



200309170208

Skagit County Auditor

9/17/2003 Page

1 of

5 4:14PM

**When Recorded Return To:**

Washington State Department of Community,  
Trade and Economic Development  
Office of Community Development  
Housing Finance Unit  
906 Columbia Street Southwest  
Post Office Box 48350  
Olympia, Washington 98504-8350

Attention: : Bonnie L. Scott, (360) 725-2940

**CHICAGO TITLE CO.**

C22594✓

**LOW INCOME HOUSING COVENANT AGREEMENT**

Grantor (Borrower): Mercy Properties Washington III, LLC

Grantee (Lender): Department of Community, Trade and Economic Development, Office of Community Development

Assessor's Tax Parcel ID#: 4084-002-023-0000 (535 North Pine St, Burlington)

Legal Description (abbreviated): Lots 13 through 23, Block 2, Fritsch's Addition to Burlington

Contract Number: 03-49300-216

This Low Income Housing Covenant Agreement (the "Covenant") is made by Mercy Properties Washington III, LLC, a Washington limited liability company ("Grantor") and is part of the consideration for the financial assistance provided by the Department of Community, Trade and Economic Development, Office of Community Development, a department of the State of Washington ("Department"), to Intercommunity Mercy Housing, a Washington non-profit corporation, pursuant to a Housing Finance Unit Agreement, Contract Number 03-49300-216 (the "Contract"), for the acquisition and rehabilitation of real property ("Property") legally described as follows:

**See Attached Schedule C**

This Covenant will be filed and recorded in the official public land records of Skagit County, Washington and shall constitute a restriction upon the use of the property described herein, subject to and in accordance with the terms of this Covenant, for forty (40) years beginning October 1, 2004 and ending September 30, 2044.

The covenants contained herein are to be taken and construed as covenants running with the land and shall pass to and be binding upon the Grantor, his successors and assigns heirs, grantees, or lessees of the Property, beginning October 1, 2004 and ending September 30, 2044. Each and every contract, deed or other instrument covering or conveying the Property, or any portion thereof, shall be conclusively held to have been executed, delivered and accepted subject to such covenants, regardless of whether such covenants are set forth in such contract, deed, or other instruments.

NOW, THEREFORE, it is hereby covenanted, for the forty (40) years commencing October 1, 2004 and ending September 30, 2044, as follows:

1. The residential units in the Property will be rented to low income and senior households who at the time of initial occupancy have gross annual household incomes at or below eighty percent (80%) median income for Snohomish County, Washington, adjusted for family size, as estimated from time to time by the United States Department of Housing and Urban Development ("HUD"). If HUD ceases to provide such estimates of median income, then median income shall mean such comparable figure for Snohomish County, Washington published or reported by a federal, state, or local agency as the Department shall select. Rents shall be adjusted for family size and are less the monthly allowance for customary utilities and services (excluding telephone, cable television and other telecommunications), to be paid by tenant.

2. The Grantor will provide safe and sanitary housing, and will comply with all State and local housing codes, licensing requirements, and other requirements regarding the condition of the structure and the operation of the project in the jurisdiction in which the housing is located.

3. The Grantor will keep any records and make any reports relating to compliance with this covenant that the Department may reasonably require.

4. DEFAULT: If a violation of this Covenant occurs, the Department may, after thirty days notice to the Grantor, institute and prosecute any proceeding at law or equity to abate, default the loan, prevent, or enjoin any such violation or to compel specific performance by the Grantor of its obligations hereunder; provided that, the Grantor shall not be required by any provision herein to evict a residential tenant. 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 provisions hereof or to obtain relief against or recover for the continuation or repetition of such breach or violations or any similar breach or violation hereof at any later time.

IN WITNESS HEREOF, Mercy Properties Washington III, LLC has executed this Covenant on the 5th day of September, 2003.

WITNESS:

Mercy Properties Washington III, LLC, a Washington limited liability company, by Intercommunity Mercy Housing, a Washington non-profit corporation, managing member

By: Patricia O'Roark

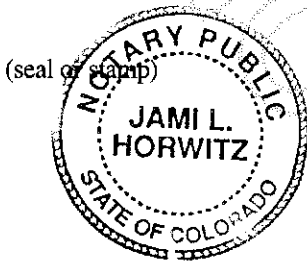
Print Name: Patricia O'Roark

Title: Vice President



STATE OF COLORADO )  
 ) ss.  
COUNTY OF DENVER )

I certify that I know or have satisfactory evidence that Patricia O'Roark is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the Intercommunity Mercy Housing, a Washington non-profit corporation, to me known to be managing member of Mercy Properties Washington III, LLC., a Washington limited liability company, to be the free and voluntary act and deed of such non-profit corporation, on behalf of such limited liability company for the uses and purposes mentioned in the instrument.



My Commission Expires 11/9/05

Date: 9/5/03

Jami L. Horwitz  
Notary Public in and for the State of Colorado  
residing at Denver

My commission expires 11/9/05

Jami L. Horwitz  
Print Name



200309170208

Skagit County Auditor

9/17/2003 Page

3 of

5 4:14PM

**CHICAGO TITLE OF COLORADO, INC.**

**PARCEL Q: VILLA KATHLEEN**

Lots 13 through 23, Block 2, Fritsch's Addition to Burlington, according to the plat thereof recorded in Volume 3 of Plats, Page 78, records of Skagit County, Washington.

Situated in Skagit County, Washington.

**Issued at: DENVER, COLORADO**

**CHICAGC**

Commitment (Schedule C)



200309170208

Skagit County Auditor

9/17/2003 Page

4 of

5 4:14PM

**CHICAGO TITLE OF COLORADO, INC.**

File Number: 1271521

**PARCEL Q: VILLA KATHLEEN**

Lots 13 through 23, Block 2, FRITSCH'S ADDITION TO BURLINGTON

ASSESSORS PARCEL NO: 4084-002-023-0000



200309170208

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Issued at: DENVER, COLORADO

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Commitment (Schedule C)

9/17/2003 Page 5 of 5 4:14PM