

AFTER RECORDING RETURN TO:

Washington State Housing Finance Commission
1000 Second Avenue, Suite 2700
Seattle, Washington 98104-3601
Attn: Lanakay Lipp



Skagit County Auditor

5/26/2016 Page

1 of

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1:44PM

GUARDIAN NORTHWEST TITLE CO.

108928

TRANSFER AGREEMENT

OID: 97-44H
(Salem Village)

PURPOSE: Document is being recorded to maintain the terms of the tax credit regulatory agreement between the entities involved and the Washington State Housing Finance Commission

TRANSFEROR: SALEM VILLAGE LIMITED PARTNERSHIP

TRANSFeree: SALEM VILLAGE ONE LLC

ABBREVIATED LEGAL: SECTION 8, TOWNSHIP 34 NORTH, RANGE 4 EAST, W.M.,
PORTION OF THE SE ¼ OF THE SE 1/4

(Additional Legal Description on Exhibit A hereto)

TAX PARCEL NO(S): P24136, 340408-0-013-0003

REFERENCE NO(S): 199912060130

TRANSFER AGREEMENT – Salem Village

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TRANSFER AGREEMENT – Salem Village

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(Salem Village)

Washington State Housing Finance Commission
Low Income Housing Tax Credit Program

THIS TRANSFER AGREEMENT ("Agreement") is entered into as of 5-26, 2016, by and among the **WASHINGTON STATE HOUSING FINANCE COMMISSION**, a public body corporate and politic (the "Commission"); **SALEM VILLAGE LIMITED PARTNERSHIP**, a Washington limited partnership ("Transferor"), and **SALEM VILLAGE ONE LLC**, a Washington limited liability company (the "Transferee").

WHEREAS, the Commission and Transferor entered into a Regulatory Agreement (Extended Use Agreement) dated October 26, 1999, and recorded December 6, 1999, in the official public records of Skagit County, Washington, under Auditor's File No. 199912060130 ("Tax Credit Regulatory Agreement"), affecting that certain property described on Exhibit A attached hereto (the "Property"), wherein the Commission reserved an amount of Credit for allocation to the Property and improvements thereon in which Transferor agreed to own and operate such improvements as a "qualified low-income housing project" (the "Project") as that term is defined under Section 42 of the Internal Revenue Code of 1986, as amended (the "Code"), and comply with the terms, conditions and obligations of the Tax Credit Regulatory Agreement and the Commission's low-income housing tax credit program (the "Program"); and

WHEREAS, Transferor intends to transfer all of its rights, title and interest in the Project, including the land and improvements thereon, to the Transferee (the "Transaction").

NOW THEREFORE, the parties hereto agree as follows:

Transferor represents that it is not in default under the terms of the Tax Credit Regulatory Agreement.

1. Subject to the terms hereof, the Commission hereby consents to the Transaction. This consent is not a waiver of the Commission's right to require its consent with respect to all other or future sales or transfers of the Project.
2. Transferee hereby assumes and agrees to perform all of the obligations of Transferor under the Tax Credit Regulatory Agreement, and agrees to be bound by all of the covenants, terms and conditions thereof.

3. Transferor agrees that all of Transferor's rights under the Tax Credit Regulatory Agreement are transferred to Transferee and that Transferor has no further right to the federal low-income housing tax credit under such Tax Credit Regulatory Agreement (the "Credit") with respect to the Project.

4. Transferee expressly assumes such obligations and duties of Transferor and shall perform such terms, conditions and obligations as required by the Tax Credit Regulatory Agreement, any ancillary agreements entered into between the Commission and Transferor, the Program and Section 42 of the Code.

5. Transferee hereby acknowledges that, pursuant to Section 42(j)((6) of the Code, as amended by Section 3004(c) of the Housing and Economic Recovery Act of 2008, the statute of limitations for assessing a recapture tax will not expire until three (3) years from the date the Internal Revenue Service is notified of a reduction in qualified basis.

6. Transferee understands and acknowledges that the Commission makes no representation or warranty as to the availability of Credit to the Project, the use of Credit by Transferee or any other party, or the compliance of the Project with the Code, the Commission's Program or the terms, conditions or obligations of the Tax Credit Regulatory Agreement, and in no case shall the Commission's consent be construed as evidence of the Commission's determination that the Project is in such compliance.

7. Solely to meet the safe harbor requirements of IRS Revenue Procedure 2005-37 and as a clarification of requirements already contained in the Tax Credit Regulatory Agreement, the following language is hereby added to the Tax Credit Regulatory Agreement: During the Compliance Period and Extended Use Period, (i) no tenant of a Low-Income Housing Unit may be evicted, and (ii) the owner may not refuse to renew a rental agreement, other than for Good Cause and each rental agreement shall so provide. Further, in addition to any other rights and remedies provided hereunder, any individual who meets the income limitation for a Low-Income Unit (whether a prospective, present or former occupant of the Building) shall have the right to enforce in any State court, the requirements of this Section. Good Cause is defined to mean (a) serious or repeated violation of the material term of the lease as that phrase is applied with respect to federal public housing at 24 C.F.R. Section 966.4(l)(2) or (b) failure or refusal to vacate the premises when there is a defective condition or damage that is so substantial that it is economically infeasible to remedy the defect with the tenant in possession.

8. Transferor and Transferee acknowledge that they have been advised to consult with their own legal counsel and tax advisors in connection with this Agreement, their participation in the Program, whether this Project qualifies for Credit, whether Credit may be utilized by Transferee or any investor, and with regard to the financial feasibility and viability of any building in the Project.

9. If any term or provisions 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 or provision 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.

10. Transferee 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.

11. In the event any controversy or claim arises under this Agreement, the prevailing party shall be entitled to its reasonable costs, disbursements and attorney fees together with all expenses which it may reasonably incur, including but not limited to, costs incurred in searching records, expert witness and consultant fees, discovery depositions whether or not introduced into evidence in the trial, hearing or other proceeding and travel expenses in any arbitration, trial or other proceeding, including any proceeding brought to enforce an award or judgment, and any and all appeals taken therefrom.

12. This Agreement shall be governed by the laws of the State of Washington.

13. Transferor agrees to provide Transferee with the files, information, and data necessary to comply with the reporting requirements of the Tax Credit Regulatory Agreement.

14. This Agreement may be executed in several counterparts, and as executed shall constitute one instrument, binding on all the parties hereto, notwithstanding that all parties are not signatory to the original or the same counterpart.

15. This Agreement shall be effective on the date of its execution by a duly authorized representative of the Commission.

(Signature/acknowledgment pages follow)

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their respective, duly authorized representatives.

TRANSFEROR:

SALEM VILLAGE LIMITED PARTNERSHIP, a
Washington limited partnership

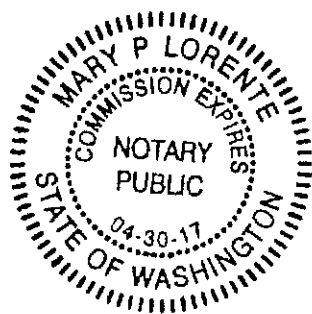
By: SALEM VILLAGE, a Washington nonprofit
corporation, its General Partner

By: *Gene Van Selus*
Name: GENE VAN SELUS
Its: _____

STATE OF WASHINGTON)

COUNTY OF Skagit)

On this 23rd day of May, 2016, before me, the undersigned, a Notary Public in and for the state of Washington, duly commissioned and sworn, personally appeared Gene Van Selus, to me personally known (or proved on the basis of satisfactory evidence) to be the Executive Director of Salem Village, a Washington nonprofit corporation, its General Partner of Salem Village Limited Partnership, a Washington limited partnership, and acknowledged said instrument to be the free and voluntary act and deed of said company on behalf of said partnership for the uses and purposes therein mentioned, and on oath stated that she was authorized to execute the said instrument.



Mary P. Lorente
NOTARY PUBLIC in and for the state of Washington
My Commission expires: 4/30/2017

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their respective, duly authorized representatives.

TRANSFEEEE:

SALEM VILLAGE ONE LLC, a Washington
limited liability company

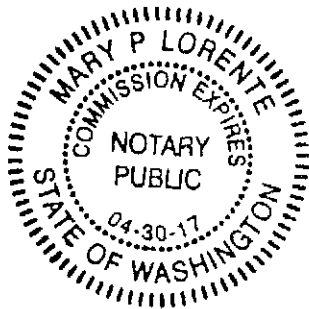
By: SALEM VILLAGE, a Washington nonprofit
corporation, its General Partner

By: *Gene Van Selus*
Name: GENE VAN SELUS
Its: _____

STATE OF WASHINGTON)

COUNTY OF Skagit)

On this 23rd day of May, 2016, before me, the undersigned, a Notary Public in and for the state of Washington, duly commissioned and sworn, personally appeared Gene Van Selus, to me personally known (or proved on the basis of satisfactory evidence) to be the Executive Director of Salem Village, a Washington nonprofit corporation, its General Partner of Salem Village Limited Partnership, a Washington limited partnership, and acknowledged said instrument to be the free and voluntary act and deed of said company on behalf of said partnership for the uses and purposes therein mentioned, and on oath stated that she was authorized to execute the said instrument.



Mary P. Lorente
NOTARY PUBLIC in and for the state of Washington
My Commission expires: 4/30/2017

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their respective, duly authorized representatives.

**WASHINGTON STATE HOUSING FINANCE
COMMISSION**, a body corporate and politic of the
State of Washington

By: Paul Edwards

Name: PAUL EDWARDS

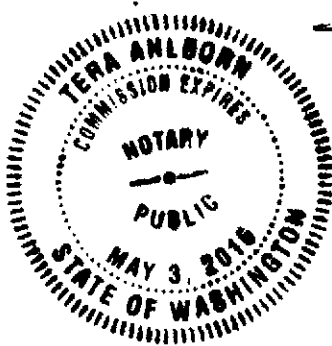
Its: DEPUTY DIRECTOR

STATE OF WASHINGTON)

COUNTY OF King)

I hereby certify that I know or have satisfactory evidence that Paul Edwards appeared before me, and acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute this instrument, and acknowledged it as the Deputy Director of the **WASHINGTON STATE HOUSING FINANCE COMMISSION**, a body corporate and politic of the State of Washington, to be the free and voluntary act of such entity for the uses and purposes mentioned in this instrument.

GIVEN under my hand and official seal on 8/17/ 2015.



Tera Ahlborn
NOTARY PUBLIC in and for the State of Washington
My commission expires: May 3, 2016

EXHIBIT A

LEGAL DESCRIPTION

The land referred to in this report/policy is situated in the State of Washington, County of Skagit, and is described as follows:

Lot 2 of Short Plat No. MV-8-94, as approved July 1, 1997 and recorded July 1, 1997, in Book 13 of Short Plats, pages 17 and 18, records of Skagit County Washington, being in a portion of Government Lot 7, Section 8, Township 34 North, Range 4 East, W.M., TOGETHER WITH that portion of Lot 3 of said Short Plat, described as follows:

Beginning at the Northwest corner of said Lot 2; thence South 0 degrees 11' 21" West, along the West line of said Lot 2, also being the East line of said Lot 3, a distance of 229.71 feet to the Southwest corner of said Lot 2; thence North 87 degrees 57' 29" West, along the North line of a 60.00-foot wide utility and access easement as shown on said Short Plat, 53.64 feet; thence North 0 degrees 11' 21" East, 64.17 feet to the beginning of a curve to the right, having a radius of 88.00 feet; thence Northeasterly along the arc of said curve to the right, through a central angle of 21 degrees 40' 05", an arc distance of 33.28 feet; thence North 21 degrees 51' 26" East, 117.03 feet to the beginning of a curve to the left, having a radius of 50.00 feet; thence Northerly along the arc of said curve to the left, through a central angle of 21 degrees 40' 05", an arc distance of 18.91 feet; thence North 0 degrees 11' 21" East, 4.11 feet to a point which lies North 87 degrees 57' 29" West from said Northwest corner of Lot 2; thence South 87 degrees 57' 29" East, 0.64 feet to the POINT OF BEGINNING.