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Skagit County Auditor

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CHICAGO TITLE CO.

C 22591 ✓

Return Address: Rural Housing Service
Multi-Family Housing Division
1835 Black Lake Blvd. SW, Suite B
Olympia, WA 98512

Document Title: RESTRICTIVE USE COVENANT
7 C.F.R. Part 1965-E

Grantor: Mercy Properties Washington III, LLC

Grantee: United States of America
Acting through the Rural Housing Service
United States Department of Agriculture

Re: Evergreen Manor Apartments
4064-000-012-0001

Subject Property: All that property subject to the deed of trust filed for record with the Skagit County Auditor on January 31, 1985 at 8501310041 in Volume 589, Pages 367-372 and described as follows:

Lot 1, Concrete Short Plat No. SP#CON-89-01, approved June 14, 1989 and recorded on December 1, 1989, in Volume 8 of Short Plats, page 192, under Auditor's File No. 8912010018, records of Skagit County, Washington; being a portion of Lot 12, Plat Of Sunrise Addition, in Volume 4 of Plats, page 44, records of Skagit County, Washington.

Situate in Skagit County, Washington.

Mercy Properties Washington III, LLC, and any successors in interest, agree to use the property described below for the purpose of housing very low and low-income people eligible for occupancy as provided in United States Department of Agriculture, Rural Development or its successor agency under Public Law 103-354 regulations then extant during the remaining useful life of the project. A tenant or person wishing to occupy the housing may seek enforcement of

this provision as well as the Government. Throughout the remaining useful life of this project, no eligible person occupying or wishing to occupy the housing shall be required to vacate or be denied occupancy without cause. Rents, other charges, and conditions of occupancy will be set to meet these conditions. The borrower will be released during such period from these obligations only when the Government determines that there is no longer a need for such housing, or that such other financial assistance provided to the residents of such housing will no longer be provided due to no fault, action or lack of action on the part of the borrower.

The property described herein was obtained or improved through Federal financial assistance. This property is subject to the provisions of Title VI of the Civil Rights Act 1964 and the Rehabilitation Act of 1973 and the regulations issued pursuant thereto for as long as the property continues to be used for the same or similar purpose for which financial assistance was extended or for as long as the purchaser owns it, whichever is longer.

This instrument also secures the obligations and covenant of borrower set forth in borrower's Loan Resolution of September 12, 2003, which is hereby incorporated herein by reference.

Executed this 17th day of September, 2003.

Mercy Properties Washington III, LLC

Patricia O. Roub

BY:

Vice President
Mercy Housing, Inc.
Managing Member
601 E. 18th Ave. #150
Denver, CO 80203



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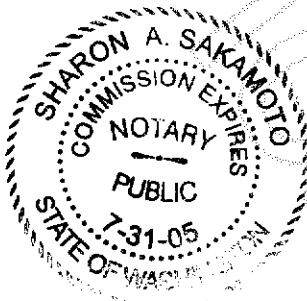
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STATE OF WASHINGTON)
) ss.
COUNTY OF King)

On this day personally appeared before me Patricia O'Rourke, to me known to be the person(s) described in and who executed the foregoing instrument and acknowledged that he/she/they signed the same as his/her/their free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 12th day of September, 2003.



Sharon A. Sakamoto

Notary Public in and for the State of Washington

Sharon A. Sakamoto

Name Printed

My commission Expires: 7-31-05



Skagit County Auditor