, State of Colorado, reposing special trust and confidence in the duly appointed Executive Director of the Denver Urban Renewal Authority ("DURA") or his/her authorized representative, of the City and County of Denver, State of Colorado, have made, constituted and appointed, and by these presents do make, constitute and appoint the said

Executive Director of DURA my (our) true and lawful attorney to act for me (us) and in my (our) name, place and stead, and for my (our) sole use and benefit, with full power and authority to do and perform each and every act necessary, as fully as I (we) might do if personally present, to accomplish and complete the following act or transaction to wit:

In the event of my (our) default in the performance of one or more of the requirements of the Denver Affordable Homeownership Program Purchase Agreement, which I (We) have executed of even date herewith, and the resulting Re-Entry and taking by DURA of the DAHP Property pursuant to the terms of the Special Warranty Deed (Conditional Conveyance), I (We) hereby authorize DURA to locate a qualified assumptor to substitute in my (our) place as the owner-occupant of the DAHP Property and as obligors on my (our) Promissory Notes and Deeds of Trust for loans made to me (us) for the purpose of purchasing and rehabilitating the DAHP Property. We do hereby, unconditionally, consent to the assumption of our rights and obligations by the DURA-nominated assumptor, and understand that in the event this Power of Attorney is exercised by DURA I (we) shall no longer be liable pursuant to the terms of the Note(s) and Deed(s) of Trust.

This Power of Attorney shall be effective and exercisable by any duly appointed Executive Director of DURA, or his/her authorized representative.

This Power of Attorney shall not be affected by the disability of the principal(s).

This Power of Attorney shall automatically expire upon the filing by DURA of the Certificate of Satisfaction, as defined in the Special Warranty Deed.

EXECUTED this _____ day of _____, 19____.

Principal

Principal

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STATE of Colorado)
City and _____) ss.
County of Denver)

The foregoing instrument was acknowledged before me this ____ day of _____, 19 ____, by _____, the

Principal(s).

Witness my hand and official seal.

Notary Public

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