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Skagit County Auditor

After Recording Return to:
City of Mount Vernon
Development Services Department
910 Cleveland Ave.
Mount Vernon, WA 98273

Document Title: **AFFORDABLE HOUSING RESTRICTIVE COVENANT
AND AGREEMENT**

Grantor(s): LaVenture Group's The Lofts LLC

Grantee: City of Mount Vernon, a Municipal Corporation

Abbreviated Legal Description: PTE SE ¼ of the SE ¼ Sec 20, Twp 34N, Rge 04E W.M.

Full Legal Description: Full legal description of subject property is contained in Exhibit
"A"

Assessor's Tax Parcel No: P26686

**AFFORDABLE HOUSING RESTRICTIVE
COVENANT AND AGREEMENT**

THIS AFFORDABLE HOUSING RESTRICTIVE COVENANT AND AGREEMENT (“Covenant and Agreement”) is entered into as of the 26th day of January, 2026, by and between **LAVENTURE GROUP’S THE LOFTS LLC**, a Limited Liability Company the “Housing Owner”, and **THE CITY OF MOUNT VERNON**, a political subdivision of the State of Washington (the “City”). The City and Housing Owner are individually referred to as “Party” and collectively referred to as the “Parties”.

I. RECITALS

WHEREAS, Chapter 17.73 of the Mount Vernon Municipal Code (MVMC) adopted herein by this reference permits additional dwelling units and allows deviations to a variety of development regulations in exchange for the creation of Affordable Housing Units as defined in MVMC 17.73.010 to low income households; and

WHEREAS, this Covenant and Agreement applies to certain real property identified as Skagit County Assessor Parcel Number(s): **P26686**, addressed as: **1011 South LaVenture Road**, located in the City of Mount Vernon, Skagit County, WA, which is fully described in the legal description in **Exhibit A** attached and incorporated herein by this reference (“Subject Property”); and

WHEREAS, the Housing Owner proposed to develop the Subject Property with 66 multi-family residential units and/or permitted under the Development Services Department Project number **PLAN21-0462** and **BLDG23-0102** (the “Project,” which term shall include any modified development of the Property under the identified permit number); and

WHEREAS, as a condition of the Project, the City has required the Housing Owner to construct **11** Affordable Housing Units, which are more particularly described in **Exhibit B** attached and incorporated herein by this reference (“Restricted Units”); and

WHEREAS, it is the intent of the Parties that the Restricted Units be rented in accordance with this Covenant and Agreement and any affordable housing program adopted and implemented by the City now or hereafter to ensure the affordability of the Restricted Units whether rented or owned by requiring these units to be Affordable Housing Units for the term of this Covenant and Agreement; and

NOW THEREFORE, in consideration of foregoing and the mutual promises herein, the Housing Owner agrees as follows for the benefit of the City, and hereby grants and conveys to the City and imposes on the Property the covenants and restrictions set forth below.

II. RETITALS

The Recitals set forth above are incorporated within the Covenant and Agreement as if set forth fully herein.

III. DEFINITIONS

Definitions. The following terms shall have the respective meanings set forth below for the purposes of this Covenant and Agreement:

- A. "Area Median Income" or "AMI" means an income estimate developed with U.S. Census data and an inflation factor based on the Congressional Budget Office (CBO) forecast of the national Consumer Price Index (CPI). The U.S. Department of Housing and Urban Development (HUD) calculates and releases this data on a yearly basis.
- B. "Director" means the Director of the City's Development Services Department or his or her designee.
- C. "Designee" means an agency as may be designated by the City in writing to the Housing Owner.
- D. "Eligible Renter" means a Low-Income Household that receives a Certificate of Eligibility certifying that the potential renter complies with the conditions of this Covenant and Agreement.
- E. "Family" means Family as defined in 24 CFR Section 5.403 or successor provision. Family includes an individual person.
- F. "Housing Owner" means the above identified entity holding title to the Subject Property at the time of Covenant and Agreement execution and all successors in interest.
- G. "Intent to Reside Statement" means a statement in the Application for Eligibility stating that the potential renter intends to occupy the Restricted Unit in compliance with the Owner occupancy requirement upon becoming the Renter of the Restricted Unit.
- H. "Life of the Project" means so long as either the Restricted Units and/or the bonus density units of the Project are used as dwelling units unlimited with respect to time.
- I. "Low Income Household" means a household whose annual income does not exceed eighty percent (80%) of the Mount Vernon-Anacortes Metropolitan Statistical Area (MSA) median household income, adjusted for household size, as determined by HUD, with no more than thirty percent (30%) of the monthly household income being paid for monthly housing expenses (rent and utility allowance).
- J. "Low-Income Housing" means housing rented and occupied by a Low Income Household.
- K. "Maximum Rental Price" means the rental price for a dwelling unit that is not in excess of the maximum monthly rental price calculated as being no more than 30 percent of the monthly household income paid for monthly housing expenses (rent and Utilities or an applicable Utility Allowance for tenant-paid utilities, parking for the minimum required stalls required per unit under MVMC Chapter 17.84, and any expenses required by the Owner as a condition of tenancy (including but not limited to renter's insurance, pest control, sewer system capacity charges)) for households whose annual median income does not exceed eighty percent of the AMI. **Appendix C** contains worksheets outlining how the maximum rental price shall be established for Restricted Units.
- L. "Median Income" means annual median Family income for the Mount Vernon-Anacortes, WA MSA, as published by HUD, with adjustment to be made according to a household size in a manner determined by the Director, which adjustments shall be based upon a method used by HUD to adjust income limits for subsidized housing, and which adjustments for purposes of determining affordability of rents shall be based on the average size of household considered to correspond to the size of the housing unit.

- M. "Principal Place of Residence" means the place where a person or persons reside on a full-time basis for a minimum of ten (10) months out of each twelve (12) month period.
- N. "Project" means the building, structures and other improvements to be constructed on the Property, and all equipment, fixtures and other property owned by the Owner and located on, or used in connection with, such buildings, structures and other improvements and all functionally related and subordinate facilities.
- O. "Rent" shall include all amounts paid directly or indirectly for the use or occupancy of a Designated Unit and of common areas of the Housing Development and shall include a Utility Allowance.
- P. "Restricted Units" means the dwelling units authorized by the City of Mount Vernon pursuant to Chapter 17.73 of the Mount Vernon Municipal Code and this Covenant and Agreement required to be affordable housing for the life of the Project where eligible, low income, households live in, as designated in Exhibit B, as may be amended under Section V of this Agreement. Units so designated shall have substantially the same equipment and amenities as other dwelling units in the Project with the comparable number of rooms. The Restricted Unit(s) shall be intermingled with all other dwelling units and shall have a unit mix comparable to the overall mix of units in the Project.
- Q. "Unit" means a dwelling unit in the Project.
- R. "Utility Allowance" means an allowance approved by the City for basic utilities such as water, sewer, electricity, gas, and solid waste and recycling services payable by the renter, which unless otherwise approved in writing by the City, shall be equal to the utility allowance published from time to time by the Skagit County Housing Authority for the type of Unit, or, if the City determines that no reasonably comparable figures are available from the Skagit County Housing Authority, the utility allowance shall be such an amount as the City determines is an adequate allowance for basic utilities, to the extent that such items are not paid by the Housing Owner. The Utility Allowance shall not include telephone, internet/wireless, or cable TV services.

IV. TERM AND TRANSFERS

- A. Term of Covenant and Agreement. This Covenant and Agreement is binding upon and enforceable against the Housing Owner for the Life of the Project, for the benefit of and enforceable by the City. If the Project, as a whole, is destroyed or demolished, and the Housing Owner rebuilds not under the codes the Project was permitted under, but the City Codes then in effect, absent further amendment, this Covenant and Agreement will terminate.
- B. Covenant and Agreement to Run with the Restricted Units. Each Restricted Unit is held (and shall be held), transferred, and occupied subject to the covenants, conditions, restrictions and limitations in this Covenant and Agreement. This Covenant and Agreement is intended to constitute an equitable servitude, covenant, and binding agreement running with the Subject Property.
- C. Housing Owner hereby grants to the City, and subjects the Subject Property to, the conditions, covenants, and restrictions set forth herein, which are covenants running with the land, binding on Housing Owner and its successors and assigns, benefiting the City.

- D. Housing Owner hereby declares its express intent that this Covenant and Agreement shall pass to and be binding upon the Housing Owner's successors in title including any purchaser, grantee, owner or lessee of any portion of the Subject Property (other than residential renters of individual units) and of any purchaser, grantee, owner or lessee of any portion of the Property and any other person or entity having any right, title or interest therein.
- E. Housing Owner agrees not to transfer the Subject Property or any portion thereof or interest therein (other than residential tenancies in the Project consistent with this Agreement) to any successor unless the successor agrees in writing to be bound by the provisions of this Covenant and Agreement and Housing Owner provides the Director with a copy of such agreement prior to the transfer.
- F. Conversion to Condominium. The Project shall not be converted to a condominium, owner-occupied, or non-rental residential use, unless permission is granted by the City. The Housing Owner must provide a plan for preserving the Restricted Units ensuring the affordability of the Restricted Units is reserved for owner-occupied occupancy by eligible households. The Housing Owner must receive authorization from the City prior to conversion to a condominium, owner-occupied, or non-rental residential use. The City may require a new Covenant and Agreement to be recorded to ensure the affordability of the Restricted Units. This section does not waive the Housing Owner's obligations to comply with any other law or regulations pertaining to conversion to ownership use.
- G. Transfers of membership interests or changes of members in an entity whose members do not have an interest in specific property of the entity, pursuant to RCW 25.15.245 or other applicable laws, are not considered to be transfers of an interest in the Property or Project for purposes of this Agreement.

V. OWNER OBLIGATIONS, AUTHORIZATIONS & RENTAL REQUIREMENTS

- A. Form of Certification. Notwithstanding anything in this Section to the contrary, the Owner shall submit all documentation required by this Section on the forms designated herein, which may be modified by the City or its Designee from time to time. Changes to forms by the City or its Designee shall not materially alter the Owner's obligations hereunder.
- B. Income Requirements. All Restricted Units identified in **Exhibit B** shall be used as housing solely for Low-Income Households, based on the Household Annual Income.
- C. For the purpose of this Agreement, Household Annual Income means the aggregate annual income of all persons over eighteen (18) years of age residing within the same household for a period of at least four months. Income consists of those items listed in **Exhibit D**, Certificate of Household Eligibility (e.g. wages, interest income, etc.) attached and incorporated herein by this reference.
- D. Maximum Monthly Rent. The maximum monthly Rent for each of the Restricted Units shall be no more than the amount calculated pursuant to **Exhibit C** of this Covenant and Agreement. Rent shall be adjusted no more than once every twelve (12) months, and in no event within the first twelve months of occupancy for any renter.
- E. Equal Access to Common Facilities. Tenants in the Restricted Units shall have equal access to enjoyment of all common facilities of the Project.

- F. **Maintenance.** The Restricted Units and the structure in which they are located shall be maintained in decent and habitable condition, including the provision of adequate basic appliances, for the duration of this Agreement.
- G. **Initial and Annual Income Certifications.** Housing Owner shall obtain from each new tenant in a Restricted Unit a certification of Family size and income in form that shall be substantially in the form set forth in **Exhibit D**. Housing Owner shall also so examine the income and Family size of any tenant Family at any time when the Housing Owner receives notice that the tenant's certification of Family size and/or income was not complete or accurate. Housing Owner shall obtain such certifications and/or examine incomes and Family sizes no less frequently than annually.
- H. **Records Retention.** Housing Owner shall maintain all certifications and documentation obtained under this subsection on file for at least five (5) years after such certifications and documentation are obtained, and Housing Owner shall make the certifications and documentation available to the City for inspection and copying promptly upon request. The Owner's failure to maintain such records or failure to allow examination by the City or any duly authorized representative shall constitute a default hereunder.
- I. **Reporting.** After the Project is completed and until 90% of the Restricted Units are occupied, the Owner shall, on a quarterly basis, file with the City or its "Designee" an Annual Project Certification, in substantially the form of **Exhibit E** attached and incorporated herein by this reference. Thereafter and for so long as this Agreement remains in effect, the Housing Owner shall submit to the City or the City's "Designee", by January 31 of the following year, or at other such times as may be authorized by the Director, a written report in form that shall be substantially in the form set forth in **Exhibit E** stating the monthly Rents charged for each Restricted Unit during the prior calendar year and the income and Family size of each Designated Unit, as of their respective beginning of occupancy. The Director may require documentation of Rents, copies of tenant certifications, and documentation supporting determinations of tenant income (e.g., employer's verification or check stubs).
- J. **Subleases/Assignments.** Tenants renting Designated Units shall not be permitted to sublease or otherwise assign their Designated Units.
- K. **Lease Agreement and Information to Tenants.** Housing Owner shall prepare a lease or rental agreement (hereafter known as the "Lease") for all tenants who occupy Restricted Units in accordance with the requirements contained in this Covenant and Agreement. The Lease shall: (1) specify the maximum monthly Rent that may be charged for the Restricted Unit; (2) state that information regarding the housing bonus program may be obtained from the City; and (3) in all other respects comply with the requirements contained in this Covenant and Agreement. To the extent that other agreements or restrictions on the Subject Property or Project require Rents lower than those permitted hereunder, the Lease shall state the maximum monthly Rent under those agreements or restrictions in lieu of the maximum monthly Rents allowed by this Agreement.
- L. **Insurance; Loss or Damage to Designated Units; Condemnation.** Housing Owner shall keep the Project insured by an insurance company licensed to do business in the state of Washington and reasonably acceptable to the City, against loss by fire and other hazards included with "broad form coverage," in the amount of one hundred percent (100%) of the replacement value of the Project for the entire term of this Agreement, unless otherwise agreed to in writing by the City and Housing Owner. Housing Owner shall provide to the City evidence satisfactory to the City of compliance with this insurance requirement promptly upon request of the City. If any Designated Unit is destroyed or rendered unfit for occupancy by casualty or otherwise and is not replaced or

restored within 30 days thereafter, the Housing Owner shall substitute another unit in the Project of at least equal size and number of bedrooms for that Restricted Unit, as soon as such a unit becomes vacant unless the City approves an extension of time upon the Housing Owner's timely, written submission of a request for an extension to the City explaining why use of the available apartment cannot be used for low income housing. If the Project is substantially destroyed, any new development on the Property shall include new Restricted Units satisfying the terms of this Agreement, and Housing Owner shall designate by notice to the City new Restricted Units, at least equal in number, size and numbers of bedrooms as the original Restricted Units, no later than the date a certificate of occupancy is issued for the new units. Should the Project be entirely demolished, and the site rebuilt under the codes then in effect, see III(A) addressing Covenant and Agreement term.

- M. Segregation of Ownership. Housing Owner, its successors or assigns, may segregate ownership of any portion of the Project in any manner permitted by law, provided that such segregation does not restrict Housing Owner's ability to comply with this Covenant and Agreement.
- N. Other Agreements. If a lower Rent or income eligibility limit, or both, than that permitted within this Agreement, is required by any other agreement applicable to any of the Restricted Units, then that lower Rent requirement of income eligibility limit, or both as applicable, shall apply to the Restricted Units.
- O. Monitoring Fees. Housing Owner shall pay to the City an annual monitoring fee, due on January 1st of each year, intended to cover the cost of City staff time to receive, review, document, and record compliance of each Restricted Unit with the terms of this Covenant and Agreement.
- i. The City estimates the cost to complete the described monitoring tasks will be \$93.26 for each Restricted Unit in 2025.
 - ii. Every year the cost to complete the monitoring tasks outlined above in subsection (i) will be increased to account for inflation using the Consumer Price Index (CPI) published by the Bureau of Labor Statistics that is part of the United States Department of Labor.
 - iii. Should the City staff time needed to complete the required yearly monitoring tasks be less than the estimated year cost per Restricted Unit the City will assess a reduced fee that covers only the required City staff time.
- O. Inspection of the Restricted Units, Access License. Housing Owner hereby grants to the City or the City's "Designee" a license, subject to existing laws, rules, regulations, matters of record, and the rights of residential tenants in occupancy, to enter the Project during normal business hours (upon not less than seventy-two (72) hours' prior notice to Housing Owner) in order to inspect the Project and to inspect such records as are necessary to determine compliance with this Agreement, and to exercise any other rights or remedies that the City may have hereunder.

VI. AMENDMENTS

- A. This Covenant shall be amended only by a written instrument executed by the parties hereto or their respective successors in title, and duly recorded in the real property records of Skagit County, Washington.

- B. The Housing Owner, from time to time, may propose to change the particular units designated as Restricted Units, provided that at all times Restricted Units shall have substantially the same quality, equipment and amenities as other dwelling units in the Project with the comparable number of rooms. The Restricted Unit(s) shall be intermingled with all other dwelling units and shall have a unit mix comparable to the overall mix of units in the Project. The City or its Designee shall approve or deny the proposed amendment to the Restricted Units based upon the criteria set forth in this Section and Mount Vernon Municipal Code 17.73.020 in effect as of the date of this Covenant.
- C. The Housing Owner shall notify the City or its Designee of the proposed change in writing for the City's or its Designee's approval. The City or its Designee will review the proposed changes and shall approve or deny the proposed changes based upon the criteria set forth in this Section. Amendments to **Exhibit B** shall be considered to be approved in writing when the revised **Exhibit B** is signed by the Owner and the City or its Designee without the need for a further written document attaching the revised exhibit and striking prior versions of the exhibit. In the event of conflict between versions of **Exhibits B**, the version maintained by the City or its Designee as the then-current version, signed by Owner and City or its Designee, shall prevail.

VII. ENFORCEMENT, DEFAULT AND REMEDIES

- A. Enforcement Provisions. The Housing Owner shall exercise reasonable diligence to comply with the requirements of this Covenant and Agreement and shall correct any such noncompliance within sixty (60) days after such noncompliance is first discovered by the Housing Owner or would have been discovered by the exercise of reasonable diligence, or within 60 days after the Housing Owner receives notice of such noncompliance from the City or its Designee; provided however, that such period for correction may be extended by the City if the Housing Owner is exercising due diligence to correct the noncompliance. If such noncompliance remains uncured after such period, then the Housing Owner shall be in default and the City may take any one or more of the following steps:
- a. By any suit, action or proceeding at law or in equity, require the Housing Owner to perform its obligations under this Covenant and Agreement, or enjoin any acts or things which may be unlawful or in violation of the rights of the City hereunder; it being recognized that the beneficiaries of the Housing Owner's obligations hereunder cannot be adequately compensated by monetary damages in the event of the Housing Owner's default;
 - b. Have access to, and inspect, examine and make copies of, all of the books and records of the Housing Owner pertaining to the Project. Provided, however, the City or its Designee shall not divulge such information to any third party unless required by law or unless the same is necessary to enforce the City's rights hereunder; and
 - c. Take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants, conditions and agreements of the Housing Owner under this Covenant.
 - d. The Housing Owner hereby grants to the City or the Designee the option, upon Housing Owner's default under this Covenant, to lease up to **11 of the units** in the Project as mutually selected by the City or its Designee and the Housing Owner for the purpose of subleasing such units to Low Income Households, but only to the extent necessary to comply with the provisions of this Covenant and Agreement. The City or its Designee may lease from the Housing Owner the units at the Maximum Rental Price less a reasonable management fee to reimburse the City or its Designee for any expenses incurred in connection with such sublease. The City or its Designee may terminate its lease of the units in the Project upon determination that the Housing Owner is no longer in default pursuant to this Covenant and Agreement.

- B. **Providing False or Misleading Information.** The Housing Owner shall be held liable for the accuracy of all information and documentation provided in and/or in connection with the Application for Eligibility and any audits. If it is determined that false or misleading information was supplied to City, the Rental of the Restricted Unit shall be wholly null and void and City may pursue any or all remedies available to it as set forth in this Section.
- C. **Excess Rents.** If Rent for any Restricted Unit is charged in excess of the limits in this Agreement, the Housing Owner agrees to make refund of those Rents charged in excess, with interest at twelve (12) percent per annum, to those tenants overcharged. Such refund shall be made promptly upon receiving notice of the overcharge from the City.
- D. **Remedies.** If Housing Owner is found to be in default of this Agreement, the City's remedies shall include, without limitation, specific performance, preliminary and permanent injunctive relief, appointment of a receiver on an interim and/or permanent basis, monetary damages, restitution, and recovery of all costs and attorneys' fees incurred by the City in enforcing this Agreement, including the reasonable value of services provided by attorneys who are City employees and including the reasonable value of any other services provided by City employees. If required by law to enforce this provision, Housing Owner shall be entitled to reasonable attorney's fees and costs incurred to enforce the provisions of this Covenant and Agreement in the event the Housing Owner is the prevailing party.
- E. **No Waiver.** No waiver of any breach or violation of this Agreement shall be binding unless made in writing by the City and no waiver or delay in enforcing the provisions of this Agreement as to any breach or violation shall impair, damage, or waive the right of the City to obtain relief or recover for the continuation or repetition of such breach or violation or any similar breach or violation of the Agreement at any later time.
- F. Nothing herein limits the authority of the City to take enforcement action under the Code.

VII. OTHER TERMS, CONDITIONS AND REQUIREMENTS

- A. **Priority.** Housing Owner represents and warrants that there are no monetary liens on the Property or Project with priority over this Agreement.
- B. **Representations and Warranties, and No Conflict with other Documents.** Housing Owner represents and warrants that it has the full power and authority to enter into and perform this Agreement, that this Agreement represents the valid, binding obligation of Housing Owner and is enforceable in accordance with its terms, and that Housing Owner has not executed and will not execute any other agreement with provisions contradictory to, or in opposition to the provisions of this Agreement.
- C. **Attorneys' Fees.** If legal action is commenced involving enforcement of this Agreement against the Housing Owner reasonable attorneys' fees and costs shall be awarded to the substantially prevailing party.
- D. **Choice of Law, Jurisdiction, and Venue.** This Agreement shall be construed and enforced in accordance with and governed by the laws of the state of Washington. Housing Owner and the City consent to the jurisdiction of the courts of the state of Washington and agree that venue of any action arising hereunder shall be exclusively in Skagit County, Washington.

- E. No Discrimination. The Housing Owner shall not discriminate on the basis of race, creed, religion, color, sex, sexual orientation, age, national origin, marital status, or presence of any mental or physical handicap as set forth in RCW 49.60.030, as now existing and as may be amended, in the lease, use, or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project.
- F. Captions. The section and subsection captions used in this Agreement are for convenience only and shall not control or affect the meaning or construction of any of the provisions in this Agreement.
- G. Genders. The use of any gender herein shall be deemed to include the other gender, and the use of the singular in this Agreement shall be deemed to include the plural and vice versa, wherever appropriate.
- H. Counterparts, Effectiveness, Recordation, Amendments. This Agreement may be executed in two or more counterparts, each of which shall constitute an original. This Agreement shall be effective upon recording. The provisions hereof shall not be amended, revised or terminated, other than pursuant to the express terms hereof, except by an instrument in writing duly executed by the Director and Housing Owner or their successors and assigns, and duly recorded.
- I. Severability. The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining portions thereof.
- J. Hold Harmless. The Housing Owner shall defend, indemnify, and hold the City, its officers, officials, employees, volunteers and its Designee and any other party authorized hereunder to enforce the terms of this Covenant, harmless from any and all claims, injuries, damages, losses, or suits, including attorney fees, arising out of or resulting from this Covenant.
- K. Entire Agreement. This Agreement, including any exhibits, attachments and references to documents herein, contains the entire agreement and understanding between Housing Owner and the City with respect to the subject matter of this Agreement.
- L. Delivery of Notice. Any notice or other document required or permitted by this Agreement to be delivered to a party shall be deemed delivered on the day personally delivered, or shall be deemed delivered three (3) days after mailing. If the delivery day after mailing falls on a Saturday, Sunday, or City of Mount Vernon holiday, or if personal delivery is made after normal working hours, then the delivery day shall be determined to be the next day that is not a Saturday, Sunday, or City of Mount Vernon holiday.

Delivery to the City shall be made separately to both of the following:

City of Mount Vernon
Attention: City Attorney
910 Cleveland Ave
Mount Vernon, WA 98273

City of Mount Vernon
Attention: Development Services Director
910 Cleveland Ave
Mount Vernon, WA 98273

Or to such other address/department as is later specified to the City by written notice to the Housing Owner.

Delivery to Housing Owner shall be made to:

LaVenture Group's The Lofts, LLC
Attention: Mr. Scott Wammack
P.O. Box 159
Arlington, WA 98223

Or to other such address as is later specified by Housing Owner by written notice to the City.

SIGNED AND APPROVED this 9th day of January, 2026

NAME OF LLC: LaVenture Group's The Lofts LLC
LLC IS MANAGED BY
(SELECT AS APPLICABLE): Member Managed Manager Managed
STATE OF
INCORPORATION: WASHINGTON
LLC ADDRESS P.O. BOX 159, ARLINGTON, WA 98223

Signature:



Printed Name:

SCOTT WAMMACK

Title:

(Member/Manager)

MANAGING MEMBER

NOTARY ACKNOWLEDGEMENT(S) FOR A LIMITED LIABILITY COMPANY

STATE OF WASHINGTON }
COUNTY OF SKAGIT } ss.

On the 9th day of JANUARY, 2026, before me personally appeared Scott Wimmerack to me personally known, who, being by me duly sworn, did say that he or she is the member/manager of Adventure Group The Lofts LLC, a limited liability company of the state of WA, executed the foregoing Designation of Agent in behalf of said limited liability company by authority of its Articles of Organization and/or its Operating Agreement; and acknowledged said Designation of Agent to be the free act and deed of said limited liability company for the uses and purposes therein mentioned, and on oath stated that he or she was authorized to execute said instrument.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.




Summer D Stemick
Notary Public Signature
Residing at Arlington
My appointment expires 8/29/2026

Date copy mailed to registered Agent: _____
Registered Agent: Houlihan Law, P.C.
100 N 35th Street
Seattle, WA 98103-8606

CITY OF MOUNT VERNON

Mayor



Peter Donovan

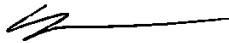
ATTEST: 
Becky Jensen, City Clerk

Development Services Director



Steve Sexton

Approved as to form:
City Attorney



Kevin Rogerson

- Exhibit A: LEGAL DESCRIPTION
- Exhibit B: PROJECT UNITS, INCLUDING DESIGNATED UNITS BY UNIT TYPE
- Exhibit C: MAXIMUM RENTAL CALCULATIONS
- Exhibit D: FORM OF CERTIFICATE OF HOUSEHOLD ELIGIBILITY
- Exhibit E: FORM OF ANNUAL PROJECT CERTIFICATION

**EXHIBIT A
LEGAL DESCRIPTION**

That portion of the Southeast Quarter of the Southeast Quarter of Section 20, Township 34 North, Range 4 East W.M., described as follows:

Beginning at a point on the North Line of the road along the South line of said subdivision, commonly known as Section Street, at a point 297 feet East of the West line of the East 30 rods of said subdivision;
Thence East along said North line to the West line of the East 30 feet of said subdivision, as conveyed to the City of Mount Vernon by Deed recorded as Auditor's File No. 869709 for LaVenture Street;
Thence North along said West line 660 feet;
Thence West to a point North of the point of beginning;
Thence South to the point of beginning.

EXCEPT the South 215 feet thereof;

Situated in Skagit County, Washington

EXHIBIT B
PROJECT UNITS, INCLUDING DESIGNATED UNITS BY UNIT TYPE

PROJECT NAME: The Lofts
PROJECT FILE #: BLDG23-0102
SITE ADDRESS: 1011 South LaVenture Road
SITE PARCEL NUMBER(S): P26686

Street Address/Building Designation	Unit No.	No. of Bedrooms	No. of Baths
1011 South LaVenture Road	202	0 - Studio	1
1011 South LaVenture Road	206	0 - Studio	1
1011 South LaVenture Road	209	0 - Studio	1
1011 South LaVenture Road	213	0 - Studio	1
1011 South LaVenture Road	222	0 - Studio	1
1011 South LaVenture Road	232	0 - Studio	1
1011 South LaVenture Road	313	0 - Studio	1
1011 South LaVenture Road	320	0 - Studio	1
1011 South LaVenture Road	322	0 - Studio	1
1011 South LaVenture Road	325	0 - Studio 1	1
1011 South LaVenture Road	330	0 - Studio 1	1

**EXHIBIT C
MAXIMUM RENTAL CALCULATIONS**

The formula for calculating Income-Based Rent is set by the U.S. Department of Housing and Urban Development (“HUD”), and is equal to 30% of the household’s “adjusted monthly income” less a utility allowance that is described in detail in this Exhibit. The City follows the rules, regulations, and procedures that HUD has adopted to calculate maximum rental calculations that are currently found in Chapter 5 of the HUD Handbook 4350.3: Occupancy Requirements of Subsidized Multifamily Housing Programs.

At such time the above-referenced HUD Handbook is updated or changed the City shall use the updated and/or changed version. Additionally, the Development Services Director has the authority to promulgate rules and procedures to calculate maximum rents consistent with HUD’s rules, regulations, and procedures.

STEP 1: DETERMINE INCOME ELIGIBILITY.

- A. Calculate Annual Income. The total income of the household (Annual Gross Income) is from all sources anticipated to be received in the 12-month period following the effective date of the income certification. This means income must be annualized, i.e. payment amounts multiplied by the number of payment period per year for all income sources.
- B. Determine Allowed Deductions and Exclusions from the Annual Income. Deductions and exclusions from annual income need to be made as per HUD regulations 24 CFR 5.611(a) as it is currently written and as it may be amended in the future.
- C. Calculate the Adjusted Income (Annual Income less Allowable Deductions = Adjusted Income). The adjusted income is required to be 80% or less of the Mount Vernon-Anacortes MSA median household income, adjusted for household size, as determined by HUD, to be able to rent the restricted dwelling units identified in this Covenant and Agreement.

Following is the Income Limits Information from FY 2025 that is obtained from HUD. This same data is required to be generated using the fiscal year within which the initial eligibility is determined and must be updated for the required yearly income verifications.

INCOME LIMITS	
Family Size	Income Limits to be Eligible to Live in Affordable Housing Units
1	\$61,250
2	\$70,000
3	\$78,750
4	\$87,500
5	\$94,500
6	\$101,500
7	\$108,500
8	\$115,500

STEP 2: CALCULATE THE YEARLY RENT AND UTILITY PAYMENTS REQUIRED

- A. Take the Adjusted Income calculated in Step 1 (above) and multiply it by 30%.
- B. Calculate the monthly utility allowance and multiply it by 12 for a yearly utility allowance. The monthly utility allowance can be determine in one of two ways:
 - a. If the Skagit County Housing Authority has an accurate utility allowance it can used.
 - b. Alternatively, the City can create estimates of the typical cost of utilities and services paid by energy-conservative households that occupy housing of similar size and utility responsibility in Mount Vernon. These estimates are not intended to be based on an individual families actual energy consumption and do not include non-essential utility costs such as telephone or cable.
- C. Subtract the yearly utility allowance from the Adjusted Yearly Income calculated under Step 2(A).

STEP 3: DETERMINE THE MONTHLY HOUSING PAYMENT

- A. Take the Yearly Rent Minus the Yearly Utility Payments calculated under Step 2(C) and divide this number by 12 to calculate the maximum monthly housing payment.
- B. Should the monthly housing payment be more than the market rate monthly housing payment the monthly housing payment shall be reduced to be equal to the market rate monthly housing payment.

STEP 4: VERIFICATION

- A. All information provided by Applicants and Tenants related to their eligibility is required to be verified.

EXHIBIT D
FORM OF CERTIFICATE OF HOUSEHOLD ELIGIBILITY
CERTIFICATION OF HOUSEHOLD ELIGIBILITY

I, _____, and I, _____, as applicants for rental of the following Affordable unit, do hereby represent and warrant that my/our adjusted annual income is \$ _____

Project: _____ Project Address: _____

Unit # _____ No. of Bedrooms: _____ Household size *: _____ Disabled: Yes / No

Household Members:

_____, Age _____, _____, Age _____
_____, Age _____, _____, Age _____
_____, Age _____, _____, Age _____

The attached computation is \$ _____, and includes all income I/we received for the date I/we execute a rental agreement for an affordable unit, or the date on which I/we will initially occupy such unit, whichever is earlier.

This affidavit is made with the knowledge that it will be relied upon by the City to determine maximum income for eligibility. I/We warrant that all information set forth in this Certification of Household Eligibility is true, correct and complete based upon information I/We deem reliable, and that the estimate contained in the preceding paragraph is reasonable and based upon such investigation as the undersigned deemed necessary. I/we will assist the Owner in obtaining any information or documents required to verify the statements made in this Certification.

I/We acknowledge that I/we have been advised that the making of any misrepresentation or misstatement in this affidavit will constitute a material breach of my/our agreement with the Owner to lease the unit and will entitle the Owner to prevent or terminate my/our occupancy of this unit by institution of an action for eviction or other appropriate proceedings.

I/We do hereby swear under penalty of perjury that the foregoing statements are true and correct.

Applicant _____ Applicant _____

Date: _____ Date: _____

Mailing Address _____ Phone _____

INCOME COMPUTATION

"Household income" includes all items listed below, from all household members over the age of 18. Income of dependents over 18, who reside in the unit for less than four (4) months of the year will not be counted toward household income.

For the previous 12-month period, indicate income received from the following sources:

- a) The full amount, before any payroll deductions, of wages, salaries, overtime pay, commissions, fees, tips, bonuses and other compensation for personal services, and payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay and any earned income tax credit to the extent that it exceeds tax liability; a) _____

- b) Net income from operations of a business or profession or net income of any kind from real or personal property; b) _____

- c) Interest and dividends; c) _____

- d) The full amount of periodic payments received from Social Security, pensions, retirement funds, annuities, insurance policies, disability or death benefits, alimony, child support, or any similar type of periodical payments, and any regular contributions or gifts from persons not residing in the unit; d) _____

- e) Public assistance payments; e) _____

- f) Regular and special allowances and pay of a member of the Armed Forces who is a spouse or head of the family. f) _____

- TOTAL \$ _____

(NOTE: The following are not considered income: occasional, infrequent gifts of money; one-time payments from insurance policies or an inheritance settlement; scholarships or student loans for tuition, fees or books; foster child care payments; the value of Food Stamp coupons; hazardous duty pay to a member of the Armed Forces; relocation payments; assistance received under the Low Income Home Energy Assistance Program or any similar program).

EXHIBIT E
FORM OF ANNUAL PROJECT CERTIFICATION

ANNUAL PROJECT CERTIFICATION

Project: _____

Address: _____

The undersigned hereby certifies that during the annual Reporting Period ending _____, _____ units or _____ percent of the residences in the Project were utilized as Affordable housing, as required in the Declaration of Affordable Housing Covenants, in the following manner:

- a) _____ units or _____ percent of units in the Project were rented to Tenants who did not exceed the applicable income limits of _____% or _____% of area median income;
- b) _____ units or _____ percent of units in the Project were rented to Tenants who exceeded _____% or _____% of area median income but were below _____% or _____% of area median income;
- c) _____ units or _____ percent of units in the Project were rented to Tenants who now exceed _____% or _____% of area median income, and therefore can no longer be considered eligible for Affordable units;
- d) _____ units or _____ percent of units in the Project are being held vacant for eligible Tenants.

The above information and that on the attached sheet(s) has been verified as required by the Declaration of Affordable Housing Covenants between the City of Mount Vernon and Owner Organization Name: _____

Name of Owner

Signature of Owner

Date: _____, 20____

