



201405230058

**When Recorded Return To:**

Washington State Department of Commerce  
**Housing Trust Fund**  
1011 Plum Street SE  
Post Office Box 42525  
Olympia, Washington 98504-2525

Skagit County Auditor

\$74.00

5/23/2014 Page

1 of

3 12:18PM

Attention: Michelle Campbell, (360) 725-3039

**LAND TITLE OF SKAGIT COUNTY**

146824-S

**LOW INCOME HOUSING COVENANT AGREEMENT***(Fircrest Property)*

Grantor (Borrower): Villa Kathleen Redevelopment LLLP  
Grantee (Lender): Department of Commerce  
Assessor's Tax Parcel ID#: P26029  
Legal Description (abbreviated): FIRCREST: (PARCEL C) PTN. SE ¼ of SE ¼, 17-34-4 E W.M.  
Contract Number: 12-94110-035

This Low Income Housing Covenant Agreement (the "Covenant") is made by Villa Kathleen Redevelopment LLLP, a Washington limited liability limited partnership ("Grantor") and is part of the consideration for the financial assistance provided by the Department of Commerce, a department of the State of Washington ("Department"), to Mercy Housing Northwest pursuant to a First Contract Amendment Number 12-94110-035 (the "Contract"), for the acquisition and rehabilitation of real property legally described as follows:

**That portion of the Southeast ¼ of the Southeast ¼ of Section 17, Township 34 North, Range 4 East, W.M., described as follows;**

**Beginning at the Southwest corner of Lot 17, "BEL-AIR MANOR THIRD ADDITION," as per plat recorded in Volume 10 of Plats, page 42, records of Skagit County, Washington;**  
**thence South parallel with the East line of 18th Street a distance of 126 feet to the true point of beginning of this description;**  
**thence Northeasterly to a point on the Southwesterly line of North Viewmont Drive (as shown on said plat) which point lies 60 feet Southeasterly from the Southeast corner of said Lot 17 when measured along the Southwesterly line of said North Viewmont Drive;**  
**thence Southeasterly along said Southwesterly line a distance of 113 feet, more or less, to the Northwest corner of Lot 14, "BEL-AIR MANOR FIRST ADDITION," as per plat recorded in Volume 7 of Plats, page 60, records of Skagit County, Washington;**  
**thence South along the West line of said Lot 14 and along the West line of Lot 1 of said plat to the North line of Fir Street;**  
**thence West along the North line of Fir Street to the East line of 18th Street;**  
**thence North along the East line of 18th Street a distance of 181 feet, more or less, to a point 174 feet South of the Southwest corner of Lot 6, "BEL-AIR MANOR FOURTH ADDITION," as per plat recorded in Volume 10 of Plats, page 33, records of Skagit County, Washington;**  
**thence East parallel with the South line of said Lot 6 a distance of 97.50 feet;**

thence North to the true point of beginning;

**EXCEPT** that portion deeded to the City of Mount Vernon by deed recorded July 1, 1993, under Auditor's File No. 9307010054, records of Skagit County, Washington.

Situate in the City of Mount Vernon, County of Skagit, State of Washington.

(the "Property").

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 May 1, 2014 and ending April 30, 2054.

The Covenant contained herein are to be taken and construed as a Covenant running with the land and shall pass to and be binding upon the Grantor, its successors and assigns, heirs, grantees, or lessees of the Property, beginning May 1, 2014 and ending April 30, 2054. 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 Covenant, regardless of whether such Covenant is set forth in such contract, deed, or other instruments.

NOW, THEREFORE, it is hereby covenanted, for the forty (40) years commencing May 1, 2014 and terminating April 30, 2054, as follows:

1. Eighty three (83) of the eighty-four (84) residential units in the Property will be rented to households who at the time of initial occupancy have gross annual household incomes at or below sixty percent (60%) of the local area median income for Mount Vernon-Anacortes, WA MSA, adjusted for the imputed household 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 Skagit County, Washington published or reported by a federal, state, or local agency as the Department shall select. Rents shall be adjusted for household size and are less the monthly allowance for customary utilities and services (excluding telephone, cable television and other telecommunications), to be paid by tenant. One (1) of the eighty-four (84) units will be utilized as a manager's unit and will not be rent or income restricted.

The Grantor shall make best efforts to target forty-two (42) units to households that at the time of initial occupancy have gross annual household incomes at or below thirty percent (30%) of the area median income, twenty-one (21) units to households that at the time of initial occupancy have gross annual household incomes at or below forty percent (40%) of the area median income, and twenty (20) units targeted to households that at the time of initial occupancy have gross annual household incomes at or below sixty percent (60%) of the area median income for Kitsap County, Washington.

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 (or its successor agency) may, after thirty (30) days notice and opportunity to cure the violation which cure may be affected by the Grantor and/or its Limited Partner (as defined in the Contract), 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.

5. CROSS DEFAULT: Grantor acknowledges that the obligations under the Contract apply to the real property owned by Grantor located at 535 N Pine Street in Burlington, WA 98233 and 1815 E. Fir Street, Mount Vernon, WA 98273 (the "Additional Properties") A default under Grantor's obligations with respect to Additional Properties and/or the Low Income Housing Covenant recorded against the Additional Properties shall constitute a default hereunder.

IN WITNESS HEREOF, Villa Kathleen Redevelopment LLLP has executed this Covenant as of the 22nd day of May, 2014.

WITNESS:

**Villa Kathleen Redevelopment LLLP**, a Washington limited liability limited partnership

By: Cobble Knoll I Mercy LLC  
a Washington limited liability company

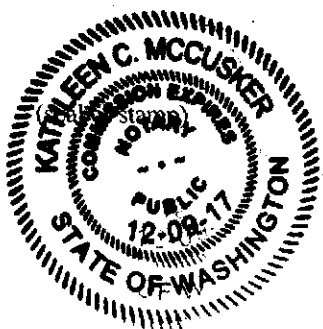
By: Mercy Housing Northwest,  
a Washington non-profit corporation,  
Its: General Partner

By: Bill Rumpf  
Print Name: Bill Rumpf

Title: President

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

I certify that I know or have satisfactory evidence that Bill Rumpf is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the President of **Mercy Housing Northwest**, a Washington non-profit corporation, to me known to be sole member and manager of Cobble Knoll I Mercy LLC, a Washington limited liability company, the general partner of **Villa Kathleen Redevelopment LLLP**, a Washington limited liability limited partnership, to be the free and voluntary act and deed of such non-profit corporation on behalf of such partnership for the uses and purposes mentioned in the instrument.



Date: May 22, 2014  
Notary Public in and for the State of Washington,  
residing at: King Co.

My commission expires: 12/9/17



Skagit County Auditor

5/23/2014 Page

3 of

\$74.00

3 12:18PM