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Skagit County Auditor

When Recorded Return To:

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

Attention: Homeownership Unit

LOW INCOME HOUSING COVENANT AGREEMENT

Grantor (Borrower): Skagit Habitat for Humanity
Grantee (Lender): Washington State Department of Commerce
Legal Description (abbreviated): Ptn SE SE 24-35-01 E.W.M.
(Full Legal Description on Exhibit A, page 5)
Assessor's Tax Parcel ID#: 350124-0-119-0008/P31896 & 350124-0-117-0000/P31894
Contract Number: 24-94410-013 Parkside Cottages

THIS LOW INCOME HOUSING COVENANT AGREEMENT (the "Covenant") is made by Skagit Habitat for Humanity, a Washington non-profit corporation ("Grantor"), and is part of the consideration for the financial assistance provided by the Washington State Department of Commerce, a State Agency of the State of Washington ("Grantee"), to Skagit Habitat for Humanity pursuant to Housing Trust Fund (HTF) Contract Number 24-94410-013 (the "Contract"), for the affordability subsidy of real property legally described as follows:

Legal Description attached on page 5

(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 November ____ 2025 and ending November 21, 2050. 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 eight (8) affordable single-family residences in the Property will be leased to and occupied by households that at the time of initial occupancy have gross annual household incomes up to 100 percent (100%) of the Area Median Income (AMI) level(s) for the County and AMI Area identified in Exhibit B, attached hereto. Income limits for each HTF unit may not exceed the current HTF income limit for the AMI of the target population(s) identified in Exhibit B, as adjusted for unit size and published annually by the Grantee. The HTF income limit is a gross income limit. The mortgage paid plus the allowance for owner-paid utilities may not exceed the affordable payment limit as set by HTF guidelines for an income-eligible owner or subsequent buyer of the Property.

2. The Grantor will ensure that if the Property is leased between November ____ 2025 and November 21 2050, then any such sales agreement will include income and resale price restrictions consistent with this Covenant. Should the Grantor sell the property to another organization that removes any of the units from the HTF Contract, the Grantor must obtain approval prior to the sale in writing from an authorized representative of Grantee. Grantor will also ensure that any such sales agreement will allow Grantee the right to enforce such income and resale price restrictions against the purchaser consistent with this Covenant and the Contract.

3. 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.

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

5. **DEFAULT:** If a violation of this Covenant occurs, the Grantee (or its successor agency) may, after thirty (30) days' notice to the Grantor, institute and prosecute any proceeding at law or equity to abate, default the Contract, 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.

6. The Grantee acknowledges and agrees that this Covenant is subordinate to any "Specified Mortgage" as outlined in any Ground Lease or Deed Restriction recorded by the Grantor. Notwithstanding the foregoing, neither the Covenant, Deed Restriction, nor the Ground Lease shall be wholly terminated because of any default or foreclosure of any Specified Mortgage. The Specified Mortgage includes any first

mortgage purchase loan and any additional down payment assistance loans on the Unit(s) identified under Section 1 above. Further, the Grantee acknowledges that, subject to any right of first refusal by the Grantor in a Ground Lease or Deed Restriction of record, upon the latter of a foreclosure or recordation of a deed in lieu of foreclosure by a Specified Mortgagee, all restrictions in this Covenant (including limits on income, sales price, ownership, use of property and ability to lease or sub lease) shall be permanently terminated and have no further force or effect on that portion of the Property subject to the Ground Lease or Deed Restriction for the Unit(s). For the avoidance of doubt, the release of the Covenant restrictions is intended to apply only to the real property underlying the subject home funded under the Specified Mortgage.

[SIGNATURE AND NOTARY BLOCKS FOLLOW]

EXHIBIT A**LEGAL DESCRIPTION****PARCEL A (P31896):**

That portion of the Southeast ¼ of the Southeast ¼ of Section 24, Township 35 North, Range 1 East, W.M., described as follows:

**Beginning at a point 393.6 feet West of the Southeast corner of said Southeast ¼ of the Southeast ¼, (or a point 98.4 feet West of the Southwest corner of a tract of land conveyed to one A.H. Moore);
thence West 49.2 feet;
thence North 296 feet;
thence East 49.2 feet;
thence South 296 feet to the place of beginning, EXCEPT the North 125 feet thereof, and ALSO EXCEPT that portion thereof conveyed to City of Anacortes, a municipal corporation by Deed dated August 4, 1964 and recorded November 8, 1965, under Auditor's File No. 674254.**

Situate in the County of Skagit, State of Washington.

PARCEL B (Portion of P31894):

That portion of the Southeast ¼ of the Southeast ¼, Section 24, Township 35 North, Range 1 East, W.M., described as follows:

**Beginning at a point which is 442.8 feet West of the Southeast corner of said Southeast ¼ of the Southeast ¼;
thence North 0°15'10" West to the center line of 28th Street in the City of Anacortes, if produced;
thence Southerly to a point on the South line of said Section, which is 8 feet Westerly of the point of beginning;
thence East along the South line of said Section to the point of beginning;
EXCEPT that portion thereof conveyed to the City of Anacortes for street purposes, by deed recorded March 9, 1959, under Auditor's File No. 577490.**

Situate in the County of Skagit, State of Washington.

PARCEL C (Portion of P31894):

That portion of the Southeast ¼ of the Southeast ¼ of Section 24, Township 35 North, Range 1 East of the Willamette Meridian, described as follows:

**Beginning at a point on the South line of said subdivision which is 492 feet West of the Southeast corner of said section;
thence East 49.2 feet;
thence North 296 feet;
thence West 49.2 feet;**

thence South 146.63 feet;
thence West 11.59 feet;
thence South 146.58 feet;
thence East 11.59 feet to the point of beginning;

EXCEPT that portion thereof conveyed to the City of Anacortes for street purposes by deed recorded March 9, 1959, under Auditor's File No, 577489 and No. 577490, records of Skagit County, Washington;

ALSO EXCEPT that portion thereof lying within the boundaries of the following described tract:

Beginning at a point which is 442.8 feet West of the Southeast corner of said section;
thence North 0°15'16" West to the center line of 28th Street in Anacortes, Washington, if produced;
thence Southerly to a point on the South line of said subdivision 8 feet Westerly of the point of beginning;
thence Easterly along said South line to the point of beginning;

Situate in the County of Skagit, State of Washington.

EXHIBIT B

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-1. Area Median Income (AMI) Counties and Areas	
County	AMI Area
Skagit	Mount Vernon-Anacortes, WA Metropolitan Statistical Area

Table B-2. Income Levels and Target Populations			
Income Levels and Unit Counts		Populations Assisted	
% of Area Median Income	Units	Population Type	Homebuyers
Up to 100%	8	Low Income Homebuyer	8
Total =	8	Total =	8