

When Recorded Return To:

Washington State Department of Commerce
Multifamily Housing Unit
1011 Plum Street SE
Post Office Box 42525
Olympia, Washington 98504-2525

Attention: MHU Contracts Specialist - HTF

LOW INCOME HOUSING COVENANT AGREEMENT

(Site 3 - 2623 North 27th Street, Mount Vernon)

GNW 24-21383

Grantor (Borrower): Village Housing I, LLC
Grantee (Lender): Washington State Department of Commerce
Legal Description (abbreviated): Lot 12, REVISION TO PLAT OF FIRWEST ESTATES, DIVISION NO. 1
Assessor's Tax Parcel ID#: P81566/4406-000-012-0008
Contract Number: 23-94110-015

THIS LOW INCOME HOUSING COVENANT AGREEMENT (the "Covenant") is made by Village Housing I, LLC, a Washington limited liability company ("Grantor"), and is part of the consideration for the financial assistance provided by the Washington State Department of Commerce, a state agency ("Grantee"), to Village Community Services pursuant to Housing Trust Fund (HTF) Contract Number 23-94110-015 (the "Contract") for the acquisition and rehabilitation of real property legally described as follows:

Lot 12, REVISION TO PLAT OF FIRWEST ESTATES, DIVISION NO. 1, as per plat recorded in Volume 12 of Plats, pages 89 and 90, records of Skagit County, Washington.

Situate in the 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 and is construed as running with the land which shall pass to and be binding upon the Grantor, its successors and assigns, heirs, grantees, or lessees of the Property, beginning December 12, 2024 and ending December 11, 2064. 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, as follows:

1. The four (4) bedrooms in the Property will be occupied by households that at the time of initial occupancy have gross annual household incomes at or below the Area Median Income (AMI) level(s) for the County and AMI Area identified in Exhibit A, attached hereto. Rent for each HTF unit may not exceed the current HTF rent limit for the AMI of the target population(s) identified in Exhibit A, as adjusted for unit size and published annually by the Grantee. The HTF rent limit is a gross rent limit. The total of rent paid plus the allowance for tenant-paid utilities may not exceed the applicable HTF rent limit.

The individuals occupying the four (4) bedrooms must meet the eligibility requirements of the Department of Social and Health Services (DSHS) Developmental Disabilities Administration (DDA). The four (4) bedrooms shall hereinafter be referred to as ("DD units"). The Grantor shall enter into a referral agreement with DDA Region 2 (the "DDA Region(s)") that shall articulate the terms and conditions for client eligibility and referral to this Project. Furthermore, the referral agreement shall substantiate that persons accepted for residency in the DD units will have access to support services for which they qualify and as available through DSHS.

The Grantor will notify the DDA Region(s) of vacancies in the DD units as soon as the Grantor becomes aware of the vacancy. In the event that no eligible DD individuals, who also meet the other leasing guidelines of the Project, are referred by the DDA Region(s) within ninety (90) days of the notice of vacancy to the DDA Region(s), the DD units may be leased to other DD individuals.

In the event that no qualifying DD individuals can be located to fill the vacant DD units within one hundred eighty (180) days of the notice of vacancy to the DDA Region(s), the DD units may be rented to individuals not diagnosed with developmental disabilities but still meet the Area Median Income requirements as identified in Exhibit A of this Covenant. The Grantor shall document its efforts to market the units to DD individuals during the last ninety (90) days of the vacancy period. Written documentation of such efforts must be made available to the Grantee upon request.

Group Home maximum rents are based on the appropriate Section 8 Existing Housing Fair Market Rent (FMR) for the unit size. For example, a group home with four bedrooms would use the FMR for a four-bedroom unit.

Each household's rent will be its proportionate share of the total unit rent based on unit size, regardless of vacancies. Rent includes utilities, but does not include food or cost of any supportive services provided.

Live-in supportive service provider bedrooms are not counted in calculating tenants' rent. For example, if one bedroom of a four-bedroom unit is occupied by a service provider, the maximum unit rent is the FMR for a three-bedroom unit.

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 Grantee may reasonably require.

4. **DEFAULT:** If a violation of this Covenant occurs, the Grantee, or its successor agency, may, after thirty (30) days' notice and opportunity to cure the violation, 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 qualifying 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.

[SIGNATURE AND NOTARY BLOCKS FOLLOW]

EXHIBIT A**TARGET POPULATION TO BE SERVED BY PROJECT**

The following target population shall be housed on the Property from the time the Project is Placed in Service through the end of the Contract Commitment Period.

Table B-2. Area Median Income (AMI) Counties and Areas Site 3: 2623 North 27th Street, Mount Vernon	
County	AMI Area
Skagit	Mount Vernon-Anacortes, WA Metropolitan Statistical Area

Table B-3. Income Levels and Target Populations Site 3: 2623 North 27th Street, Mount Vernon					
Income Levels and Unit Counts		Populations Assisted			
% of Area Median Income	Bedrooms	Population Type	Not Homeless at Entry	Homeless at Entry	Permanent Supportive Housing
At or Below 30%	4	Developmentally Disabled	4		
<i>Common Area Unit*</i>	0				
Total =	4	Total =	4	0	0
GRAND TOTAL =	4	GRAND TOTAL =	4	0	0

* "Common Area Unit" is a unit which will not be income or rent restricted.

"Homeless person" means an individual living outside or in a building not meant for human habitation or which they have no legal right to occupy, in an emergency shelter, or in a temporary housing program which may include a transitional and supportive housing program if habitation time limits exist. This definition includes substance abusers, people with mental illness, and sex offenders who are homeless. (RCW 43.185C.010)

"Permanent supportive housing" is subsidized, leased housing with no limit on length of stay that prioritizes people who need comprehensive support services to retain tenancy and utilizes admissions practices to use lower barriers to entry than would be typical for other subsidized or unsubsidized rental housing, especially related to rental history, criminal history, and personal behaviors. Permanent supportive housing is paired with on-site or off-site voluntary services designed to support a person living with a complex and disabling behavioral health or physical health condition who was experiencing homelessness or was at imminent risk of homelessness prior to moving into housing to retain their housing and be a successful tenant in a housing arrangement, improve the resident's health status, and connect the resident of the housing with community-based health care, treatment, or employment services. Permanent supportive housing is subject to all of the rights and responsibilities defined in RCW 59.18. (RCW 36.70A.030)