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REQUEST OF \_\_\_\_\_

**REGULATORY AGREEMENT  
(EXTENDED USE AGREEMENT)**

Between

**WASHINGTON STATE HOUSING FINANCE COMMISSION**

And

**Silverwood Housing Associates, a Limited Partnership**

Dated as of December 16, 1993

**WASHINGTON STATE HOUSING FINANCE COMMISSION  
LOW-INCOME HOUSING TAX CREDIT PROGRAM**

**(Silverwood PROJECT)  
OAR NUMBER 93-30L**

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**REGULATORY AGREEMENT  
(EXTENDED USE AGREEMENT)**

**Washington State Housing Finance Commission  
Silverwood PROJECT  
OAR NUMBER 93-30L**

THIS REGULATORY AGREEMENT (EXTENDED USE AGREEMENT) ("Agreement") is entered into as of December 16, 1993 between the WASHINGTON STATE HOUSING FINANCE COMMISSION, a public body corporate and politic (the "Commission"), and Silverwood Housing Associates, a Limited Partnership, a Washington limited partnership, (the "Owner").

**RECITALS**

WHEREAS, the Commission was designated by the Governor of the State of Washington by Executive Order 91-07 as the sole housing credit agency authorized to allocate the federal low-income housing tax credit (the "Credit") for Residential Rental Property located in Washington, in accordance with Section 42 of the Code; and

WHEREAS, the Applicant submitted a Low-Income Housing Tax Credit Program Application and amendments thereto, if any, (collectively referred to hereinafter as the "Application") dated September 7, 1993, which is incorporated herein by this reference, wherein the Applicant requested that the Commission issue a Credit Reservation to the Project; and

WHEREAS, the Project identified in the Commission's Official Action Resolution number 93-30L, dated November 5, 1993, meets the Minimum Threshold Criteria described in the *Program Guidelines* established by the Commission; and

WHEREAS, the Applicant and the Commission entered into a Credit Reservation Contract, dated December 13, 1993, and amendments thereto, if any, (collectively referred to hereinafter as the "Credit Reservation Contract") which is incorporated herein by this reference, wherein subject to the terms and conditions stated therein, the Commission agreed to issue an Allocation of Credit to the Project; and

WHEREAS, the Owner acquired, constructed or rehabilitated, and equipped, a Residential Rental Property commonly known as Silverwood (the "Project") located on the property or properties legally described in Exhibit "A", attached hereto and incorporated herein by reference, (the "Land"); and

Regulatory Agreement (Extended Use Agreement)  
Silverwood PROJECT (OAR# 93-30L)  
December 16, 1993.

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WHEREAS, the Commission has determined based solely upon the information submitted in the Application that the Project if operated in accordance with Section 42 of the Code, the representations made in the Application and in the Credit Reservation Contract, qualified for an Allocation of Credit which is to be apportioned to each Building at the time such Building is Placed-In-Service;

WHEREAS, as a condition of having an effective Allocation of Credit, the Owner must enter into an agreement with the Commission that imposes on the Land and improvements thereon, covenants that each Building in the Project will be subject to certain requirements and restrictions for a certain period of time;

NOW THEREFORE, the Owner does hereby impose upon the Project the following covenants, restrictions, charges and easements, which shall run with the Land and shall be binding and a burden upon the Project and all portions thereof, and upon any purchaser, grantee, developer, owner or lessee (other than a lease with a Resident as contemplated in this Agreement) of any portion of the Project and any other person or entity having any right, title or interest therein and upon the respective heirs, executors, administrators, devisees, successors and assigns of any purchaser, grantee, developer, owner or lessee (other than a lease with a Resident as contemplated in this Agreement) of any portion of the Project and any other person or entity having any right, title or interest therein, for the length of time and to the extent provided for in this Agreement.

#### 1. Definitions

Capitalized terms shall have the meanings set forth either below or in the *Program Guidelines* for the purposes of this Agreement and the related documents and agreements entered into with respect to the Project. All definitions shall be amended and/or interpreted by the Commission in accordance with the *Program Guidelines* in effect as of the date of this Agreement and the Code, as it may be amended by Congress, affected or explained by temporary or final Treasury Regulations, Revenue Rulings or pronouncements issued or amended with respect thereto by the United States Department of the Treasury or Internal Revenue Service, or as interpreted by any court of competent jurisdiction, throughout the term of this Agreement, to the extent applicable to the Project. In the event either a Code or a Low-Income Housing Tax Credit Program definition, restriction or requirement conflict, the more restrictive definition, restriction or requirement shall apply as determined by the Commission.

1.1 "Additional Low-Income Housing Set-Aside" means the selected percentage of Housing Units that are both Rent Restricted, as adjusted for the Imputed Household Size as provided in paragraph 1.30 below, and occupied by Residents whose Income is zero percent (0%) or less of the Area Median Gross Income (subject to the exception for initially qualifying Residents whose Income increases, as set forth in Sections 42(g)(2)(D), 142(d)(3) and 142(d)(4) of the Code).

1.2 **"Additional Low-Income Housing Use Period"** means with respect to a Building, the period of twelve (12) Years beginning with the first year following the fifteen (15) year period which begins from the earliest date in which the Building is Placed-In-Service or, if the Owner makes an election under Section 42(f)(1)(B) of the Code, the succeeding Year. The Owner and its successor(s) in interest, if any, waive(s) any right under this Agreement to terminate the terms, conditions, obligations, restrictions, covenants, representations and warranties contained herein with respect to each Building in the Project during the Additional Low-Income Housing Use Period.

1.3 **"Agreement"** means this Regulatory Agreement (Extended Use Agreement).

1.4 **"Allocation"** means for purposes of this Agreement, the maximum amount of Credit available to the Project as a result of an allocation of Credit by the Commission of a portion of the Annual Authority in conformance with Section 42(h) of the Code which shall be apportioned to each Qualified Building at the time such Building is Placed-In-Service.

1.5 **"Applicable Fraction"** means the smaller of the Unit Fraction or the Floor Space Fraction for a Building or the Project, as the context so requires..

1.6 **"Applicant"** means Silverwood Housing Associates, a Limited Partnership, a private or public Nonprofit Organization or private profit-motivated individual, corporation, Partnership, Limited Partnership or other organization that submits an Application to the Commission for a Credit Reservation and Allocation, and its successors in interest. The Applicant is also the Owner of a Project or the Owner's predecessor in interest and includes any purchaser, grantee, transferee, owner or lessee of all or any portion of the Project, and the heirs, executors, administrators, devisees, successors and assigns of any purchaser, grantee, transferee, owner or lessee (other than a Resident) of all or any portion of the Project, and any other person or entity having any right, title, or interest in the Project.

1.7 **"Application"** means the Low-Income Housing Tax Credit Program Application and any amendments thereto.

1.8 **"Assignment"** means any sale, transfer, contribution, assignment, exchange or other change in all or part of the ownership of the Land and/or Project or any Building which is a part thereof, whether voluntary or involuntary, and also includes; a transfer, sale, contribution or Assignment by the Applicant, Owner or Developer of all or any part of its rights, title or interest in the Application, the Credit Reservation Contract, Carryover Allocation Contract, Credit, Land, Building and/or Project to another party; or a withdrawal, change or addition of any General Partner of a Partnership or a party to a Joint Venture.

1.9 **"Below-Market Federal Loan"** means any Loan funded in whole or in part with Federal Funds if the interest rate payable on such Loan is less than the Applicable Federal Rate in effect under Section 1274(d)(1) of the Code as of the date on which the Loan was made. Such term shall not include any Loan which would be a Below-Market Federal Loan solely by

reason of: (i) Federal Assistance provided under Section 106, 107 or 108 of the Housing and Community Development Act of 1974 as in effect on November 5, 1990; or (ii) Federal Assistance provided under the HOME Investment Partnership Act as in effect on August 10, 1993 provided that forty percent (40%) or more of the Total Housing Units are occupied by Residents whose Income is fifty percent (50%) or less of the Area Median Gross Income adjusted for household size. In the case of a Project located in a Qualified Census Tract or Difficult Development Area, the percentage of Total Housing Units set forth in the preceding sentence shall be twenty five percent (25%).

1.10 "BIN" means the Building Identification Number assigned to a Building in the Project by the Commission.

1.11 "Building" means Residential Rental Property containing residential Housing Units located on the Land and included in the Application. For purposes of the Low-Income Housing Tax Credit Program, each Building is identified by its BIN and its street address assigned by the United States Postal Service. In case of any inconsistency, the BIN shall control. In the event more than one Building is located on the Land, each Building must be identified in the manner required by Section 42(g) of the Code to be treated as part of the Project. Failure to meet the foregoing requirements will result in each Building on the Land being treated as its own independent Project. Any Allocation of Credit shall be effective only for the Building(s) identified in a Carryover Allocation Contract, if applicable, or otherwise in an Exhibit attached hereto.

1.12 "Carryover Allocation" means, to the extent applicable, an Allocation pursuant to a Carryover Allocation Contract which is made with respect to a Building or Project pursuant to Section 42(h)(1)(E) and/or Section 42(h)(1)(F) of the Code, as the case may be, and in conformance with IRS Notice 89-1 and proposed Treasury Regulation Section 1.42-6.

1.13 "Carryover Allocation Contract" means, to the extent applicable, an agreement entered into between the Owner and the Commission, wherein subject to the satisfaction by the Owner of the terms, conditions, obligations and restrictions contained therein and satisfaction of the requirements under Section 42(h)(1)(E) and/or Section 42(h)(1)(F) of the Code, IRS Notice 89-1 and proposed Treasury Regulation Section 1.42-6, the Commission makes a Carryover Allocation to the Project.

1.14 "Certifications" means the representations made under penalties of perjury by the Applicant, Owner, each Developer, each General Partner, party to a Joint Venture, and/or Resident, as applicable, including but not limited to those representations set forth in the Application and the *Certification Regarding Financial Solvency and Litigation Status; Certification of Net Worth; Certification on Behalf of Nonprofit Organization; Certification on Behalf of Profit-Motivated Individual, Business, Corporation or Partnership; and Certification of Ability to Contribute Equity to the Project* to the extent such Certifications apply to the Applicant and/or the Project. Certifications also mean any and all representations made under

penalties of perjury with respect to the Project at any time from the date of submission of the Application and throughout the Project Compliance Period.

1.15 "Commission" means the Washington State Housing Finance Commission and any successor or assignee.

1.16 "Commitment" means a representation or agreement of the Applicant contained in the Application which is binding upon the Owner and its successor(s) in interest throughout the Project Compliance Period unless otherwise noted in this Agreement, the *Program Guidelines*, the Application or agreements entered into with the Commission in connection with the Low-Income Housing Tax Credit Program.

1.17 "Compliance Period" for a Building means a period of fifteen (15) Years beginning with the earliest date in which such Building is Placed-In-Service, or if the Owner makes an election under Section 42(f)(1)(B) of the Code, the succeeding Year. In the case of an Existing Building, the Compliance Period for such Building shall not begin before the Year applicable under Section 42(f)(5) of the Code.

1.18 "Credit" means the low-income housing tax credit available for federal income tax purposes under Section 42 of the Code for a Qualified Building.

1.19 "Credit Period" for a Building means the period of ten (10) Years beginning with the Year in which the Building is Placed-In-Service for Credit purposes or, if the Owner makes an election under Section 42(f)(1)(B) of the Code, the succeeding Year; but only if the Building is a "qualified low-income building" (within the meaning of Section 42(c)(2) of the Code) as of the close of the first Year of such period. In the case of an Existing Building, the Credit Period shall not begin before the Year applicable under Section 42(f)(5) of the Code.

1.20 "Credit Reservation" means the reservation of a maximum amount of Credit out of the Credit Ceiling to the Project which will be available for Allocation to such Project and apportioned to each Qualified Building upon meeting the requirements of the Low-Income Housing Tax Credit Program and Section 42 of the Code.

1.21 "Credit Reservation Contract" means the agreement entered into between the Applicant and the Commission wherein subject to the terms, conditions, obligations and restrictions contained therein, the Commission granted a Credit Reservation to the Project.

1.22 "Developer" means the person or entity with the responsibility of ensuring the effective construction or rehabilitation of the Project, which may also be the Applicant and/or Owner of the Project. Developer also includes any other person or organization Affiliated With, Controlled By, in Control Of or a Related Party to, the Developer.



1.23 "Disabilities" means a physical or mental impairment which substantially limits one or more of the major life activities of an individual such as preventing the caring of oneself, performing manual tasks, walking, seeing, hearing, speaking, breathing, or learning.

1.24 "Elderly" means persons who are Residents of an Elderly Housing Project.

1.25 "Elderly Housing Project" means a Project owned and operated in conformance with the Fair Housing Amendments Act of 1988 and:

1.25.1 A Project in which each Housing Unit is intended for and solely occupied by Residents who are sixty two (62) or older;

or

1.25.2 A Project in which each Housing Unit is intended and operated for occupancy by at least one person who is fifty-five (55) or older, where at least eighty percent (80%) of the Total Housing Units are in fact occupied by at least one (1) Resident who is fifty five (55) or older. In addition, the Project must provide significant facilities and services specifically designed to meet the physical or social needs of the Elderly, or, if the provision of such facilities and services is not practicable, the Project must be necessary to provide important housing opportunities for the Elderly.

By way of example, HUD has stated that facilities and services such as congregate dining facilities, social and recreational programs, emergency and preventative health care, continuing education, welfare information and counseling, referral services, transportation and recreation, may, given their frequency and nature, be considered significant. Owners are cautioned to consider the federal income tax treatment of providing such services and their impact on the Credit.

1.26 "Extended Low-Income Housing Use Period" for a Building means the period beginning with the first day in the Compliance Period in which such Building is part of a "qualified low-income housing project" (within the meaning, and as determined under, Section 42 of the Code), and ending on the date thirty (30) years thereafter, unless terminated earlier under the provisions of this Agreement.

1.27 "Floor Space Fraction" means the fraction of a Building devoted to low-income housing, the numerator of which is the total square footage of floor space in all Low-Income Housing Units in the Building, and the denominator of which is the total square footage of floor space in all residential Housing Units in the Building, whether or not occupied. For Projects which provide Housing Units for a Special-Needs Housing Set-Aside(s), Floor Space Fraction with respect to each Special-Needs Housing Set-Aside is the fraction of a Project devoted to the Special-Needs Housing Set-Aside selected by the Applicant, the numerator of which is the total square footage of floor space in all Housing Units in the Special-Needs Housing Set-Aside in

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the Project, and the denominator of which is the total square footage of floor space in all Housing Units in the Project, whether or not occupied.

1.28 "Gross Rent" means the rent received for a Low-Income Housing Unit, including Utility Allowances but excluding (i) any payments under Section 8 or any comparable rental assistance program; (ii) any fees for supportive services (within the meaning of Section 42(g)(2)(B)(iii) of the Code) paid to the Owner (on the basis of the low-income status of the Resident of the Housing Unit) by a governmental assistance program or an organization exempt from federal income tax under Section 501(c)(3) of the Code, if such program or organization provides assistance for rent and the amount of assistance provided for rent is not separable from the amount of assistance provided for supportive services; and (iii) rental payments to the Owner to the extent an equivalent amount is paid to the FmHA under Section 515 of the Housing Act of 1949. Gross Rent includes de minimis amounts paid toward purchase of a Housing Unit as described in Section 42(g)(6) of the Code. Gross Rent also includes the amounts imposed on Residents for Required Services even if federal or state law requires that the Services must be offered to Residents by an Owner. The amount of Gross Rent is determined annually based upon the Area Median Gross Income determined by HUD. The Gross Rent for any year must be decreased if the Area Median Gross Income for the locality in which the Project is located decreases but such amount will not be reduced below the amount of Gross Rent established in the first Year of the Credit Period.

1.29 "Housing Unit" means a Low-Income Housing Unit and/or Market Rate Housing Unit located in a Building which is available for rent or rented by Residents.

1.30 "Imputed Household Size" means the household size based on the number of people deemed living in the Housing Unit, as follows (but, in all cases, as determined under Section 42(g)(2)(C) of the Code):

<u>Type of Housing Unit</u>	<u>Imputed Household Size</u>
Efficiency/Studio (No Separate Bedroom)	1 Person
One Bedroom	1.5 Persons
Two Bedrooms	3 Persons
Three Bedrooms	4.5 Persons
Four Bedrooms	6 Persons
Five Bedrooms	7.5 Persons
Each Additional Bedroom	Add 1.5 Persons

1.31 "Imputed Income Limitation" applicable to a Qualified Low-Income Housing Unit means sixty percent (60%) of the Area Median Gross Income, adjusted for the Imputed Household Size as provided in paragraph 1.30 above.

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Silverwood PROJECT (OAK# 93-306)  
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1.32 "Intermediary Costs" means the costs associated with the sale or use of Credit to raise equity capital. Intermediary Costs include, syndication and partnership organization costs and fees, filing fees, attorney fees, broker commissions, accounting fees, and the like.

1.33 "IRS Form 8609" means the Internal Revenue Service form entitled "*Low-Income Housing Credit Certification*" issued by the Commission with respect to a Qualified Building no later than the end of the calendar year that such Building is Placed-In-Service. The IRS Form 8609 establishes the maximum Credit for the Building available for use by the Owner of the Project.

1.34 "Land" means the Land legally described in Exhibit "A".

1.35 "Large Household Unit" means a Low-Income Housing Unit containing three (3) or more bedrooms which is occupied by four (4) or more Residents who are not necessarily related. A Resident of a Large Household Unit shall not be considered to be a Qualified Low-Income Resident if all Residents in the Housing Unit are students (as defined in Section 151(c)(4) of the Code), none of whom are entitled to file a joint income tax return unless such students are recipients of aid for dependent children benefits, enrolled in a job training program under the Job Training Partnership Act or similar federal, state or local program, or unless such students are single parents and their children and such parents and children are not dependents (as defined in Section 152 of the Code) of another individual.

1.36 "Lease Rider" means the disclosure statement required by the Commission which is to be attached by the Owner to each Resident lease for all Low-Income Housing Units and all Market Rate Housing Units in the Project. The Lease Rider describes in general the rights of the Residents of the Project.

1.37 "Low-Income Housing Tax Credit Program Application" means the Application and amendments thereto, if any, submitted by the Applicant with respect to the Project which is then evaluated by the Commission to determine whether the Project will be considered for a Credit Reservation and/or Allocation.

1.38 "Low-Income Housing Tax Credit Program" means the Commission's program for allocating Credit and taking other action related to Projects for which any Owner claims or plans to claim Credit. The Low-Income Housing Tax Credit Program includes, without limitation, adopting the *Qualified Allocation Plan*, *Program Guidelines* and *Allocation Criteria*, making Credit Reservations and Allocations, assigning BINs, determining the amount of Credit necessary for the financial feasibility of a Project and its viability as a Qualified Low-Income Housing Project throughout the Credit Period (including such determinations made on behalf of another governmental unit), entering into Regulatory Agreements (Extended Use Agreements) for Projects, monitoring Projects, and notifying the IRS of any failure of a Building, Project or Owner to comply with Credit requirements, all to the extent engaged in by the Commission.

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Regulatory Agreement (Extended Use Agreement)  
Shirwood PROJECT (OAR# 15-381)  
December 16, 1993.

1.39 "Low-Income Housing Unit" means a Housing Unit which meets the definition of a Qualified Low-Income Housing Unit under paragraph 1.54 and/or meets the applicable percentages for the Additional Low-Income Housing Set-Aside under paragraph 1.1.

1.40 "Minimum Low-Income Housing Set-Aside" means the minimum percent required under Section 42(g) of the Code of Housing Units in the Project to be both Rent-Restricted and occupied by Residents whose Income is at or below a certain percentage of Area Median Gross Income. For purposes of Section 42(g) of the Code, the Owner must select either: (i) twenty percent (20%) or more of the Total Housing Units to be Rent-Restricted and occupied by Residents whose Income is at or below fifty percent (50%) percent of the Area Median Gross Income; or (ii) forty percent (40%) or more of the Total Housing Units to be Rent-Restricted and occupied by Residents whose Income is at or below sixty percent (60%) of the Area Median Gross Income as the Minimum Low-Income Housing Set-Aside. The Applicant may, however, have made a Commitment to provide greater percentages of Housing Units that are both Rent-Restricted and occupied by Residents meeting the above Income limitations and/or making Housing Units available to Residents with Income below the above limitations. The Owner and its successor(s) in interest, if any, will be bound by any Commitments made in the Application.

1.41 "Official Action Resolution (OAR)" means a resolution adopted by the Commission with respect to a Project signifying that the Commission has received an Application for such Project which will be considered for a Reservation of Credit provided such Project meets the Minimum Threshold Criteria identified in the *Program Guidelines*, receives sufficient Allocation Criteria Points to be ranked with those Projects which will receive a portion of the Annual Authority and complies with the requirements of the Low-Income Housing Tax Credit Program and Section 42 of the Code.

1.42 "Owner" means Silverwood Housing Associates, a Limited Partnership, ("Applicant") and its successor(s) in interest of the Project and also includes any purchaser, grantee, transferee, owner or lessee (other than a Resident) of all or any portion of the Project, and the heirs, executors, administrators, devisees, successors and assigns of any purchaser, grantee, transferee, owner or lessee (other than a Resident) of all or any portion of the Project, and any other person or entity having any right, title, or interest in the Project. The Owner is also the Applicant or the Applicant's successor in interest.

1.43 "Partnership" means any syndicate, group, pool or other unincorporated organization, through or by means of which any business, financial operation, or venture is carried on, and which is treated for federal income tax purposes as a partnership and is not considered within the meaning of the Code, a trust or estate or a corporation. A Partnership may be a general Partnership or a Limited Partnership and must have Partners and an objective to carry on business and divide the gains therefrom.

1.44 "Partnership Agreement" means the agreement entered into by the Partners and/or Limited Partners, as applicable, which sets forth their respective, rights, interests and obligations to each other and with respect to the assets of the Partnership.

1.45 "Placed-In-Service" means: (i) the date on which a New Building or Existing Building used as Residential Rental Property is ready and available for its specifically assigned function as evidenced by a certificate of occupancy or, (ii) for Rehabilitation Expenditures that are treated as a separate New Building, any twenty four (24) month period over which such Rehabilitation Expenditures are aggregated.

1.46 "Program" means the Commission's Low-Income Housing Tax Credit Program.

1.47 "Program Guidelines" means the various written criteria, requirements and policies adopted from time to time by the Commission to administer the Low-Income Housing Tax Credit Program and implement the *Qualified Allocation Plan*. The *Program Guidelines* must be followed by any participant in the Program. The *Program Guidelines* include requirements that are more stringent than those under Section 42 of the Code.

1.48 "Project" means the Land and one (1) or more Buildings, structures, or other improvements now or hereafter constructed or located upon the Land. If more than one (1) Building is to be part of the Project, each Building must be financed under a common plan and identified in the manner required under Section 42(g) of the Code.

1.49 "Project Compliance Period" means the period beginning with the first day the first Building of the Project is Placed-In-Service and continuing thereafter until the latest to end of the following periods for each Building in the Project: (i) the Compliance Period; (ii) the Extended Low-Income Housing Use Period; (iii) the Additional Low-Income Housing Use Period; or iv) the Three-Year Period.

1.50 "Project Transfer" means any sale, transfer, contribution, Assignment, exchange or other change in all or part of the ownership of the Land and/or Project or any Building which is a part thereof, whether voluntary or involuntary, and also includes: a transfer, sale, contribution or Assignment by the Applicant, Owner or Developer of all or any part of its rights, title or interest in the Application, the Credit Reservation Contract, Carryover Allocation Contract, and/or Credit to another party; or a withdrawal, change or addition of any General Partner of a Partnership or Limited Partnership or party to a Joint Venture.

1.51 "Qualified Building" means a Building which meets the terms, conditions, obligations and restrictions of the Low-Income Housing Tax Credit Program, the Credit Reservation Contract, Carryover Allocation Contract, Regulatory Agreement (Extended Use Agreement) and Section 42 of the Code for an Allocation and the issuance by the Commission of IRS Form 8609.

1.52 "Qualified Contract" means a bona fide contract to acquire the portion of a Building which is not Rent-Restricted for fair market value and the portion of the Building which

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is Rent-Restricted for an amount not less than the Applicable Fraction for the Building of the sum of:

1.52.1 the portion of outstanding indebtedness secured by, or with respect to, the Building which is allocable to such Building;

1.52.2 the Adjusted Investor Equity in the Building; and

1.52.3 other capital contributions invested in the Building but not reflected in the amounts described in clause 1.52.1 or 1.52.2; reduced by

1.52.4 cash distributed from the Project or available for distribution from the Project; provided that in all cases, the purchase price for the Building required for a contract to be a Qualified Contract shall be determined in a manner consistent with the requirements of Section 42(h)(6)(F) of the Code.

1.53 "Qualified Low-Income Housing Project" means a Project of Residential Rental Property in which one hundred percent (100%) or more of the Total Housing Units based on the lesser of the Unit Fraction or Floor Space Fraction are both Rent Restricted and occupied by Residents whose Income is sixty percent (60%) or less of the Area Median Gross Income (subject to the exception for initially qualifying Residents whose income increases, as set forth in Sections 42(g)(2)(D), 142(d)(3) and (4) of the Code). For purposes of this paragraph 1.53 and paragraph 3.17 of this Agreement, property shall not fail to constitute Residential Rental Property merely because part of the Building in which it is located is used for purposes other than residential rental purposes or merely because Residents make de minimis payments toward purchase of Housing Units in a Building (as described in Section 42(g)(6) of the Code).

1.54 "Qualified Low-Income Housing Unit" means a Housing Unit that is both Rent-Restricted and occupied by Residents whose Income is at or below sixty percent (60%) of the Area Median Gross Income (subject to the exception for initially qualifying Residents whose Incomes increase, as set forth in Sections 42(g)(2)(D), 142(d)(3) and 142(d)(4) of the Code); provided that:

1.54.1 A Unit shall constitute a Qualified Low-Income Housing Unit only if it is suitable for occupancy taking into account local health, safety and building codes and it is used other than on a Transient Basis except in the case of Transitional Housing, all as determined under Section 42(i)(3) of the Code; and

1.54.2 A Unit in any Building which has four (4) or fewer Units shall not constitute a Qualified Low-Income Housing Unit if any Unit in the Building is occupied by an Owner or a related person (within the meaning of Section 42(i)(3)(C) of the Code) unless such Building is described in Section 42(i)(3)(E) of the Code.

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Regulatory Agreement (Extended Use Agreement)  
Silverwood PROJECT (OAR# 90-364)  
December 16, 1993.

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1.55 "Regulatory Agreement (Extended Use Agreement)" means this Agreement which is required to be executed by the Owner and recorded in first lien position, which imposes terms, conditions, obligations, restrictions, covenants, representations and warranties which run with the Land and which are binding and a burden upon the Land and Project and all portions thereof, and upon any purchaser, grantee, developer or lessee (other than a Resident) of any portion of the Project and any other person or entity having any right, title or interest therein and upon the respective heirs, executors, administrators, devisees, successors and assigns of any purchaser, grantee, developer or lessee of any portion of the Project and any other person or entity having any right, title or interest therein and which is intended to meet the definition of a "long-term commitment to low-income housing" as required by Section 42(h)(6) of the Code and the requirements of the Low-Income Housing Tax Credit Program.

1.56 "Rent-Restricted" means that the Gross Rent with respect to a Low-Income Housing Unit does not exceed thirty percent (30%) of the income limitation adjusted by the Imputed Household Size under paragraph 1.30 imposed under either (i) the Imputed Income Limitation; or (ii) the Additional Low-Income Housing Set-Aside, as the case may be, for such Low-Income Housing Unit, subject to the exception set forth in Section 42(g)(2)(E) of the Code (relating to certain Housing Units for which federal rental assistance decreases as Resident Income increases).

1.57 "Resident" means an individual or group of individuals (other than an Owner) residing in a Low-Income Housing Unit or Market Rate Housing Unit.

1.58 "Site Control" means the exercise of dominion or control over the Land through an option to purchase the Land which option is not revocable on the part of the seller, an option to lease the Land under a long-term lease (at least as long as the Project Compliance Period and in no event less than a thirty five (35) year term), execution of a purchase and sale agreement, receipt of a deed or conveyance of the Land, or execution of a long-term lease (at least as long as the Project Compliance Period and in no event less than a thirty five (35) year term). The determination of whether the Owner has obtained Site Control rests solely with the Commission.

1.59 "Special-Needs Group" means a population group identified by the Commission as requiring special targeting under the Low-Income Housing Tax Credit Program to attempt to address the lack of rental housing opportunities for groups including: Large Households, the Elderly, persons with Disabilities and Transitional Housing for the Homeless.

1.60 "Special-Needs Housing Set-Aside" means the selected percentage of Housing Units that meets the definition of a Large Household Unit or which are set-aside for occupancy by Residents who meet the criteria under the Low-Income Housing Tax Credit Program for persons with special-needs, including the following groups: the Elderly, persons with Disabilities and Transitional Housing for the Homeless.

1.61 "Three-Year Period" for a Building means the three year period following: (a) the date of acquisition of such Building by foreclosure or forfeiture under a deed of trust, mortgage

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or real estate contract or by deed in lieu of foreclosure; or (b) the latest to end of the Compliance Period with respect to such Building or the Additional Low-Income Housing Use Period with respect to such Building.

1.62 "Total Housing Units" means all Housing Units in a Building including both Market Rate Housing Units and Low-Income Housing Units.

1.63 "Total Project Costs" means the total costs incurred in acquiring and developing the Project as set forth in the proposed budget for the Project included in the Application and/or in an Independent Certified Public Accountant's report of sources and uses of funds submitted to the Commission. Total Project Costs excludes Intermediary Costs and any amounts set aside for reserves and any amounts attributable to commercial areas.

1.64 "Transferee" means the person to whom the Owner sells, transfers to or disposes of the Project or any portion thereof (other than for occupancy by Residents as contemplated in this Agreement), including a Related Party.

1.65 "Unit" means a residential rental Housing Unit located in a Building and also includes a Common Area Unit.

1.66 "Unit Fraction" means the fraction of a Building devoted to low-income housing, the numerator of which is the number of Low-Income Housing Units in the Building, and the denominator of which is the number of Total Housing Units, whether or not occupied, in the Building. For Projects which provide Housing Units for a Special-Needs Housing Set-Aside(s), Unit Fraction with respect to each Special-Needs Housing Set-Aside is the fraction of the Project devoted to the Special-Needs Housing Set-Aside selected by the Applicant, the numerator of which is the number of Special-Needs Housing Set-Aside Housing Units in the Project, and the denominator of which is the number of Total Housing Units, whether or not occupied, in the Project.

1.67 "Year" means the taxable year of the Owner which the calendar year.

## 2. Credit Allocation

Credit is allowable to each qualifying Building in the Project as the result of an Allocation. Either the Commission or, in the case of a Project which receives fifty percent (50%) or more of its financing from tax-exempt bonds as described in Section 42(h)(4)(B) of the Code which are subject to the state volume cap, the governmental unit which issued bonds to finance the Project (or on whose behalf such bonds were issued) or the Commission acting on behalf of such governmental unit, has made a determination as to the amount of Credit necessary for the financial feasibility of the Project and viability as a Qualified Low-Income Housing Project throughout the Credit Period.

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Such determination was based solely on information provided by the Owner or the Owner's designee(s), representative(s) or agent(s) in connection with the Application and does not in any way constitute a representation, warranty, guaranty, advice or suggestion by the Commission as to the qualification of any Building for the Credit, or the feasibility or viability of the Project, and may not be relied on as such by any Applicant, Owner, Developer, investor, Resident, lender, or other person, for any reason.

### 3. Covenants, Representations And Warranties

In consideration of the Allocation of Credit to the Project and as a pre-condition to a Building being able to qualify for a portion of such Credit, the Owner hereby agrees that each Building in the Project will be owned, managed and operated as Residential Rental Property consistent with federal, state and local laws at all times beginning on the date such Building is Placed-In-Service and thereafter throughout the Project Compliance Period until termination of each Three-Year Period which is in effect with respect to any Building in the Project. To that end, the Owner acknowledges that this Agreement is subject to the policies and procedures of the Commission as reflected in the *Program Guidelines* and hereby represents, covenants, warrants and agrees as follows:

3.1 The Owner acknowledges that the Commission is neither underwriting the Project nor certifying that any Building in the Project meets the requirements necessary to qualify for the Credit. The Owner further acknowledges that the Commission has not performed an independent investigation as to the qualification of any Building for the Credit and will not perform such investigation or otherwise monitor the Building for eligibility for the Credit in the future. The Commission has adopted procedures pursuant to Section 42(m)(1)(B)(iii) of the Code that it or its designee shall follow in monitoring for noncompliance with provisions of the Code and the Low-Income Housing Tax Credit Program and in notifying the IRS of such noncompliance. Such procedures and any regulations promulgated by the IRS now provided or which may hereafter be provided are expressly incorporated herein and shall be binding upon the Owner.

The Commission makes no representation concerning the applicability of the Credit to any Building or the ability of any owner or investor to utilize such Credit.

3.2 The Owner understands that there are numerous technical rules governing a Building's qualification for the Credit as established under the Code and the Commission's Low-Income Housing Tax Credit Program, the amount of such Credit, and an Owner's or investor's ability to utilize such Credit to offset federal income taxes. The Owner further understands that the Owner is solely responsible for qualifying each Building in the Project for Credit, for determining the amount of the Credit and the Owner's ability to utilize the Credit, for maintaining each Building in compliance, and in notifying the Commission of any changes to a Building or the Project with respect to the information submitted in the Application.

3.3 The Owner further acknowledges that the Commission does not and will not make any representation concerning the applicability of the Credit to a Building or a particular taxpayer. The Owner acknowledges that it has been advised to consult with its own Counsel and tax advisors in connection with this Agreement, the Owner's federal income tax situation, the Owner's participation in the Low-Income Housing Tax Credit Program, whether this Project or any Building qualifies for Credit, whether Credit may be utilized by the Owner or any investor, and with regard to the commercial feasibility and viability of any Building in the Project. The Owner fully understands the risks and issues of developing a Project which will most likely constitute a Tax Shelter and the terms, conditions and obligations of participating in the Low-Income Housing Tax Credit Program.

3.4 The Owner acknowledges and agrees that any determination by the Commission as to an Allocation of Credit to the Project, the apportionment of such Credit to any Building or as to any other matter related to the Low-Income Housing Tax Credit Program with respect to the Project does not constitute and cannot be relied upon by the Owner or any other person as a representation or warranty as to the qualification of any Building for the Credit, the financial feasibility of the Project or viability as a low-income housing project or the ability of any investor to use the Credit.

3.5 The Owner shall ensure that each Building in the Project qualifies for the Credit and the Owner further agrees that it is responsible for all calculations and determinations as to the amount of Credit available as a result of its ownership of the Project. The Owner acknowledges and agrees that it is responsible for all loss and recapture of Credit with respect to any Building, which loss and recapture shall be determined under the Code as it applies to any Building, the Owner, or any taxpayer, whether due to reduction in the amount of Credit allocated to any Building, noncomplying use of any Building, transfer of any Building, termination of this Agreement or execution, delivery or recording of documents related to such termination or otherwise. The Owner agrees that the Commission is not responsible for any such matters relating to Allocation of the Credit to the Project, apportionment of such Credit to any Building, nor for any Credit loss or recapture.

3.6 The Owner represents and warrants that the amount of the Credit Reservation is necessary for the financial feasibility and viability of the Project throughout the Credit Period as a qualified low-income housing project within the meaning of Section 42 of the Code. The Owner hereby acknowledges that the terms, conditions, obligations, restrictions, covenants, representations and warranties contained in this Agreement are necessary to ensure that the Project will be operated in accordance with the Code and the Low-Income Housing Tax Credit Program, and that the Commission has relied on the Owner's agreement to execute this Agreement as a recorded restrictive covenant that touches and concerns the Land, the Project and any portion thereof, in determining whether to issue a final Allocation to the Project, and whether each Building in the Project will qualify for Credit.

The Owner further acknowledges and agrees that this Agreement must be recorded in first lien position. In the event of a prior recorded property interest, encumbrance or lien, such property

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interest, encumbrance or lien must be subordinated to the interests of the Commission. The Owner acknowledges that no Credit will be allocated to any Project or Building which is a part thereof unless all prior recorded property interests, encumbrances or liens are subordinated. Specifically, the Owner and the holder of such property interests, encumbrances and liens must execute, notarize and record a Subordination Agreement in a form acceptable to the Commission which specifies that their interests are junior to the interests of the Commission as reflected in this Agreement.

The Owner represents and warrants that it notified or will notify all lenders and financing sources that as a condition of obtaining Credit, this Agreement must be recorded in first lien position or each Lender must subordinate their security interest(s) in the Project to the interests of the Commission which are reflected in this Agreement. Each Lender must acknowledge receipt of such notification and must include such acknowledgement as a term of any Loan Commitment.

3.7 The Owner hereby declares its express intent that, during the period beginning on the date of execution of this Agreement and at all times thereafter throughout the Project Compliance Period until termination of each Three-Year Period which is in effect with respect to any Building in the Project, the terms, conditions, obligations, restrictions, covenants, representations and warranties set forth herein, shall be deemed covenants running with the Land and shall, except as provided herein, pass to and be binding upon the Owner's successor's in interest including any purchaser, grantee or lessee (other than a Resident) of any portion of the Project and any other person or entity having any right, title or interest therein and upon the respective, heirs, executors, administrators, devisees, successors and assigns of any purchaser, grantee or lessee (other than a Resident) of any portion of the Project and any other person or entity having any right, title or interest therein. Except as provided in this Agreement, each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof or interest therein shall contain an express provision making such conveyance subject to the covenants, restrictions, charges and easements contained herein; provided, however, that any such contract, deed or other instrument shall conclusively be held to have been executed, delivered and accepted subject to such covenants, regardless of whether or not such covenants are set forth or incorporated by reference in such contract, deed or other instrument. This paragraph 3.7 shall not apply to residence agreements between the Owner and Residents.

3.8 The Owner represents and warrants that there have been no changes in the Project which would alter or amend the representations or Commitments made in the Application, the Credit Reservation Contract and/or the Carryover Allocation Contract, except as said documents and agreements have been previously amended by the Owner or its predecessor in interest with the written approval of the Commission. The Owner and each Building in the Project shall comply with all representations and Commitments made in the Application, the Credit Reservation Contract and Carryover Allocation Contract with respect to each Building in the Project unless the Owner submits a written request to approve a modification or change prior to the Commission's issuance of IRS Form 8609 for such Building and such request is approved

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in writing by the Commission. Notwithstanding the representations and Commitments made in the Application, the Credit Reservation Contract and/or Carryover Allocation Contract, to the extent any prior agreement or document conflicts with the provisions hereof, this Agreement shall control.

3.9 The Owner represents and warrants that each Certification other than the *Certification of Net Worth* submitted with the Application, Credit Reservation Contract and/or Carryover Allocation Contract is currently true, correct and complete and requires no modification, change or amendment and that the Commission may rely upon such Certifications as if executed under penalties of perjury as of the date hereof. The Owner represents and warrants that the Owner, each Developer, each General Partner or party to a Joint Venture, as the case may be, currently has a Net Worth which meets the requirements set forth in the *Program Guidelines*.

3.10 The Owner represents and warrants that the description of the Project attached hereto as Exhibit "B" and incorporated herein by this reference, is complete and accurate.

3.11 The Owner, its agent or representative and/or any syndicator or broker shall include or included a notice in any Loan application, Syndication agreement(s), offering circular(s), Prospectus(s), or other information provided to potential lenders or investors in the same form as set forth below and shall provide or provided the Commission with a copy of such notice.

#### INVESTOR AND LENDER NOTICE

The Washington State Housing Finance Commission ("Commission") has determined, based solely upon the information submitted in an application prepared by (enter name of Owner), a (enter type of entity) ("Owner"), that the low-income housing project, if completed as proposed in the application, will be entitled to receive an allocation of low-income housing tax credit. The Commission is neither underwriting the project nor certifying that any building will actually meet the requirements necessary to qualify for the low-income housing tax credit. The Commission has not performed any independent investigation as to the qualification of any building in the project for the low-income housing tax credit and will not perform such investigation or otherwise monitor any building in the project for its eligibility for the low-income housing tax credit in the future except as required by law. The Commission makes no representation concerning the applicability of the low-income housing tax credit to any building in the project or the ability of any owner, lender or investor in the project to utilize such low-income housing tax credit. The Commission has not performed any review nor makes any representations of the commercial viability of any building in the project.

The Commission bears no liability to any owner, investor, resident, lender or any other person or entity for any claim arising out of this project, the financing or syndication of this project or the low-income housing tax credit program. The applicant, developer and owner of this project are not the agents of the Commission and have no authority to act on behalf of, or bind the Commission or the Commission's members, officers, employees, agents or representatives. Lenders and investors are cautioned that the actual amount of low-income housing tax credit available to the project and any building is subject to change or reduction by the Commission up to the date of issuance of IRS Form 8609, *Low-Income Housing Credit Certification*.

**Lenders and investors should consult with their personal tax and/or investment counsel to determine whether this project qualifies for low-income housing tax credit; whether a lender upon foreclosure, or an investor, may utilize the low-income housing tax credit, if any; and the commercial viability and feasibility of any building in the project.**

3.12 The Owner represents and warrants that the Project is not nor will be Federally Subsidized; or to the extent that the Project is Federally Subsidized that the Owner has either reduced the Applicable Percentage as described in Section 42(b)(2)(B) of the Code or elected to reduce the Eligible Basis pursuant to Section 42(h)(8)(2)(B) of the Code.

3.13 The Owner represents and warrants that the Project has not nor will be the recipient of Federal Funding which constitutes a Grant whether such Grant is made with respect to any Building or the operation thereof at any time throughout the Compliance Period; or to the extent the Project has or will receive Federal Funding which constitutes a Grant, the Owner has or will reduce the Eligible Basis.

3.14 In the case of a Project which would be considered to be a Federal Action, Federally Subsidized, financed with Federal Funds or require federal approval or a permit, as those terms are defined and interpreted under federal environmental laws, including but not limited to: the National Environmental Policy Act of 1969; the Clean Water Act; the Clean Air Act; the National Historic Preservation Act; the Lead Based Paint Poisoning Prevention Act; and/or the Flood Disaster Protection Act of 1973, the Owner shall at all times comply with any and all applicable federal environmental laws.

3.15 In the case of a Project which receives Federal Funds, the Owner shall at all times comply with any and all applicable federal labor laws, including but not limited to: the Davis Bacon Act; Copeland Anti-Kickback Act; Contract Work Hours and Safety Standards; Hatch Act; and the Conflict of Interest Provisions set forth in 24 CFR 570.611.

3.16 The Owner agrees to execute a Promissory Note in favor of the Commission and pay an annual fee throughout the Project Compliance Period for monitoring compliance

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with the Code, the terms, conditions and obligations contained in this Agreement, and the Low-Income Housing Tax Credit Program in the amount of Two Hundred Fifty and No/100 Dollars (\$250.00) per year for a Project with ten (10) or fewer Low-Income Units and Twenty Five and No/100 Dollars (\$25.00) per Low-Income Unit per year for a Project with eleven (11) or more Low-Income Units. The Owner acknowledges that the Commission reserves the right to increase the Annual Compliance Monitoring Fee and the Owner agrees to execute new promissory note(s) in favor of the Commission, obligating the Owner to pay the increased Annual Compliance Monitoring Fee throughout the remainder of the Project Compliance Period.

3.17 The Owner shall own and operate each Building in the Project as Residential Rental Property available For Use By The General Public with a minimum of **twenty three (23) Housing Units** in the Project. If this Agreement terminates with respect to any Building in accordance with the terms contained herein, the minimum number of Housing Units in the Project shall be reduced by the number of Housing Units in such Building at the time of such termination. Notwithstanding the foregoing, the terms, conditions, obligations, restrictions, covenants, representations and warranties contained herein shall remain in full force and effect throughout the term of this Agreement with respect to each Building in the Project unless terminated in conformance with this Agreement.

3.18 The Applicant made an irrevocable election at the time of submission of the Application in accordance with Section 42(g)(1) of the Code which is binding upon the Project and the Owner to determine whether the Project is a qualified low-income housing project (within the meaning of such Section) for purposes of its federal income tax returns in the same manner in which it is determined whether the Project is a Qualified Low-Income Housing Project under this Agreement.

3.19 The Applicant made an irrevocable Commitment which is binding upon the Project and the Owner for a Minimum Low-Income Housing Set-Aside of at least **forty percent (40%)** of the Total Housing Units (based on the lesser of the Floor Space Fraction or Unit Fraction) to Residents with incomes at sixty percent (60%) or less of Area Median Gross Income as adjusted for the applicable Imputed Household Size. The irrevocable Minimum Low-Income Housing Set-Aside will apply to all Low-Income Housing Units included in the Project (i.e. all Housing Units, based on the lesser of Floor Space Fraction or Unit Fraction, which are necessary to maintain the Applicable Fraction of Housing Units devoted to low-income housing).

For each Year in the Project Compliance Period, the Owner shall operate the Project as a Qualified Low-Income Housing Project by maintaining the irrevocable Minimum Low-Income Housing Set-Aside. To this end, for each Year, or portion thereof, in the Project Compliance Period, at least **twenty three (23) Housing Units**, which constitutes at least **one hundred percent (100%)** of all Housing Units in the Project, will be occupied by households whose Income is sixty percent (60%) or less of the Area Median Gross Income and will satisfy the requirements of suitability for occupancy and non-transient residency

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described in paragraph 1.54 of this Agreement. Both the sum total of each Building's Unit Fraction and the sum total of each Building's Floor Space Fraction shall be at least one hundred percent (100%). The Low-Income Housing Units will rent for no more than thirty percent (30%) of sixty percent (60%) of the Area Median Gross Income for the applicable Imputed Household Size.

3.20 In addition to the foregoing, if the Applicant made a Commitment in the Application or otherwise that the Project will be subject to an Additional Low-Income Unit Set-Aside, then the Owner shall operate the Project in compliance with the Additional Low-Income Unit Set-Aside. To this end, for each Year, or portion thereof, in the Project Compliance Period, at least zero (0) Housing Units, which constitutes at least, zero percent (0%) of all Housing Units in the Project, will be subject to the Additional Low-Income Unit Set-Aside and will be occupied by households whose Income is zero percent (0%) or less of the Area Median Gross Income and will satisfy the requirements of suitability for occupancy and non-transient residency described in paragraph 1.54 of this Agreement. Both the sum total of each Building's Unit Fraction and the sum total of each Building's Floor Space Fraction shall be at least zero percent (0%). The Housing Units included in the Additional Low-Income Housing Unit Set-Aside will rent for no more than thirty percent (30%) of zero percent (0%) of the Area Median Gross Income for the applicable Imputed Household Size.

3.21 For each Year, or portion thereof, in the Project Compliance Period, the Applicable Fraction for each Building will not be less than the Applicable Fraction specified below for such Building(s) located on the Land described in Exhibit "A":

<u>Building (BIN)</u>	<u>Street Address</u>	<u>Applicable Fraction</u>
WA-93-00102	1103 29th Street, Anacortes, WA	100%

3.22 In the event the Applicant made a Commitment in the Application or otherwise that the Project will be subject to a Special-Needs Housing Set-Aside(s) then the Owner shall operate the Project in compliance with the Special-Needs Housing Set-Aside(s). For each Year in the Project Compliance Period, the Owner shall operate the Project by renting the appropriate percentage of Housing Units included in the selected Special-Needs Housing Set-Aside(s) (based on the lesser of the Floor Space Fraction or the Unit Fraction) to Residents who meet the eligibility requirements for the specific selected Special-Needs Housing Set-Aside(s).

3.23 For each Year, or portion thereof, in the Project Compliance Period, the Project will be subject to the following Special-Needs Housing Set-Aside(s) and each Housing Unit will satisfy the requirement of suitability for occupancy and non-Transient residency described in paragraph 1.54 of the Agreement:

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3.23.1 At least zero (0) Housing Units, which constitutes at least zero percent (0%) of all Housing Units in the Project, will be subject to the Special-Needs Housing Set-Aside for Large Households and occupied by Large Households whose Income is sixty percent (60%) or less of the Area Median Gross Income. Both the sum total of each Building's Unit Fraction and the sum total of each Building's Floor Space Fraction shall be at least zero percent (0%);

3.23.2 At least zero (0) Housing Units, which constitutes at least zero percent (0%) of all Housing Units in the Project, will be subject to the Special-Needs Housing Set-Aside for persons with Disabilities and occupied by Residents with Disabilities. Both the sum total of each Building's Unit Fraction and the sum total of each Building's Floor Space Fraction shall be at least zero percent (0%); and

3.23.3 At least zero (0) Housing Units, which constitutes at least zero percent (0%) of all Housing Units in the Project, will be subject to the Special-Needs Housing Set-Aside for persons who are Elderly and occupied by Residents who are Elderly. Both the sum total of each Building's Unit Fraction and the sum total of each Building's Floor Space Fraction shall be at least zero percent (0%).

3.24 For each Year, or portion thereof, in the Project Compliance Period, at least zero (0) Housing Units, which constitutes at least zero percent (0%) of all Housing Units in the Project, will be subject to the Special-Needs Housing Set-Aside for Transitional Housing and occupied by households whose Income is sixty percent (60%) or less of the Area Median Gross Income and each Housing Unit will satisfy the requirements of suitability for occupancy described in paragraph 1.54 of this Agreement. Both the sum total of each Building's Unit Fraction and the sum total of each Building's Floor Space Fraction shall be at least zero percent (0%). Each Building in which Transitional Housing is located must be exclusively used for Transitional Housing.

3.25 The Owner shall rent all Housing Units necessary to maintain the Applicable Fraction of Housing Units devoted to low-income housing only to Residents who are Income eligible for the Minimum Low-Income Housing Set-Aside at the time of their initial occupancy of the Housing Unit. If the Applicant selected an Additional Low-Income Housing Set-Aside in the Project's Application or otherwise, the Owner shall rent all Housing Units necessary to comply with the Additional Low-Income Housing Set-Aside only to Residents who are Income eligible for the selected Additional Low-Income Housing Set-Aside at the time of their initial occupancy of the Housing Unit. This requirement(s) applies to all Housing Units necessary to comply with the Applicable Fraction and, if applicable, the Additional Low-Income Housing Set-Aside for the initial occupancy and each subsequent vacancy throughout the duration of the Project Compliance Period. The Owner must keep the applicable Housing Units vacant until a Resident is selected who is Income eligible for the Minimum Low-Income Housing Set-Aside and/or the Additional Low-Income Housing Set-Aside as appropriate.

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3.26 In the event the Applicant made a Commitment in the Application or otherwise that the Project will be subject to the Special-Needs Housing Set-Aside(s), then the Owner must undertake good faith efforts to actively market any vacant Housing Units which are necessary to comply with the Special-Needs Housing Set-Aside(s) to the appropriate Special-Needs Group(s) for a minimum of thirty (30) days. The Owner shall not rent any of the Housing Units necessary to comply with the Special-Needs Housing Set-Aside(s) to anyone who is not eligible for the appropriate Special-Needs Housing Set-Aside(s) during the minimum thirty (30) day recruitment period. In the event the Owner is unable to secure a Resident who is eligible for the appropriate Special-Needs Housing Set-Aside(s) after thirty (30) days of active marketing, it may rent the Housing Unit to another potential Resident. The recruitment provision applies to all Housing Units included in the Special-Needs Housing Set-Aside, including both Low-Income Housing Units and Market Rate Housing Units, if applicable.

If the Owner rents a Housing Unit included in the Special-Needs Housing Set-Aside(s) to a household who is not eligible for the appropriate Special-Needs Housing Set-Aside after the required minimum thirty (30) day recruitment period, when a comparably sized or larger Housing Unit becomes vacant the Owner must undertake anew the good faith efforts to actively market such Housing Unit(s) as described above in this paragraph 3.26 and shall not rent such Housing Unit(s) for a minimum of thirty (30) days to anyone who is not eligible for the appropriate Special-Needs Housing Set-Aside.

The active marketing requirement for the Special-Needs Housing Set-Aside applies to all vacant Housing Units which are necessary to comply with the Special-Needs Housing Set-Aside throughout the Project Compliance Period.

Notwithstanding anything contained in this paragraph 3.26 to the contrary, if the Applicant made a Commitment in the Application or otherwise that the Project would be an Elderly Housing Project, then no Housing Unit may be rented to any person who does not meet the definition of an Elderly person under the applicable Elderly Housing Project category as more fully described in paragraph 1.25.

3.27 The Owner shall at all times comply with all applicable federal, state and local laws, rules and regulations now provided or which may be hereafter provided, including but not limited to: (i) federal housing policy governing nondiscrimination and accessibility, as determined under the Americans with Disabilities Act, the Fair Housing Amendments Act of 1988; Architectural Barriers Act of 1968; Housing and Community Development Act of 1974; Civil Rights Act of 1964; Civil Rights Act of 1968; Age Discrimination Act of 1975; (ii) to the extent applicable, the Housing and Urban Development Act of 1968; the Uniform Relocation and Real Property Acquisition Act of 1970; and the Stewart B. McKinney Homeless Assistance Act; and (iii) the State Environmental Policy Act; State Workers Compensation Industrial Insurance Act; Washington Fair Housing Laws; and the Washington State Landlord/Tenant Act.

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The Owner will obtain all necessary state and local approvals and permits required for the Project and develop and operate such Project in conformance with the laws of the state of Washington including state and local laws prohibiting discriminatory housing and employment practices. At all times throughout the Project Compliance Period until termination of each Three-Year Period which is in effect with respect to any Building in the Project, each Building in the Project shall meet state and local building codes and standards and be suitable for occupancy and habitability.

3.28 The Owner shall not discriminate in making available Housing Units in the Project for occupancy on the basis of race, creed, color, sex, national origin, religion, familial status, age or disability. For purposes of the preceding sentence, an Owner shall not be considered to be discriminating on the basis of age if the Project meets the definition of an Elderly Housing Project.

The Owner shall not discriminate against any Resident or potential Resident on the basis of that Resident's or potential Resident's sources of income, including but not limited to public assistance, provided such sources of income are not in contravention of any federal, state or local law. The Owner further agrees not to discriminate against any Resident or potential Resident on the basis of that Resident's or potential Resident's receipt of Section 8 or any comparable rental assistance.

3.29 When selecting Residents for occupancy in Low-Income Housing Units or Housing Units subject to a Special-Needs Housing Unit Set-Aside, the Owner shall not apply selection criteria to a potential Resident that is more burdensome than selection criteria applied to any other Resident or potential Resident; and the Owner shall take into consideration the rental history of such potential Resident as evidence of the ability to pay the applicable rent, so long as: (i) the rental history is of a term of at least one year; and (ii) the history shows that the Resident has paid at least the same percentage of his income for rent during that period as he will be required to pay for the rent of the Housing Unit for which the Resident is applying.

3.30 The Low-Income Housing Units and any Housing Units subject to a Special-Needs Housing Set-Aside(s) shall not be geographically segregated from other Housing Units in the Project. In addition, the Low-Income Housing Units shall be substantially the same size as other Housing Units with the same number of bedrooms.

3.31 Except for the Special-Needs Housing Set-Aside for Large Households, the configuration of any Housing Units (e.g. studios, one-bedrooms, two-bedrooms, etc.) used for the Low-Income Housing Units and a Special-Needs Housing Set-Aside(s) shall be proportional to the configuration of the Total Housing Units in the Project unless the Applicant proposed a configuration of Housing Units to use for a Special-Needs Housing Set-Aside(s) that is different than the proportional configuration of the Total Housing Units in the Project and the Commission approved in writing the proposed alternative configuration.

3.32 All Low-Income Housing Units and any Housing Units subject to a Special-Needs Housing Set-Aside(s) shall be of the same quality construction as all other Housing Units, and will be equipped and maintained in the same manner as all other Housing Units, with the exception of additional amenities provided to meet the needs of Resident(s) with Disabilities. Notwithstanding the foregoing, if Housing Units rented to non-low-income Residents are above the quality standard of the Low-Income Housing Units or contain additional amenities not contained in the Low-Income Housing Units, then the Owner must represent and warrant and to the Commission that:

3.32.1 the Eligible Basis in the Building was reduced by an amount equal to the portion of the Adjusted Basis of the Building which is attributable to Housing Units in the Building which are not Low-Income Housing Units and which are above the average quality standard of the Low-Income Housing Units in the Building; or

3.32.2 the Owner shall submit evidence that the excess of the cost of such above quality Housing Unit(s) over the amount such Housing Unit(s) would cost if the average cost per square foot of Low-Income Housing Units in the Building were substituted for the cost per square foot of such above quality Housing Unit(s) were used, is less than fifteen percent (15%) of the cost per square foot of the Low-Income Housing Unit and the Owner elected to exclude such excess costs from Eligible Basis.

3.33 The Owner shall at least annually throughout the Project Compliance Period notify the relevant public housing authority and at least two (2) community agencies in the area, of the availability of Low-Income Housing Units and any Housing Units subject to a Special-Needs Housing Set-Aside(s). Where no public housing authority exists, notice shall be given to an agency authorized to act in lieu of a public housing authority, if any.

3.34 The Owner shall at least annually throughout the Project Compliance Period notify the general public via advertisement(s) in a newspaper(s) of general circulation in the area, of the availability of Low-Income Housing Units and any Housing Units subject to a Special-Needs Housing Set-Aside(s). Such advertisement(s) shall conform with the Fair Housing Amendments Act of 1988 and state and local law.

3.35 The Owner shall include a rider to each Resident lease and provide a copy to such Resident in substantially the form set forth in Exhibit "C", which describes in general, the legal rights and remedies of the Resident and the Owner's duties and responsibilities under the Low-Income Housing Tax Credit Program. The Owner shall provide the Commission a copy of the master lease with the attached Lease Rider and must provide each Resident with a copy of the Lease Rider prior to their execution of a lease. The Lease Rider must be signed and dated by a Resident signifying receipt of such Lease Rider and maintained on file for inspection by the Commission. The Owner must provide each Resident a copy of the executed lease and a copy of the signed Lease Rider for such Resident's records.

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3.36 The Owner represents and warrants that the Project will not contain a Commercial Facility; or to the extent that it is intended that such Project contain a Commercial Facility that the Owner shall not include any costs associated with such Commercial Facility in determining the Eligible Basis of the Project and/or any Building. The Owner further agrees to provide evidence upon request in a form acceptable to the Commission of the Owner's continuing compliance with this paragraph 3.36.

3.37 The Owner acknowledges that the Applicant made a Commitment for an Additional Low-Income Housing Use Period of twelve (12) years for the Project. The Owner represents and warrants that it will comply with the terms, conditions, obligations, restrictions, covenants, representations and warranties contained in this Agreement for an Additional Low-Income Housing Use Period of twelve (12) years. In the event the Applicant made a Commitment in the Application or otherwise that the Project will be subject to an Additional Low-Income Housing Use Period, the Owner acknowledges that it and its successor(s) in interest, if any, waive(s) any right under this Agreement to terminate the terms, conditions, obligations, restrictions, covenants, representations and warranties contained therein with respect to each Building in the Project during the Additional Low-Income Housing Use Period.

3.38 Throughout the Three-Year Period applicable to a Building, the Owner shall comply with the terms, conditions, obligations, restrictions, covenants, representations and warranties contained in this Agreement which shall remain in effect with respect to such Building until termination of the Three-Year Period. The Owner acknowledges that the Commission's requirements for the Three-Year Period are more stringent than those under Section 42 of the Code.

3.39 The Owner shall not sell, exchange, transfer, lease (other than lease of a Unit to a Resident occupying such Housing Unit or lease of commercial space to a person using such space), reconstitute the Building(s) or Project ownership, transfer the Credit Reservation or otherwise convey or dispose of the Project or any portion thereof unless the Owner notifies and obtains the written approval of the Commission in advance and complies with the Commission's Project Transfer or Assignment requirements described in Section 4 of this Agreement. The prohibition against a Project Transfer or Assignment without the express written consent of the Commission also includes but is not limited to, a change in or addition to the General Partner(s) of the Owner, or a transfer by the Owner to a Partnership or any successor(s) in interest.

3.40 The Owner acknowledges that throughout the Project Compliance Period the Commission is required under Section 42(m) of the Code to notify the IRS of any Noncompliance by the Owner, any Building or the Project with the Code, Regulations or any other laws or regulations governing the Credit, that the Commission becomes aware of regardless of whether such Noncompliance is corrected. The Owner further acknowledges that such Noncompliance may cause the loss and recapture of Credit and that the Commission is not responsible for such loss and recapture.

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3.41 The Owner shall provide the Commission with the name(s) of its Counsel and any changes of its Counsel. In the event the Commission's Counsel and the Owner's Counsel are the same, the Owner shall either: (i) enter into a consent to waive potential conflicts of interest after full disclosure; or (ii) obtain Counsel who is/are not representing the Commission.

3.42 The Owner agrees to pay, when due, the Transfer Fees described in paragraph 4.3.1.5, if applicable, and the Annual Compliance Monitoring Fee (including escalations thereto) assessed by the Commission for the costs associated with Project Monitoring of any Building and the Project to ensure compliance with the requirements of the Code, this Agreement and the Low-Income Housing Tax Credit Program. In the event the Owner fails to pay such fees when due, the Commission may exercise its rights under this Agreement, including but not limited to Section 10 and Section 11.

#### 4. Project Transfer or Assignment

The Owner's right, title and/or interest in the Project, Application, Credit Reservation, Carryover Allocation and/or Allocation for the Project may not be transferred or assigned in whole or in part without the prior written consent of the Commission. The Owner may voluntarily sell, exchange, transfer, lease (other than lease of a Unit to a Resident occupying such Housing Unit or lease of commercial space to a person using such space), reconstitute the Building(s) or Project ownership, transfer the Credit Reservation or otherwise convey or dispose of the Project or any portion thereof only after the Owner and/or Transferee complies with the provisions of this Section 4 and the Owner obtains the written consent of the Commission, which will not be unreasonably withheld after the Transferee agrees to comply with the terms of this Agreement and enters into a *Project Transfer or Assignment Agreement*.

Notwithstanding the foregoing, the written consent of the Commission is not required: (i) to lease or rent Housing Units to Residents for their use as contemplated in the Low-Income Housing Tax Credit Program; (ii) for any other incidental use, to the extent permissible under all applicable federal, state and local laws and regulations; (iii) to grant a security interest junior to the interests of the Commission; or (iv) for a change in or addition to the Limited Partners of the Owner.

The Transfer Fee applies to each and every Project Transfer or Assignment of an interest in a Building in the Project or change in or addition to the General Partner(s) of the Owner after submission of the Application, including any Project Transfer or Assignment by an Owner to a Partnership or any successor(s) in interest.

4.1 In the event the Applicant made a Commitment in the Application to participate under the Credit Set-Aside category for Qualified Nonprofit Organizations, a Project Transfer or Assignment, including a transfer of a General Partner interest in a

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Partnership which owns the Project, must be to another Qualified Nonprofit Organization or to a Partnership or Limited Partnership where the Owner is a Qualified Nonprofit Organization and a General Partner or where another Qualified Nonprofit Organization is a General Partner after such Project Transfer or Assignment, and the Project must continue to qualify for such Credit Set-Aside category.

4.2 In the event the Applicant made a Commitment in the Application to participate under the Credit Set-Aside category for public or private Nonprofit Organizations, a Project Transfer or Assignment, including a transfer of a General Partner interest in a Partnership which owns the Project, must be to another public or private Nonprofit Organization or to a Partnership or Limited Partnership where the Owner is a Nonprofit Organization and a General Partner or where another Nonprofit Organization is a General Partner after the Project Transfer or Assignment, and the Project must continue to qualify for such Credit Set-Aside category.

4.3 The Commission's consent to a Project Transfer or Assignment shall be conditioned upon the following:

4.3.1 At least forty five (45) days prior to any Project Transfer or Assignment of the Project, Building, or any portion thereof, the Owner must:

- 4.3.1.1 Notify the Commission of the proposed Transferee, and present any information regarding the Transferee reasonably requested by the Commission, including but not limited to a certified true copy of any Partnership Agreement. In addition, in the case of a Limited Partnership, present a copy of the Certificate of Limited Partnership certified by the Secretary of State.
- 4.3.1.2 Provide the Commission with Certificates of Good Standing for each party to the Project Transfer or Assignment dated no earlier than thirty (30) days prior to the date of submission to the Commission.
- 4.3.1.3 Provide reasonable evidence satisfactory to the Commission that the Owner and/or any Related Party is not then in default under any agreement with respect to any project entered into with the Commission;
- 4.3.1.4 Provide reasonable evidence satisfactory to the Commission that the Owner and/or any Related Party has paid all fees due and payable under any agreement with respect to any project entered into between the

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Commission and the Owner including any fees which will be due up to the date of closing; and

4.3.1.5 Pay to the Commission the Commission's then applicable nonrefundable Transfer Fee.

4.3.2 A determination by the Commission that with regard to any project of the Transferee which received Credit from the Commission or which was/is financed by the Commission:

4.3.2.1 The Transferee and/or any Related Party is not now in arrears on any payments of fees due and owing to the Commission or in default under a regulatory agreement or extended use agreement for any project;

4.3.2.2 The Transferee does not have a documented history of repeated instances of Noncompliance with provisions of any regulatory agreement, extended use agreement, or Section 42 of the Code which are not cured after notice thereof and within the applicable cure period or grace period; and

4.3.2.3 The Transferee does not have a documented history of repeated instances of failure to timely pay fees due and owing to the Commission.

4.3.3 A determination by the Commission that the Transferee meets the Development Team and Property Management Team requirements outlined in the Credit Reservation Contract Requirements of the *Program Guidelines*, in effect at the time of the Project Transfer or Assignment and the applicable requirements of the Code.

4.3.4 Written agreement by the Transferee, its designees or representatives to attend a Compliance Monitoring Seminar scheduled by the Commission within ninety (90) days of the closing.

4.3.5 The Project Transfer or Assignment and the satisfaction of the Commission's conditions and requirements for approving such Project Transfer or Assignment shall take place in escrow, and all required documentation, agreements, conditions and required fees must be executed, entered into, satisfied or paid in accordance with the Commission's escrow instructions. The escrow agent must be a title insurance company or other bona fide escrow company acceptable to the Commission.

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4.3.6 The Transferee's written assumption by execution of the *Project Transfer or Assignment Agreement* of the terms, conditions, obligations, restrictions, covenants, representations, and warranties of any agreement with respect to the Project entered into between the Commission and the Owner and the Transferee's agreement to comply with all provisions of the Code, federal, state and local law and the Low-Income Housing Tax Credit Program as now in effect or as may be amended from time to time. Such written assumption must be recorded at closing in the office of the county auditor or recorder of each county in which each Building in the Project is located. The written assumption must be recorded at closing by the escrow agent and evidence of each such recording must be provided within ten (10) business days.

4.3.7 Provide evidence of the recorded conveyance or Assignment of the Project, as applicable.

4.3.8 At closing, the Transferee's Counsel must provide a Legal Opinion for the benefit of the Commission, in a form acceptable to the Commission, to the effect that: (i) the Transferee has assumed in writing and in full all duties, covenants, and obligations of the Owner under any agreement with respect to the Project entered into between the Commission and the Owner; (ii) the Transferee has assumed in writing and in full all duties, covenants, and obligations of the Owner under any financing agreement with respect to the Project entered into by the Owner; (iii) the Transferee meets all applicable requirements of the Code; (iv) the Transferee meets the requirements for any applicable Credit Set-Aside categories; and (v) the agreements being assumed in connection with the Project Transfer or Assignment constitute the valid, legal and binding obligations of the Transferee.

4.3.9 To the extent applicable, the execution by the Transferee at closing of a Promissory Note in favor of the Commission to pay an Annual Compliance Monitoring Fee in the amount then in effect throughout the remainder of the Project Compliance Period for monitoring compliance with the Code, the terms, conditions, restrictions, covenants, obligations, representations and warranties contained in any agreement with respect to the Project entered into between the Commission, the Owner and/or the Transferee, and the Low-Income Housing Tax Credit Program.

4.3.10 Any other condition which may be reasonably imposed by the Commission to assure compliance with the Code, the Low-Income Housing Tax Credit Program, federal, state and local law, including but not limited to the execution of such other documents and agreements as the Commission deems necessary or appropriate.

4.4 Failure to comply with the foregoing requirements shall constitute an event of default and the Commission may exercise its rights under this Agreement, including but not limited to Section 10 and Section 11. The Commission's consent to the Project Transfer or Assignment shall be null and void and of no effect if the Owner and/or Transferee fail to

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comply with any of the Project Transfer or Assignment Requirements contained in the *Program Guidelines* or fail to comply with the terms, obligations, conditions and restrictions of this Agreement.

4.5 Any sale, transfer, Assignment or other disposition of the Project, any Building, or portion thereof or interest therein, in violation of the above Project Transfer or Assignment Requirements contained in the *Program Guidelines* shall be ineffective to relieve or otherwise release the Owner, the Land, and/or any Building in the Project, as applicable, from obligations under the Low-Income Housing Tax Credit Program, including but not limited to the Credit Reservation Contract and this Agreement. Any sale, transfer, Assignment or other disposition of the Project or any Building in violation of the above requirements will constitute an event of default under the terms of this Agreement.

4.6 The indemnity and hold harmless provisions of Section 13 shall survive the termination of an interest in the Project of any Owner or successor(s) in interest and shall continue to be a personal obligation of such party, notwithstanding the termination, transfer, Assignment or sale of any interest in the Project of such Owner or successor(s) in interest.

4.7 The Commission will not provide an IRS Form 8609 to any person or entity other than the person or entity who owns the Project receiving such Allocation at the time each Building is Placed-In-Service.

## 5. Duration of this Agreement

The terms, conditions, obligations, restrictions, covenants, representations and warranties contained in this Agreement shall be effective with respect to each Building in the Project and the Land upon execution of this Agreement and continue in full force and effect throughout the Project Compliance Period until termination of each Three-Year Period, unless sooner terminated with respect to a Building under Section 6 or Section 21. Notwithstanding the termination of this Agreement with respect to a Building under Section 6 or Section 21, Section 13 shall survive and continue and is a personal obligation of the Owner, Developer, each General Partner and party to a Joint Venture, as applicable.

## 6. Termination of this Agreement

The terms, conditions, obligations, restrictions, covenants, representations and warranties contained in this Agreement may be voluntarily terminated by the Owner and the Commission with respect to a Building in the Project under the following conditions:

6.1 At any time after the close of the latest to end of: (i) the fourteenth (14th) year of the Compliance Period with respect to a Building; or (ii) the Additional Low-Income Use

Period with respect to such Building, the Owner may submit to the Commission a written request that the Commission find a person to purchase the Owner's interest in such Building.

6.2 The Commission shall have one year from its receipt of a request submitted under paragraph 6.1 of this Agreement to present a proposed Qualified Contract for the acquisition of the Building which is the subject of the request by a person who agrees to purchase such Building and continue to operate the low-income housing portion of such Building as a qualified low-income building (within the meaning of Section 42 of the Code).

6.3 If the Commission presents a proposed Qualified Contract for a Building under paragraph 6.2 of this Agreement within the one year period described in such paragraph, the Owner's request under paragraph 6.1 shall become irrevocable and the purchase and sale of the Building shall be carried out pursuant to the terms of the Qualified Contract. If, during the one year period before the Commission presents a Qualified Contract, the Owner withdraws the request made pursuant to paragraph 6.1: (i) the Owner shall pay the Commission for its costs incurred in attempting to locate a purchaser, including but not limited to the Commission's advertising costs, broker fees and attorneys' fees; and (ii) the terms, conditions, obligations, restrictions, covenants, representations and warranties contained in this Agreement shall not terminate with respect to such Building. However, the Owner shall not be precluded from having paragraph 6.1 of this Agreement apply to a subsequent request made thereunder with respect to such Building.

6.4 If the Commission does not present a proposed Qualified Contract for a Building under paragraph 6.2 of this Agreement by the close of the one year period described in such paragraph, then the terms, conditions, obligations, restrictions, covenants, representations and warranties in effect for such Building, excluding Section 13, shall terminate at the end of Three-Year Period in effect with respect to such Building and the terms, conditions, obligations, restrictions, covenants, representations and warranties contained in this Agreement shall thereafter be applied by excluding such Building from the Project.

6.5 This Agreement shall continue in full force and effect and shall continue to apply to each Building, the Land, and Project not subject to the Owner's request and the related absence of a Qualified Contract under paragraphs 6.1 and 6.4 of this Agreement.

6.6 If the Project consists of more than one Building, then the terms and requirements for the sale of one or more but not every Building in the Project shall be governed by subsequent Treasury Regulations. Nothing in this Agreement shall be deemed to permit sale of any Building or any interest in a Building, the Land, the Project or any portion thereof in violation of any applicable law, including without limitation state and local subdivision and zoning laws, ordinances and regulations.

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## 7. Reporting Requirements

7.1 The Owner will timely provide in writing all information requested by the Commission, its representatives or designees. Such information requested shall include without limitation, all Certifications or other documentation as to the compliance of each Building in the Project with the terms of this Agreement, or reporting requirements of the Commission, IRS, state, federal or local authorities. The Owner will grant the Commission and its representatives access to the Project for inspection, which shall include the right to interview any Resident of the Project, to review Resident applications and financial information submitted to the Owner, and to review information, including without limitation, the Owner's books and records relating to the Project upon a minimum of three (3) days advance notice. The Owner shall comply with the compliance monitoring, recordkeeping, certification and reporting requirements described in the *Program Guidelines* and the requirements set forth in this Section 7.

7.2 The Owner, its designees or representatives shall attend a Compliance Training Seminar given by the Commission or its authorized designee prior to initial rent-up.

7.3 The Owner shall keep records for each Building in the Project that show for each Year throughout the term of this Agreement the following information.

7.3.1 The total number of Housing Units in the Building (including the number of bedrooms and the size in square feet of each Housing Unit).

7.3.2 The percentage and number of Housing Units in the Building that are Low-Income Units.

7.3.3 The percentage and number of Housing Units in the Building that are subject to the Additional Low-Income Housing Set-Aside requirements.

7.3.4 The percentage and number of Housing Units in the Building that are subject to each of the Special-Needs Housing Set-Aside requirements.

7.3.5 The Gross Rent charged for each Low-Income Housing Unit in the Building (including any Utility Allowances).

7.3.6 The number of Residents in each Low-Income Housing Unit, but only if the Gross Rent is determined by the number of Residents in each Housing Unit under Section 42(g)(2) of the Code (as in effect before the amendments made by the Revenue Reconciliation Act of 1989).

7.3.7 The number of Residents in each Housing Unit subject to a Special-Needs Housing Unit Set-Aside related to household size.

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7.3.8 The Low-Income Housing Unit vacancies in the Building and information that shows when, and to whom, the next available Housing Units were rented.

7.3.9 The vacancies of any Additional Low-Income Housing Set-Aside in the Building and information that shows when, and to whom, the next available Housing Units were rented.

7.3.10 The vacancies of any Housing Units subject to a Special-Needs Housing Set-Aside in the Building and information that shows when, and to whom, the next available Housing Units were rented.

7.3.11 The annual Income Certification of each Low-Income Resident;

7.3.12 Documentation to support each Low-Income Resident's Income Certification.

7.3.13 Documentation to support that each Resident who resides in a Housing Unit that is subject to a Special-Needs Housing Set-Aside meets the Commission's eligibility criteria for such Special-Needs Housing Set-Aside.

7.3.14 The Eligible Basis and Qualified Basis of the Building at the end of the first year of the Credit Period.

7.3.15 The character and use of the nonresidential portion of the Building included in the Building's Eligible Basis under Section 42(d) of the Code.

7.3.16 The date that a Resident initially occupies a Housing Unit.

7.4 The Owner shall retain the records described in paragraph 7.3 above, for at least six (6) years after the due date (with extensions) for filing the federal income tax return for that year. The records for the first year of the Credit Period as defined under Section 42(f)(1) of the Code, must however, be retained for at least six (6) years beyond the due date (with extensions) for filing the federal income tax return for the last year of the Project Compliance Period as defined under Section 42(i)(1) of the Code with respect to a Building in the Project.

7.5 The Owner shall submit a Certification at least annually to the Commission in a form acceptable to the Commission under penalties of perjury that, during the preceding twelve (12) month Certification Period the following was true.

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7.5.1 The Project at all times during the Certification Period met the requirements of:

- 7.5.1.1 the 20-50 test under Section 42(g)(1)(A) of the Code, or the 40-60 test under Section 42(g)(1)(B) of the Code, whichever Minimum Low-Income Housing Set-Aside test is applicable to the Project;
- 7.5.1.2 if applicable to the Project, the 15-40 test under Section 42(g)(4) and Section 142(d)(4)(B) of the Code for "deep rent skewed" projects;
- 7.5.1.3 if applicable to the Project, the Additional Low-Income Housing Set-Aside; and
- 7.5.1.4 if applicable to the Project, each Special-Needs Housing Set-Aside(s).

7.5.2 There was no change at any time during the Certification Period in the Applicable Fraction (as defined in Section 42(c)(1)(B) of the Code) of any Building in the Project, or that there was a change, and a description of the change.

7.5.3 The Owner has received an annual Income Certification from each Low-Income Resident, and documentation to support that Certification.

7.5.4 At all times during the Certification Period each Low-Income Housing Unit in the Project was Rent-Restricted under Section 42(g)(2) of the Code.

7.5.5 At all times during the Certification Period all Housing Units in the Project were For Use By The General Public and used on a non-Transient Basis (except for Transitional Housing for the homeless provided under Section 42(i)(3)(B)(iii) of the Code).

7.5.6 At all times during the Certification Period each Building in the Project was suitable for occupancy and habitability, taking into account local health, safety, and building codes.

7.5.7 At all times during the Certification Period there was no change in the Eligible Basis (as defined in Section 42(d) of the Code) of any Building in the Project, or if there was a change, the nature of the change.

7.5.8 At all times during the Certification Period all Functionally Related and Subordinate Facilities included in the Eligible Basis under Section 42(d) of the Code of any Building in the Project, such as swimming pools, other

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recreational facilities, and parking areas, were provided on a comparable basis without charge to all Residents in the Building.

7.5.9 At any time during the Certification Period if a Low-Income Housing Unit in the Project became vacant, that reasonable attempts were or are being made to rent that Housing Unit or the next available Housing Unit of comparable or smaller size to Residents having a qualifying Income before any Housing Units in the Project were or will be rented to Residents not having a qualifying Income.

7.5.10 At any time during the Certification Period if a Housing Unit subject to a Special-Needs Housing Set-Aside in the Project became vacant, that the Owner complied with the requirements specified in paragraph 3.26.

7.5.11 At any time during the Certification Period if the Income of a Resident of a Low-Income Housing Unit in the Project increased above the limit allowed in Section 42(g)(2)(D)(ii) of the Code, the next available Housing Unit of comparable or smaller size in the Project was or will be rented to Residents having a qualifying Income.

7.5.12 At all times during the Certification Period an extended low-income housing commitment (the "Regulatory Agreement (Extended Use Agreement)") as described in Section 42(h)(6) of the Code was in effect (for buildings subject to Section 7108(c)(1) of the Revenue Reconciliation Act of 1989).

7.5.13 At all times during the Certification Period the Project was a Residential Rental Property available For Use By the General Public which was in compliance with all applicable federal, state and local housing laws, regulations and policies governing nondiscrimination and accessibility, including but not limited to: the Americans with Disabilities Act; Fair Housing Amendments Act of 1988; Architectural Barriers Act of 1968; Housing and Community Development Act of 1974; Civil Rights Act of 1964; Civil Rights Act of 1968; and Age Discrimination Act of 1975 and no Resident or potential Resident was discriminated against on the basis of race, creed, color, sex, national origin, familial status, religion, marital status, age or disability. Furthermore, no Resident or potential Resident was discriminated against on the basis of that Resident's or potential Resident's: (i) sources of income, including but not limited to public assistance, provided such sources of income were not in contravention of any federal, state or local law; or (ii) receipt of Section 8 or any comparable rental assistance.

7.6 The Commission will: (i) review the annual Certifications submitted by the Owner of a Project under paragraph 7.5 above, for compliance with the requirements of Section 42 of the Code and with the requirements of the Commission's Low-Income Housing Tax Credit Program; and (ii) randomly select at least twenty percent (20%) of the

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Low-Income Housing Units and Units subject to a Special-Needs Housing Unit Set-Aside for each Project each year and obtain from the Owner and review the documentation of the Residents who have occupied these Housing Units within the Certification Period, including a copy of the annual Income Certification and the documentation the Owner has received to support that Income Certification.

7.7 The Owner represents that it has reviewed the *Compliance Reference Guide*, and agrees to prepare the documentation required in this Section in accordance therewith or as such *Compliance Reference Guide* may be amended from time to time, consistent with this Agreement, the Low-Income Housing Tax Credit Program and the requirements of the Code.

7.8 The Owner hereby acknowledges and agrees that the reporting requirements and obligations contained in this Section 7 may be amended from time to time by the Commission, in its sole discretion, to the extent necessary to meet the requirements of the Code and the Low-Income Housing Tax Credit Program. Such amendments may be made either through an amendment of this Agreement, the *Program Guidelines* or by inclusion in the *Compliance Reference Guide*.

#### 8. Uniformity; Common Plan

The provisions hereof shall apply uniformly to the entire Project to establish and carry out a common plan for the use, development and improvement of the Project.

#### 9. Compliance: Owner's Obligation

9.1 The Owner shall exercise reasonable diligence to comply with the requirements of this Agreement and shall correct any Noncompliance within a period determined by the Commission which shall not exceed ninety (90) days after such Noncompliance is first discovered by the Owner (whether by receipt of notice of such Noncompliance from the Commission or any former, present or prospective Resident or otherwise) or would have been discovered by the exercise of reasonable diligence; provided, however, that such period for correction may be extended at the sole discretion of the Commission for up to six (6) months upon written consent of the Commission if the Owner is exercising due diligence to correct the Noncompliance. To the extent that the Owner fails to correct the Noncompliance within the period established by the Commission including extensions, if any, granted by the Commission an event of default will be deemed to occur and the Commission may exercise its rights under this Agreement, including but not limited to Section 10 and Section 11.

9.2 The Owner agrees to pay, when due, any fees (including escalations thereto) assessed by the Commission for the costs associated with monitoring compliance of any Building and the Project with the requirements of the Code, this Agreement and the Low-Income Housing Tax Credit Program. In the event the Owner fails to pay such fees when

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Regulatory Agreement (Housing Use Agreement)  
Shirwood PROJECT (OAR 15-386)  
December 14, 1993

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due, the Commission may exercise its rights under this Agreement, including but not limited to Section 10 and Section 11.

#### 10. Enforcement of Terms

10.1 The benefits of this Agreement shall inure to, and may be enforced by the Commission, its successors and assigns, throughout the term of this Agreement. The parties hereto agree they will execute and deliver any and all documents and instruments necessary to effectuate the provisions of this Section 10.1.

10.2 Nothing in this Agreement shall impose any duty or obligation on the Commission to take any action, including without limitation any duty or obligation to find a purchaser for any Building, the Project or any portion thereof or to bring any action enforcing this Agreement. The Commission may exercise its rights under this Agreement solely in its own discretion.

10.3 In determining whether any default or lack of compliance by the Owner exists under this Agreement, the Commission shall not be required to conduct any investigation or review of operations by the Owner and may rely solely upon any notice delivered to the Commission with respect to the occurrence or absence of a default.

#### 11. Defaults; Remedies

If the Owner fails to observe or perform any covenant, condition or agreement contained in this Agreement on its part to be observed or performed and if such Noncompliance is not corrected as provided for in paragraph 9.1 above, then such Noncompliance shall be considered an event of default and the following shall occur:

11.1 The Commission, its successors, designees, and assigns, shall be entitled, individually and collectively, by law or in equity to compel specific performance by the Owner of its obligations under this Agreement.

11.2 The Owner acknowledges that the Commission is required under Section 42(m) of the Code to notify the IRS of any Noncompliance by the Owner, any Building or the Project with the Code, Regulations or any other laws or regulations governing the Credit, that the Commission becomes aware of regardless of whether such Noncompliance is corrected. The Owner further acknowledges that such Noncompliance may cause the loss and recapture of Credit and that the Commission is not responsible for such loss and recapture.

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11.3 In the event of a violation of any of the provisions hereof, the Commission, its successors, designees and assigns, and any individual who meets the income limitation set forth in paragraph 1.1 or paragraph 1.40 of this Agreement or who meets the requirements for occupying a Housing Unit subject to the Special-Needs Unit Set-Aside (such individual may be a former, present or prospective Resident of the Project), may institute and prosecute any proceeding at law or in equity to abate, prevent or enjoin any such violation or attempted violation, or to recover monetary damages caused by such violation or attempted violation. The provisions hereof are imposed upon and made applicable to the Project and shall run with the Land and shall be enforceable against the Owner and each purchaser, grantee or lessee (but not including Residents) of the Project or any portion thereof at any time and from time to time, and the respective heirs, legal representatives, successors and assigns of the Owner and each such purchaser, grantee or lessee. No delay in enforcing the provisions hereof as to any breach or violation shall impair, damage or waive the right of any party entitled to enforce the same or obtain relief against or recover for the continuation or repetition of such breach or violation or any similar breach or violation thereof at any later time or times.

11.4 The Commission shall be entitled to cause the Owner to pay the Commission an amount equal to all monies received by the Owner with respect to Low-Income Units and to the extent applicable, Units subject to a Special-Needs Unit Set-Aside, from the time such Units were knowingly or negligently occupied by persons who are determined not to meet the income limitations applicable to such Low-Income Units or who are determined not to meet the requirements for occupying a Unit which is subject to the Special-Needs Unit Set-Aside until the Project is brought back into compliance with the provisions of this Agreement.

11.5 Any individual who meets the income limitation set forth in paragraph 1.1 or paragraph 1.40 of this Agreement (such individual may be a former or present Resident of the Project), shall be entitled to cause the Owner to pay such individual an amount equal to the difference between the monies received by the Owner from such individual with respect to a Low-Income Unit and the amount which should have been received by the Owner if the rent collected by the Owner for such Unit was in compliance with the provisions of this Agreement.

## 12. Recordation

This Agreement shall be recorded by the Owner in first lien position superior to any other property interests, encumbrances or liens in the office of the county auditor or recorder of each county in which each Building in the Project is located. The Owner shall deliver evidence of each such recording to the Commission within fourteen (14) days following the execution of this Agreement. All amendments to this Agreement shall be executed, recorded and delivered in like manner.

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Regulatory Agreement (Extended Use Agreement)  
Silverwood PROJECT (GAR# 93-386)  
December 16, 1993.

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### 13. Indemnification

13.1 The Owner, Developer, each General Partner and party to a Joint Venture, as applicable, shall jointly and severally at all times indemnify and hold harmless the Commission, including any member, officer, employee, agent or representative thereof (the "Indemnified Parties") from and against any and all claims, suits, losses, damages, costs, expenses and liabilities of whatsoever nature or kind (including, but not limited to attorneys' fees, litigation and court costs, amounts paid in settlement, amounts paid to discharge judgment(s), and any disallowance of tax benefits) directly or indirectly resulting from, arising out of, or related to: (i) acceptance, consideration and approval or disapproval of the Application; (ii) use of the information in the Application; (iii) the participation of any person in the Low-Income Housing Tax Credit Program in connection with the Project; (iv) any Credit Reservation or Allocation of Credit with respect to the Project; (v) the financing, acquisition, construction and/or rehabilitation, syndication, sale, management or operation of such Project; (vi) the Commission's acting as a party to any agreement entered into in connection with a Project; (vii) any enforcement by the Commission of any agreement entered into by an Owner and the Commission; (viii) any claim or suit arising because of an Owner's, Developer's or any other party's failure to comply with any federal, state, or local environmental, labor, income tax, excise tax, transfer tax, employment tax, housing and employment discrimination, permitting, zoning, or land use law, regulation or requirement; and/or (ix) any claim or suit by an investor in the Project or by a lender to the Project or purchaser or assignee. An Indemnified Party may, in its sole discretion, monitor and/or participate in the defense of any such claim or suit and may select any law firm to do so. This may include any level of participation, including complete control, desired by the Indemnified Party.

The Owner, Developer, each General Partner and party to a Joint Venture, as applicable, will promptly reimburse the Indemnified Party for all attorneys' fees, litigation and court costs, amounts paid in settlement and other such sums as described above which are incurred by the Indemnified Party. The Owner, Developer, each General Partner and party to a Joint Venture, as applicable, waive any right to bring legal action, on their own behalf or on behalf of any other party, against the Commission as to any matter for which the Owner, Developer, each General Partner and party to a Joint Venture, as applicable, agree to indemnify and hold harmless the Commission.

13.2 The Owner, Developer, each General Partner and party to a Joint Venture, as applicable, jointly and severally agree to pay, indemnify and hold the Commission, including any member, officer, employee, agent or representative thereof (the "Enforcing Parties") harmless from any and all costs, expenses and fees, including all attorneys' fees which may be incurred by any Enforcing Party in enforcing or reasonably attempting to enforce this Agreement following any event of default on the part of the Owner hereunder, whether the same shall be enforced by suit or otherwise; together with all costs, fees and expenses which may be incurred in connection with any amendment to this Agreement by the Commission at

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Regulatory Agreement (Extended Use Agreement)  
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December 16, 1993.

931277PGU053

the request of the Owner (including the fees and expenses of Counsel to the Commission in connection with any opinion to be rendered hereunder).

13.3 The agreements to indemnify set forth in this Section 13 are joint and several obligations which are separate agreements which shall survive any foreclosure action, attempted transfer or assignment or termination of an Owner's, Developer's, General Partner(s)' and/or party to a Joint Venture's interest in the Project and such agreements are a personal obligation of such party and action may be brought thereon independently of any other remedy provided for in this Agreement. The obligations to indemnify set forth in this Section 13.3 with respect to the Owner, Developer, General Partner(s) and/or party to a Joint Venture are intended to cover actions or events which occur and give rise to the indemnification provisions of this Section 13 during the period of such party's interest in the Project, irrespective of when such claim or suit is brought.

#### 14. No Conflict With Other Documents

The Owner warrants that the Owner has not executed and will not execute any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and that in any event this Agreement is controlling as to the rights and obligations in this Agreement and supersedes any other conflicting requirements.

#### 15. Notices

All notices to be given pursuant to this Agreement shall be in writing and shall be deemed given when mailed by certified or registered mail, return receipt requested, to the parties at the addresses set forth below, or to such other place as a party may from time to time designate in writing:

Owner: Silverwood Housing Associates, a Limited Partnership  
4600 Guide Meridian  
Bellingham, WA 98226  
Attention: Gene Bouma, President

Commission: Washington State Housing Finance Commission  
1000 Second Avenue, Suite 2700  
Seattle, Washington 98104-1046  
Attention: Executive Director

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Regulatory Agreement (Extended Use Agreement)  
Silverwood PROJECT (OAR# 93-386)  
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#### 16. Duration; Survival

All of the respective representations, warranties, covenants, and duties of the Commission and Applicant hereunder or contained in any document given in connection herewith or contemplated hereby, shall survive throughout the Project Compliance Period until termination of the Three-Year Period, except as they may be fully performed prior to the termination of such periods.

#### 17. Amendment

The Commission and the Owner may amend this Agreement only by written agreement signed by both parties and duly recorded. The Owner acknowledges that this Agreement is subject to the policies and procedures of the Commission.

#### 18. Waiver

No action or failure to take action pursuant to this Agreement on the part of the Commission, including without limitation, any investigation by or on behalf of the Commission, shall constitute a waiver by the Commission of the Owner's compliance with the terms, conditions, obligations restrictions, covenants, representations and warranties contained in this Agreement. No waiver, modification or change shall be binding unless in writing and signed by the Commission. A waiver of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach.

#### 19. Partial Invalidity

If any term(s) or provision(s) of this Agreement or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such term(s) or provision(s) to persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected hereby. Each and every term of this Agreement shall be valid and enforceable to the fullest extent possible.

#### 20. Further Assurances

The Owner agrees to execute any and all documents and writings which may be necessary or expedient and to do other acts as will further the purposes hereof.

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Regulatory Agreement (Extended Use Agreement)  
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## 21. Involuntary Loss

21.1 In the event a Building is acquired during the term of this Agreement by foreclosure or forfeiture under a deed of trust, mortgage or real estate contract or by deed in lieu of foreclosure, this Agreement, excluding Section 13, shall automatically terminate with respect to such Building and any portion of Land so acquired with such Building located thereon at the end of the Three-Year Period applicable to such Building; and this Agreement shall thereafter be applied by excluding such Building and portion of Land from the Project. In the event a lender, beneficiary of a deed of trust, or mortgagee desires to qualify for Credit for such Building, if any, such successor in interest shall execute a revised Regulatory Agreement (Extended Use Agreement) which shall be a recorded restrictive covenant on the Land and such Building in the Project and shall execute such other and further contracts or agreements required by the Commission.

21.2 Notwithstanding the foregoing, paragraph 21.1 of this Agreement shall not apply and all provisions of this Agreement shall remain in full force and effect with respect to a Building and portion of the Land described in such paragraph if after an acquisition described in such paragraph, the Owner or a Related Party (as defined in Sections 42(d)(2)(D)(iii), 267, 707(b) or 1563(a) of the Code) acquires an ownership interest (for federal income tax purposes) in such Building or such portion of the Land or if the Secretary or the Commission determines that such acquisition is part of an arrangement with the Owner, a purpose of which is to terminate this Agreement in whole or in part.

21.3 In the event of involuntary Noncompliance with respect to a Building arising as a consequence of seizure, requisition or condemnation by a governmental authority, this Agreement, excluding Section 13, shall automatically terminate with respect to such Building and any portion of Land seized, requisitioned or condemned by such governmental authority; and this Agreement shall thereafter be applied by excluding such Building and portion of Land from the Project.

21.4 This Agreement shall continue to apply in full to each Building and the Land which are not subject to the foreclosure, forfeiture, deed in lieu of foreclosure or involuntary Noncompliance arising from seizure, requisition or condemnation by a governmental authority until otherwise terminated with respect to such Building and Land.

## 22. Time of the Essence

Time is of the essence of this Agreement.

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Regulatory Agreement (Extended Use Agreement)  
Silverwood PROJECT (OAR# 90-386)  
December 16, 1993.

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**23. Captions**

Captions used in this Agreement are used for convenience of the Parties only and shall not be deemed to limit, modify or alter any of the substantive provisions of this Agreement.

**24. Gender**

Whenever in this Agreement the context requires, references to person shall mean any individual or entity including but not limited to any general partnership, limited partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association and references to the masculine shall be deemed to include the feminine and neuter, and references to the singular shall be deemed to include the plural.

**25. Governing Law**

This Agreement shall be governed by the laws of the state of Washington.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their respective, duly authorized representatives, effective as of the day and year first written above.

**WASHINGTON STATE HOUSING FINANCE COMMISSION**

By: 

Kim Herman, Executive Director

Date: 12/17/93

**OWNER:**

**SILVERWOOD HOUSING ASSOCIATES, A LIMITED PARTNERSHIP**

By: Gene Bouma Development, Inc.,  
its general partner

By: 

Gene Bouma, President

Date: 12.16.93

Owner's Federal Employer Identification Number: 91-1517971

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December 15, 1993 Version

Regulatory Agreement (Excluded Use Agreement)  
Silverwood PROJECT (OAR 83-386)  
December 16, 1993.

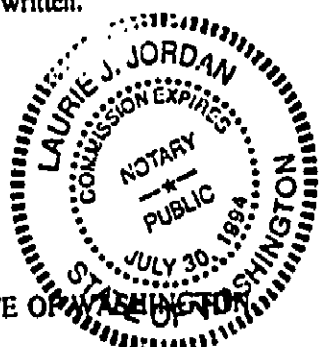
STATE OF WASHINGTON )

) ss.

COUNTY OF Wharcom )

On this 16 day of December, 1993, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared **Gene Bouma** to me known to be the president of **Gene Bouma Development, Inc.**, a corporation which is a general partner in **SILVERWOOD HOUSING ASSOCIATES, A LIMITED PARTNERSHIP**, the partnership that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation and said partnership, for the uses and purposes therein mentioned, and on oath stated that he/she was authorized to execute the said instrument on behalf of the corporation acting on behalf of said partnership.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.



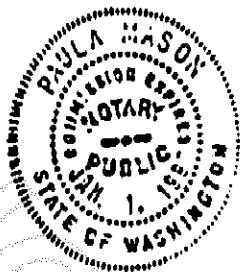
Laurie J. Jordan  
NOTARY PUBLIC in and for the State of  
Washington, residing at Bellingham  
My commission expires 7/30/94

STATE OF WASHINGTON )

) ss.

COUNTY OF KING )

On this 17th day of December, 1993, before me, the undersigned Notary Public, duly commissioned and qualified in and for the said State and County, personally came and appeared **Kim Herman**, Executive Director of the Washington State Housing Finance Commission, a public body corporate and politic, and acknowledged to me that the foregoing instrument was signed by him on behalf of said Commission, and that he acknowledged the foregoing instrument to be the free act and deed of the Commission.



Paula Mason  
NOTARY PUBLIC in and for the State of  
Washington, residing at Seattle  
My commission expires 1-1-97

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December 15, 1993 Version

Regulatory Agreement (Extended Use Agreement)  
Silverwood PROJECT (OAR# 93-366)  
December 16, 1993.

BK1277PG0058

**EXHIBIT "A"**

**TO REGULATORY AGREEMENT (EXTENDED USE AGREEMENT)**

**LEGAL DESCRIPTION**

That portion of the Northeast Quarter of the Northeast Quarter, Section 25, Township 35 North, Range 1 East of the Willamette Meridian, described as follows:

Beginning at the point where the East line of said Northeast Quarter of the Northeast Quarter intersects with the South line of 29th Street as shown in E.O. Tade's First Addition to the City of Anacortes, according to the plat thereof recorded in Volume 1 of Plats, page 36, records of Skagit County, Washington; thence Westerly along the South line of 29th Street 190.25 feet; thence South at right angles to 29th Street 256 feet; thence Easterly and parallel with the North line of the section, 194.25 feet, more or less, to the East line of the section; thence North along the East line of the Section to the place of beginning;

EXCEPT the Easterly 90 feet as measured at a right angle to and parallel with the East line of that portion of the Northeast Quarter of the Northeast Quarter of Section 25, Township 35 North, Range 1 East of the Willamette Meridian.

Situate in Skagit County, Washington.

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**9312230110**

BK1277FGU059

Exhibit "A"  
Regulatory Agreement (Extended Use Agreement)  
Silverwood PROJECT (OAR# 60-366)  
December 16, 1993



25.0.2

Request for Verification of Employment (TC-03 or Form 203XD).  
Employer must complete employer section. One form is needed for each source of income in the household.

The Low-Income Housing Tax Credit Program also requires annual recertification for all participating residents. This means that a new set of these same forms must be completed annually by existing residents. Again, all information must be accompanied by documentation. Because of the growing pressure on the government and the Commission to combat fraud, these forms must be prepared carefully so that every question is answered and that all answers are clearly readable. "N/A" (not applicable) should be written in all sections which do not apply. Once a new resident is certified, he/she continues to be eligible until his/her income reaches 140% of the county median gross income. However, the owner cannot evict him/her on the basis of his/her income.

In addition to the units which are set aside for persons who meet certain income limitations as described above, some units in the project may be set-aside for persons with special-needs. At least zero (0) units in this project are set-aside for low-income large households and contain three (3) or more bedrooms for occupancy by four (4) or more persons who are not necessarily related.

At least zero (0) units in this project are set-aside for persons with a physical or mental impairment which substantially limits one or more of the major life activities of such individuals such as preventing the caring of oneself, performing manual tasks, walking, seeing, hearing, speaking, breathing, or learning.

At least zero (0) units in this project are set-aside for: (i) at least one person fifty five (55) or older per unit in the case of a project which contains significant facilities and services which are specifically designed to meet the physical and social needs of such persons; or (ii) only persons sixty two (62) or older.

At least zero (0) units in this project are used to facilitate the transition of homeless individuals to independent living within twenty four (24) months.

Persons meeting any of the foregoing special-needs criteria will be required to verify their eligibility to reside in a unit included in a special-needs housing set-aside(s). In addition, such potential resident or existing resident will need to follow the income verification requirements discussed previously to reside in a unit set-aside for low-income residents.

All housing in the project will be operated in a manner consistent with federal housing policy governing nondiscrimination and accessibility, as determined under the Americans with Disabilities Act, the Fair Housing Amendments Act of 1988, the rules and regulations of the U.S. Department of Housing and Urban Development and federal, state and local law now provided or which may hereafter be provided. To that end, the owner shall not discriminate in making rental units available for occupancy on the basis of race, creed, color,

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Exhibit "C"  
Regulatory Agreement (Hatched the Agreement)  
Silverwood PROJECT (DAR# 93-381)  
December 16, 1993

sex, national origin, religion, marital status, age or disability. Furthermore, the owner shall not discriminate against any potential resident or existing resident on the basis of that potential resident's or existing resident's sources of income provided such sources of income are not in contravention of any federal, state or local law.

All units set aside for occupancy by persons who meet the low-income or persons with special-needs criteria of the program will be of the same quality construction as all other units, and will be equipped and maintained in the same manner as all other units.

When selecting residents for occupancy, the owner shall not apply selection criteria to a potential resident that is more burdensome than selection criteria applied to any other potential resident or existing resident; and the owner shall take into consideration the rental history of such potential resident as evidence of the ability to pay the applicable rent, so long as: (i) the rental history is of a term of at least one year; and (ii) the history shows that the resident has paid at least the same percentage of his/her income for rent during that period as he/she will be required to pay for the rent of the unit for which they are applying.

Under the Low-Income Housing Tax Credit Program each potential resident and existing resident who meets the low-income requirements and/or the special-needs criteria of the program is given certain rights to ensure the owner's compliance with the applicable unit restrictions. Residents who meet the low-income requirements, who reside in a rent-restricted unit, and who pay rent to the Owner in excess of the amount allowed under the Low-Income Housing Tax Credit Program are entitled to seek recovery of the excess amount of rent paid, if any.

If you have any questions, please contact the project's manager at telephone: \_\_\_\_\_.

Acknowledged by: \_\_\_\_\_  
(Signed by Potential Resident or Existing Resident)

Date: \_\_\_\_\_

The Commission's address and telephone number is:

Washington State Housing Finance Commission  
ATTN: Tax Credit Compliance Monitoring  
1000 Second Avenue, Suite 2700  
Seattle, WA 98104-1046  
(206) 464-7139  
1-800-767-HOME

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BK1277FGU061

Exhibit 'C'  
Regulatory Agreement (Extended Use Agreement)  
Silverwood PROJECT (OAR# 90-301)  
December 16, 1993

EXHIBIT "B"

TO REGULATORY AGREEMENT (EXTENDED USE AGREEMENT)

PROJECT RESERVATION

NAME OF PROJECT: Silverwood

OAR NUMBER 93-30L

OWNER: Silverwood Housing Associates, a  
Limited Partnership

OWNER'S ADDRESS: 4400 Guide Meridian  
Bellingham, WA 98226

CONTACT NAME: Gene Souma, President

MAXIMUM DOLLAR AMOUNT OF CREDIT FOR PROJECT: \$34,923  
Subject to change based upon amounts determined at time of issuance of Internal Revenue Service Form 4609.

NUMBER OF YEARS OF ADDITIONAL LOW-INCOME USE PERIOD: 12

TOTAL NUMBER OF HOUSING UNITS IN PROJECT: 23  
Excludes any Common Area Units.

APPLICABLE FRACTION WITH RESPECT TO PROJECT: 100%

MINIMUM LOW-INCOME HOUSING SET-ASIDE SELECTED: 40/60\*

PERCENT OF AREA MEDIAN INCOME OF QUALIFIED LOW INCOME  
HOUSING UNITS: 60%

TOTAL NUMBER OF QUALIFIED LOW-INCOME HOUSING UNITS IN  
PROJECT (MINIMUM LOW-INCOME HOUSING SET-ASIDE): 23\*

\*NOTE: The minimum amount required as set forth in the Regulatory Agreement (Extended Use Agreement) based on both Unit Fraction and Floor Space Fraction.

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Exhibit "B"  
Regulatory Agreement (Extended Use Agreement)  
Silverwood PROJECT (OAR/ 93-30L)  
December 16, 1993

PERCENT OF AREA MEDIAN INCOME OF HOUSING UNITS IN PROJECT  
SUBJECT TO ADDITIONAL LOW-INCOME UNIT RESTRICTION:

0%

MINIMUM NUMBER AND PERCENTAGE OF HOUSING  
UNITS IN PROJECT SUBJECT TO ADDITIONAL LOW-  
INCOME UNIT RESTRICTION:

# UNITS

% OF ALL UNITS

0

0%

MINIMUM NUMBER AND PERCENTAGE OF HOUSING  
UNITS IN PROJECT SUBJECT TO SPECIAL-NEEDS  
HOUSING SET-ASIDE FOR LARGE HOUSEHOLDS:

# UNITS

% OF ALL UNITS

0

0%

MINIMUM NUMBER AND PERCENTAGE OF HOUSING  
UNITS IN PROJECT SUBJECT TO SPECIAL-NEEDS  
HOUSING SET-ASIDE FOR PERSONS WITH  
DISABILITIES:

# UNITS

% OF ALL UNITS

0

0%

MINIMUM NUMBER AND PERCENTAGE OF HOUSING  
UNITS IN PROJECT SUBJECT TO SPECIAL-NEEDS  
HOUSING SET-ASIDE FOR PERSONS WHO ARE  
ELDERLY:

# UNITS

% OF ALL UNITS

0

0%

MINIMUM NUMBER AND PERCENTAGE OF HOUSING  
UNITS IN PROJECT SUBJECT TO SPECIAL-NEEDS  
HOUSING SET-ASIDE FOR TRANSITIONAL HOUSING:

# UNITS

% OF ALL UNITS

0

0%

\*NOTE: The minimum amount required as set forth in the Regulatory Agreement (Extended Use Agreement) based on both Unit Fraction  
and Floor Space Fraction.

BIN for each Building	Street Address for each Building	Credit Percentage for each Building	Building Type (New, Rehabilitation, Acquisition/ Rehabilitation)	# of Units in each Building	% of Qualified Low-Income Units in each Building	% of Units in each Building which are Qualified Low-Income Units
WA-93-00102	1103 29th Street, Anacortes, WA	"4%"	New	23	23	100%

\*NOTE: Based on both Unit Fraction and Floor Space Fraction and is the minimum amount required as set forth in the Regulatory  
Agreement (Extended Use Agreement).  
†Excludes any Common Area Units

COMMON AREA UNITS:	# UNITS	Street Address for each Building	BIN for each Building
	1	1103 - 29th Street, Anacortes, WA	WA-93-00102

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BK 6277FGU063

Exhibit "B"  
Regulatory Agreement (Extended Use Agreement)  
Silverwood PROJECT (OAR# 93-381)  
December 16, 1993

**EXHIBIT "C"**

**TO REGULATORY AGREEMENT (EXTENDED USE AGREEMENT)**

**RIDER TO BE ATTACHED TO RESIDENT LEASES**

**APPLICATION for RESIDENCY  
RECERTIFICATION of EXISTING RESIDENT**

Dear potential resident/existing resident:

The Silverwood project rents residential rental units under the federal low-income tax credit program administered by the Washington State Housing Finance Commission through its Low-Income Housing Tax Credit Program. Under this program, the owner may qualify for federal tax credits in exchange for renting at least a portion of the project to low-income people. In addition, the owner may have agreed to set-aside a portion of the project for occupancy by persons who meet the special-needs criteria of the program.

At least twenty three (23) units in this project are set aside for low-income residents. No new resident in these units can have income exceeding sixty percent (60%) of the area median gross income for the county(ies) in which the project is located, as published by the U.S. Department of Housing and Urban Development at the time of initial tenancy. In addition, the Owner has agreed to set-aside at least zero (0) (the Additional Low-Income Housing Set-Aside) units in this project for residents with income not exceeding zero percent (0%) of the area median gross income for the county(ies) in which the project is located, as published by the U.S. Department of Housing and Urban Development at the time of initial tenancy. Substantial assets are converted by formula and included in the income total. Special rules are used for full-time students. A table of maximum rents is provided to the owner by the Commission annually based on the area median gross income for the county(ies) in which the project is located. The federal government and the Commission spell out how to measure, report and verify income under this program to insure that the project is reaching those individuals for whom it was designed.

All income and assets must be documented and verified. The manager of the project will provide the forms each potential resident or existing resident will be required to prepare and submit. These forms must be filled out accurately. The forms which will need to be filled out include the following:

- 25.0.1 Rental Eligibility Application (TC-01 or Form 200XA). Income from all sources and assets must be listed. The forms must be signed and dated under penalties of perjury.

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BK1277FG0064

Exhibit "C"  
Regulatory Agreement (Extended Use Agreement)  
Silverwood PROJECT (OARs 93-306L)  
December 16, 1993