RESOLUTION R-5394

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO ENTER INTO A CONTRACT WITH KIRKLAND MEMORY CARE, LLC, REGARDING A POTENTIAL MULTIFAMILY HOUSING PROPERTY TAX EXEMPTION AND APPROVING THE ISSUANCE OF A CONDITIONAL CERTIFICATE OF TAX EXEMPTION.

WHEREAS, Kirkland Memory Care, LLC, has applied for a limited property tax exemption as provided for in Chapter 84.14 RCW and Chapter 5.88 KMC for multifamily residential rental housing ("Multifamily Housing") in the Totem Lake and North Rose Hill Residential Targeted Area, and the Director of Planning and Building has approved the application; and

WHEREAS, Kirkland Memory Care, LLC has submitted to the City preliminarily site plans and floor plans for 60 units of new Assisted Living Multifamily Housing to be constructed on property situated at 12217 NE 128th Street, Kirkland, Washington; and

WHEREAS, the Director has determined the assisted living multifamily housing will, if completed, occupied, and owned as proposed, satisfy the requirements for a Final Certificate of Tax Exemption.

NOW, THEREFORE, be it resolved by the City Council of the City of Kirkland as follows:

Section 1. The City Manager or his designee is authorized and directed to execute on behalf of the City of Kirkland, an agreement substantially similar to that attached as Exhibit "A", which is entitled "Multifamily Housing Limited Property Tax Exemption Contract" and issue a Conditional Certificate of Acceptance of Tax Exemption.

Passed by majority vote of the Kirkland City Council in open meeting this 15^{th} day of October, 2019.

Signed in authentication thereof this 15th day of October, 2019.

Penny Sweet, Mayor

Attest:

Kathi Anderson, City Clerk

MULTIFAMILY HOUSING LIMITED PROPERTY TAX EXEMPTION CONTRACT JEFFERSON HOUSE

THIS CONTRACT, entered into this day of,, between the City Kirkland, a State of Washington municipal corporation ("City") and Kirkland Memory Care, LLC Delaware limited liability company ("Applicant"), and incorporated attachments and exhibit contains all terms and conditions agreed to by the City and the Applicant to undertake activities described herein.	C, a oits,
RECITALS	
1. Applicant has applied for a limited property tax exemption as provided for in Chapter 84 of the Revised Code of Washington (RCW) and Chapter 5.88 of the Kirkland Municipal Code (Kirkland) for multifamily residential rental housing ("Multifamily Housing") in the Totem Lake/North R Hill Residential Target Area, and the City's Director of Planning and Building ("Director") approved the application; and 2. Applicant has submitted to the City preliminary site plans and floor plans for residential transfer of the city preliminary site plans and floor plans for residential transfer of the city preliminary site plans and floor plans for residential transfer of the city preliminary site plans and floor plans for residential transfer of the city preliminary site plans and floor plans for residential transfer of the city preliminary site plans and floor plans for residential transfer of the city preliminary site plans and floor plans for residential transfer of the city preliminary site plans and floor plans for residential transfer of the city preliminary site plans and floor plans for residential transfer of the city preliminary site plans and floor plans for residential transfer of the city preliminary site plans and floor plans for residential transfer of the city preliminary site plans and floor plans for residential transfer of the city preliminary site plans and floor plans for residential transfer of the city preliminary site plans and floor plans for residential transfer of the city preliminary site plans and floor plans for residential transfer of the city preliminary site plans and floor plans for residential transfer of the city preliminary site plans and floor plans for residential transfer of the city preliminary site plans and floor plans for residential transfer of the city preliminary site plans and floor plans for residential transfer of the city preliminary site plans and floor plans for residential transfer of the city preliminary site plans and floor plans for residential transfer of the city preli	MC) tose has

3. Applicant is the owner of the Property; and

incorporated by reference herein; and

4. No existing rental housing building that contained four (4) or more occupied dwelling units was demolished on the Property within eighteen (18) months prior to Applicant's submission of its application for limited property tax exemption; and

Multifamily Housing comprising eighty (80) beds in sixty (60) assisted living units ("Project"), to be constructed on property situated at 12217 NE 128th Street in Kirkland, Washington ("Property"), and as more particularly described in **Exhibit A** which is attached hereto, and

- 5. The City has determined that the Multifamily Housing will, if completed, occupied, and owned as proposed, satisfy the requirements for a Final Certificate of Tax Exemption ("Final Certificate").
- 6. This Contract is entered into pursuant to City Council action taken on _____

NOW, THEREFORE, in consideration of the mutual promises herein, City and Applicant do mutually agree as follows:

1. Definitions.

- a. Words and terms capitalized in this Contract, unless explicitly defined in this Contract, shall have the meanings ascribed them by Chapter 5.88 KMC as of the date this Contract was executed or as they are hereafter amended.
- b. <u>"Eligible Household</u>." An adult certified to receive assistance through the Assisted Living, Congregate Care and Adult Home Medicaid Waiver Program under Section 1915(c) of the Social Security Act or, in the event Medicaid is no longer available, an adult who certifies that he or she meets the qualifications for eligibility set forth in the Declaration of Affordable Housing

Covenants described in Section 11 of this Contract, and who certifies that his or her household income does not exceed the level defined in the table below, adjusted for household size.

Maximum Household Income at Initial Occupancy

Income Level	Percent of King County Median Income
Low-Income	50%

c. <u>"King County Median Income."</u> The median family income of the Seattle-Bellevue, WA HUD Metro FMR Area as most recently determined by the Secretary of Housing and Urban Development (HUD) under Section 8 of the United States Housing Act of 1937, as amended. In the event that HUD no longer publishes median family income figures for King County, the City may estimate the King County Median Income in such manner as the Director shall determine.

2. <u>Conditional Certificate of Acceptance of Tax Exemption.</u>

City agrees, upon execution of this Contract following approval by the City Council, to issue a Conditional Certificate of Acceptance of Tax Exemption ("Conditional Certificate"), which Conditional Certificate shall expire three (3) years from the date of approval of this Contract by the Council, unless extended by the Director as provided in KMC 5.88.070.

3. Agreement to construct Multifamily Housing.

- a. Applicant agrees to construct the Project on the Property, including the Multifamily Housing, substantially as described in the site plans, floor plans, and/or elevations attached hereto in **Exhibit B**, subject to such modifications thereto as may be required to comply with applicable codes and ordinances, including the design review process. In no event shall Applicant provide fewer than four new dwelling units designed for permanent residential rental or ownership occupancy, nor shall permanent residential housing comprise less than fifty percent (50%) of the gross floor area of the Project constructed pursuant to this Contract.
- b. Applicant agrees to comply with all applicable zoning requirements, land use regulations, and building and housing code requirements contained in Titles 21, 22, 23, and 25 KMC or other applicable law. Applicant further agrees that approval of this Contract by the City Council, its execution by the Director, or issuance of a Conditional Certificate by the City pursuant to KMC 5.88.060 in no way constitutes approval of proposed improvements on the Property with respect to applicable provisions of Titles 21, 22, 23, and 25 KMC or other applicable law or obligates the City to approve proposed improvements.
- c. Applicant agrees that the Multifamily Housing will be completed within three years from the date of approval of this Contract by the Council, unless extended by the Director for cause as provided in KMC 5.88.070.

4. <u>Agreement to provide affordable housing.</u>

a. Applicant agrees to provide eight (8) beds in assisted living units ("Affordable Units"), reserved for occupancy by Eligible Households and having a monthly housing expense, including rent, utilities, Congregate/Assisted Care Services as described in **Exhibit E**, and any expenses required by the Owner as a condition of tenancy, equal to the Medicaid Waiver Amount. In the event that the Medicaid program ceases to exist, the Owner agrees to rent the Affordable Units to Eligible Households at a rate which is no greater than sixty percent (60%) of the percentage of the monthly King County Median Income given in the following table, adjusted for household size.

	Affordability Level	Affordable
Income Level	Units	
Low-Income	50%	8 beds

b. Owner agrees not to charge one-time entrance fees, community fees, buy-in fees, or similar move-in expenses typical of senior housing for occupancy of an Affordable Unit provided, however, that the foregoing restriction shall not preclude the Owner from collecting security deposits or charging other customary fees of occupancy, including but not limited to damage deposits, first and last months' rent, or pet deposits. Additionally, the foregoing restriction shall not restrict the Owner's ability to charge fees for services rendered or goods provided on the same basis as residents of market-rate units of the Project.

5. <u>Location and design of Affordable Units – Affordability Agreement – Conversion.</u>

- a. The Affordable Units shall be those units indicated in **Exhibit C**. The Applicant may propose to change the particular units dedicated for the Affordable Units, provided that a total of eight (8) beds in assisted living units are designated for Affordable Units, and the same unit mix and minimum sizes of Affordable Units is maintained. The Applicant shall request in writing the City's approval of any proposed change to the units dedicated for the Affordable Units. The City will review the proposed changes and shall base its approval or disapproval of the proposed changes upon the criteria set forth in this section.
- b. The exterior designs of the Affordable Units are to be compatible and comparable with the market rate units. The interior finish of the Affordable Units shall at a minimum include standard features and result in a totally finished and livable home.
- c. Prior to issuing a certificate of occupancy, an agreement in a form acceptable to the city attorney ("Covenant") and substantially in the form of **Exhibit D** that addresses price restrictions, Eligible Household qualifications, long-term affordability, and any other applicable topics of the Affordable Units shall be recorded with the King County department of records and elections. This agreement shall be a covenant running with the land and shall be binding on the assigns, heirs and successors of the Applicant. Affordable Units that are provided under this section shall remain as affordable housing for the life of the project.

d. In the event the Project is proposed for conversion to condominium, owner-occupied, or non-rental residential use, the Applicant must submit to the City for its approval a plan for preserving the Affordable Units. The City can consider options which would convert the Affordable Units to owner-occupied Affordable Units. In the event a condominium conversion occurs during the period of the property tax exemption and owner-occupied Affordable Units are provided at the affordability levels as defined in KMC 5.88.020(a) or that have such other comparable level of affordability as provided for in the city's affordable housing multifamily tax exemption incentive program, as regulated through Chapter 112 of the Kirkland Zoning Code, per Section 6 of this Contract, the Affordable Units will continue to be eligible for the property tax exemption for the balance of the exemption period or for the period of time the conversion allows, whichever is appropriate. The balance of the Project would no longer be eligible for the exemption, and City will not cancel the Final Certificate as provided in Section 10 of this Contract.

6. Requirements for Final Certificate of Tax Exemption.

Applicant may, upon completion of the Project and upon issuance by the City of a temporary or permanent certificate of occupancy, request a Final Certificate. The request shall be in a form approved by the City and directed to the City's Planning Department and minimum include the following:

- a. A statement of expenditures made with respect to the overall Project and the residential and non-residential portions of the Project.
- b. A description of the completed work, including floor area of residential and non-residential area, and a statement of qualification for the exemption.
- c. Documentation that the Multifamily Housing was completed within the required three-year period or any authorized extension and in compliance with the terms of this Contract.
- d. Information regarding Applicant's compliance with the affordability requirements in KMC 5.88.090 and this Contract, which shall include the following:
- (1) Identification of all Affordable Units, whether rented or held vacant to be rented by Eligible Households, the size of the Affordable Units, and the maximum rents and household incomes for each affordable unit at time of initial leasing;
 - (2) Rents (or offering rents, as applicable) for all Affordable Units;
- (3) A copy of the application and income verification form used for rental of Affordable Units; and
- (4) A copy of the form of lease or rental agreement to be used for Affordable Units; and
- e. Any such further information that the Director deems necessary or useful to evaluate eligibility for the Final Certificate.

7. Agreement to Issue Final Certificate.

The City agrees to issue a Final Certificate granting a limited property tax exemption for a period of eight (8) years, and to file said Final Certificate with the King County Assessor within forty (40) days of receipt of all materials required by Paragraph 6, if Applicant has:

- a. Successfully completed the Multifamily Housing in accordance with the terms of this Contract and Chapter 5.88 KMC;
- b. Filed a request for a Final Certificate with the Director and submitted the materials described in Paragraph 6 above;
- c. Paid to the City a fee in the amount necessary to cover the Assessor's administrative costs; and
- d. Met all other requirements provided in Chapter 5.88 KMC for issuance of the Final Certificate.

8. <u>Annual certification.</u>

Within thirty (30) days after the first anniversary of the date the City filed the Certificate and each year thereafter for the term of the Covenant, Applicant agrees to file a certification or declaration with the Director, verified upon oath or affirmation, with respect to the accuracy of the information provided therein, containing at a minimum the following:

- a. A statement of the occupancy and vacancy of the Multifamily Housing units during the previous year; and
- b. A statement that the Multifamily Housing has not changed use since the date of filing of the Final Certificate; and
- c. A statement that the Multifamily Housing continues to be in compliance with this Contract and the requirements of Chapter 5.88 KMC; and
- d. A description of any improvements or changes to the Project made after the filing of the Final Certificate or the previous certification; and
- e. A statement of the change in ownership of all or any part of the property since the Final Certificate was filed; and
- f. Information and documentation sufficient to demonstrate, to the satisfaction of the Director, compliance with the affordability requirements of KMC 5.88.090 and this Contract, which shall, at minimum, include the following:
- (1) Identification of each Affordable Unit, and any substitution of Affordable Units during the previous year and for each Affordable Unit, the current Household Income limits and maximum allowed rent.
- (2) For each Affordable Unit that was initially occupied or that had a change of tenancy during the previous year, the date of each tenant's initial occupancy, the household size

and Household Income of each tenant household at initial occupancy, and the rent charged at initial occupancy.

(3) For each Affordable Unit that was occupied by the current tenant prior to the previous year, the date of each tenant's initial occupancy, the tenant's current Household Income, the tenant's Household Income at initial occupancy, and current contract rent.

9. <u>No violations for duration of exemption.</u>

For the duration of the exemption granted under Chapter 5.88 KMC, Applicant agrees that the Project and that portion of the Property on which the Project is constructed will have no violations of applicable zoning requirements, land use regulations, and building and housing code requirements contained in KMC Titles 21, 22, 23, and 25 or other applicable law for which the Department of Planning and Building or its functional successor shall have issued a notice of violation, citation or other notification that is not resolved by a certificate of compliance, certificate of release, withdrawal, or another method that proves either compliance or that no violation existed, within the time period for compliance, if any, provided in such notice of violation, citation or other notification or any extension of the time period for compliance granted by the Director.

10. <u>Notification of transfer of interest or change in use.</u>

Applicant agrees to notify the Director within thirty (30) days of any transfer of Applicant's ownership interest in the Project or that portion of the Property on which the Project is constructed. Applicant further agrees to notify the Director and the King County Assessor within sixty (60) days of any change of use of any or all of the Multifamily Housing on the Property to another use. Applicant acknowledges that such a change in use may result in cancellation of the tax exemption and imposition of additional taxes, interest and penalties pursuant to State law.

11. <u>Cancellation of exemption - Appeal.</u>

- a. The City reserves the right to cancel the Final Certificate if at any time the Multifamily Housing, the Project or that portion of the Property on which the Project is constructed no longer complies with the terms of this Contract or with the requirements of Chapter 5.88 KMC, or for any other reason no longer qualifies for an exemption.
- b. If the exemption is canceled for non-compliance, Applicant acknowledges that state law requires that an additional real property tax is to be imposed in the amount of: (1) the difference between the tax paid and the tax that would have been paid if it had included the value of the non-qualifying improvements, dated back to the date that the improvements became non-qualifying; (2) a penalty of 20% of the difference calculated under paragraph (a) of this paragraph; and (3) interest at the statutory rate on delinquent property taxes and penalties, calculated from the date the tax would have been due without penalty if the improvements had been assessed without regard to the exemptions provided by Chapter 84.14 RCW and 5.88 KCW.

Applicant acknowledges that, pursuant to RCW 84.14.110, any additional tax owed, together with interest and penalty, become a lien on that portion of the Property on which the Project is constructed and attach at the time the portion of the Property is removed from multifamily use or the amenities no longer meet applicable requirements, and that the lien has priority to and must be fully paid and satisfied before a recognizance, mortgage, judgment, debt, obligation, or responsibility to or with which the Property may become charged or liable. Applicant further acknowledges that RCW 84.14.110 provides that any such lien may be foreclosed in the manner provided by law for foreclosure of liens for delinquent real property taxes.

c. Upon determining that a tax exemption is to be canceled, the Director, on behalf of the City Council, shall notify the property owner by certified mail, return receipt requested property owner may appeal the determination in accordance with KMC 5.88.100(h).

12. Amendments.

No modification of this Contract shall be made unless mutually agreed upon by the parties in writing and unless in compliance with the provisions of KMC 5.88.065.

13. Binding effect.

The provisions, covenants, and conditions contained in this Contract are binding upon the parties hereto and their legal heirs, representatives, successors, assigns, and subsidiaries.

14. Audits and inspection of records.

Applicant understands and agrees that the City has the right to audit or review appropriate records to assure compliance with this Contract and Chapter 5.88 KMC and to perform evaluations of the effectiveness of the Multifamily Tax Exemption program. Applicant agrees to make appropriate records available for review or audit upon seven days' written notice by the City.

15. Notices.

All notices to be given pursuant to this Contract shall be in writing and shall be deemed given when hand-delivered within normal business hours, when actually received by facsimile transmission, or two business days after having been mailed, postage prepaid, to the parties hereto at the addresses set forth below, or to such other place as a party may from time to designate in writing.

APPLICANT:

Kirkland Memory Care, LLC 111 Market St NE, Suite 200 Olympia, WA 98501 Attn: E. Aaron Koelsch With a copy to: Bank of the West

CBG Loan Administration

2527 Camino Ramon (NC-BO7-3E-I)

San Ramon, California 94583

Attn: Tiiu Newlin

CITY:

City of Kirkland

Planning Department City of Kirkland 123 Fifth Avenue Kirkland, WA 98033

Attn: Planning Director

With a copy to:

A Regional Coalition for Housing (ARCH)

16255 NE 87th Street, Suite A-3

Redmond, WA 98052

16. <u>Severability.</u>

In the event that any term or clause of this Contract conflicts with applicable law, such conflict shall not affect other terms of this Contract that can be given effect without the conflicting terms or clause, and to this end, the terms of the Contract are declared to be severable. However, if the severable term prevents the City from receiving the benefits of having affordable housing as set forth in Chapter 84.14 RCW and Chapter 5.88 KMC, then this agreement shall be deemed terminated, or may be terminated, as soon as possible in compliance with any applicable law.

17. Exhibits.

The following exhibits are attached to this Contract and incorporated herein by this reference:

Exhibit A Legal Description
Exhibit B Project Site Plan

Exhibit C Designation of Affordable Units

Exhibit D Form of Declaration of Affordable Housing Covenants

Exhibit E Congregate/Assisted Care Services

[Signature page follows.]

IN WITNESS WHEREOF, the parties below.	hereto have executed this Contract on the dates indicated
THE CITY OF KIRKLAND	APPLICANT Kirkland Memory Care LLC, a Delaware limited liability company
	By: Kirkland Koelsch Memory Care LLC, a Washington limited liability company Its: Manager
	By: EAK Manager, Inc., a Washington corporation Its: Manager
Kurt Triplett Its: City Manager	E Aaron Koelsch Its: President
Approved as to Form	
City Attorney	

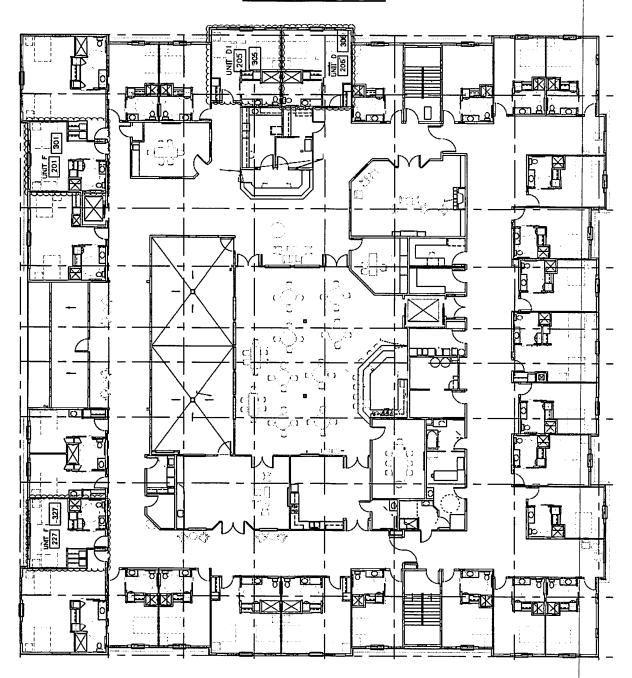
EXHIBIT A

LEGAL DESCRIPTION

LOT 2, CITY OF KIRKLAND JEFFERSON HOUSE MEMORY CARE COMMUNITY SHORT PLAT NO. SUB 16-00050, RECORDED UNDER RECORDING NO. 20160804900007, IN KING COUNTY, WASHINGTON.

EXHIBIT B

PROJECT SITE PLAN



Affordable Units clouded and numbered.

EXHIBIT C

DESIGNATION OF AFFORDABLE UNITS

No more than one bed in each unit shall be an Affordable Unit.

Unit Number	Unit Type	Unit Size (sq ft)
201	Semi-private	376
205	Semi-private	409
206	Semi-private	409
227	Semi-private	376
301	Semi-private	376
305	Semi-private	409
306	Semi-private	409
327	Semi-private	376

EXHIBIT D

FORM OF DECLARATION OF AFFORDABLE HOUSING COVENANTS

JEFFERSON HOUSE

SECTION 1 —	DEFINITIONS AND INTERPRETATION
SECTION 2 —	RESIDENTIAL RENTAL PROPERTY
SECTION 3 —	AFFORDABLE UNITS FOR ELIGIBLE HOUSEHOLDS
SECTION 4 —	REPORTING REQUIREMENTS
SECTION 5 —	SECTION 8 CERTIFICATE HOLDERS
SECTION 6 —	LEASE PROVISIONS
SECTION 7 —	SALE OR TRANSFER OF THE PROJECT
SECTION 8 —	TERM
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SECTION 10 —	COVENANTS RUN WITH LAND
SECTION 11 —	ENFORCEMENT
SECTION 12 —	SUBORDINATION, TERMINATION, RIGHTS RESERVED BY HUD
SECTION 13 —	ESTOPPEL CERTIFICATE
SECTION 14 —	AGREEMENT TO RECORD
SECTION 15 —	RELIANCE
SECTION 16 —	GOVERNING LAW
SECTION 17 —	NO CONFLICT WITH OTHER DOCUMENTS
SECTION 18 —	AMENDMENTS
SECTION 19 —	NOTICES
SECTION 20 —	MULTIFAMILY HOUSING LIMITED PROPERTY TAX EXEMPTION
	CONTRACT
SECTION 21—	SEVERABILITY
SECTION 21 —	
SECTION 22 —	TITLES AND HEADINGS
EXHIBITS	
LVI IIDI 12	
"A" LEGAL	DESCRIPTION OF PROPERTY

A	LEGAL DESCRIPTION OF PROPERTY
"B"	DESIGNATION OF AFFORDABLE UNITS
"C"	CERTIFICATE OF HOUSEHOLD ELIGIBILITY
"D"	ANNUAL PROJECT CERTIFICATION
"E"	CONGREGATE/ASSISTED CARE SERVICES

DECLARATION OF AFFORDABLE HOUSING COVENANTS JEFFERSON HOUSE

THIS DECLARATION OF AFFORDABLE HOUSING COVENANTS (the "Covenant") is r	nade
and entered into as of this day of, 20, by and between	n the
CITY OF KIRKLAND, a Municipal Corporation of the State of Washington (the "City"); and Kirl	kland
Memory Care LLC, a Delaware limited liability company (the "Owner").	
WITNESSETH:	ĺ

This Covenant is predicated upon the following facts:

- 1) The Owner is the owner of property described in **Exhibit A**, attached hereto and incorporated by reference herein, and located at 12217 NE 128th Street in Kirkland, Washington. Owner intends to develop said property by constructing and renting sixty (60) assisted living units (the "Project") with eighty (80) beds for the care, safety, and security of residents with Alzheimer's disease or other dementias, subject to City approval and such other approvals by State and agencies, as required.
- 2) The Owner's proposed Project shall include eight (8) beds in assisted living units as affordable rental housing for Low-Income Households ("Eligible Households," as such term is defined below). Such affordable rental units shall be of such bedroom quantity and quality as are in proportion to the overall proportion of bedroom quantity and quality of all of the rental units in the Project.
- 3) The City finds that the Project will benefit the City by providing affordable rental housing for Eligible Households.
- 4) The Owner has indicated its willingness to accept certain conditions affecting the use of the Property. It is the purpose of this Covenant to set forth the conditions under which the City has approved the Project and to impose enforceable restrictions on the use and occupancy of the rental portion of the Project.
- 5) This Covenant is entered into pursuant to Chapter 112 of the Kirkland Zoning Code, which implements the affordable housing policies of the City.
- 6) Owner has applied for a limited property tax exemption for eight years as provided for in Chapter 84.14 RCW and Chapter 5.88 KMC for multi-family rental housing ("Multifamily Housing") in the Totem Lake/North Rose Hill Residential Targeted Area, and the Director of Planning and Building ("Director") has approved the application.

NOW, THEREFORE, for and in consideration of the mutual promises aforesaid and made and relied upon by the parties hereto, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Owner and the City agree as follows:

SECTION 1 — DEFINITIONS AND INTERPRETATION

Capitalized terms used herein shall have the following meanings unless the context in which they are used clearly requires otherwise.

"Affordable Rent" means a monthly housing expense, including rent, utilities or an applicable Utility Allowance for tenant-paid utilities, Congregate/Assisted Care Services as described in **Exhibit E**, and any expenses required by the Owner as a condition of tenancy. So long as Medicaid is available, Affordable Rent will be equal to the Medicaid Waiver Amount. In the event that the Medicaid program ceases to exist, Owner agrees to rent the Affordable Units to Eligible Households at a rate which is no greater than sixty percent (60%) of the monthly King County Median Income level for Eligible Households, as shown in the following table, adjusted for Household Size.

Affordable Rent Levels

	Percent of King County Median Income
Low-Income	50%

"Affordable Units" means the eight (8) beds in assisted living units in the Project as selected by the Owner and as approved by the City or its Designee, as set forth in **Exhibit B**, and reserved for occupancy by Eligible Households pursuant to Section 3.

"City" means the City of Kirkland.

"Completion Date" means the date of the completion of the acquisition, construction, purchase, reconstruction and equipping, as the case may be, of the Project, as that date shall be certified as provided in Section 4.

"Covenant" means this Declaration of Affordable Housing Covenants between the City and the Owner.

"Designee" means A Regional Coalition for Housing ("ARCH") or such other agency as may be designated by the City in writing to the Owner. The City shall notify the Owner of any determination not to utilize ARCH as its Designee for purposes of this designation.

"Eligible Household" means an adult certified to receive assistance through the Assisted Living, Congregate Care and Adult Home Medicaid Waiver Program under Section 1915(c) of the Social Security Act ("Medicaid") or, in the event Medicaid is no longer available, an adult who certifies that he or she meets the qualifications for eligibility set forth below in this definition, in Section 3.F. of this Covenant, and as set forth in the

Certificate of Household Eligibility attached hereto as **Exhibit C** and incorporated by reference herein, and who certify that their Household Income does not exceed the applicable percent of the King County Median Income, as set forth in this definition and Section 3.F. of this Covenant, adjusted for household size.

Maximum Household Income at Initial Occupancy

	Percent of King County Median Income
Low	50%
Income	

"Household Income" means all income from all household members over the age of 18 residing in the household. Income consists of those items listed in **Exhibit C**, Certificate of Household Eligibility (e.g. wages, interest income, etc.). Income of dependents who reside within a household for less than four (4) months of the year will not be counted toward Household Income.

"Household Size" means the average household size assumed for purposes of calculating Affordable Rents as follows:

UNIT TYPE

AVERAGE HOUSEHOLD SIZE

Studio

1 Person

"King County Median Income" means the median family income for the Seattle-Bellevue, WA HUD Metro FMR Area as most recently determined by the Secretary of Housing and Urban Development ("HUD") under Section 8(f)(3) of the United States Housing Act of 1937, as amended. In the event that HUD no longer publishes median family income figures for King County, the Director may estimate the King County Median Income in such manner as the Director shall determine.

"Lender" means HUD/FHA, Veterans Administration ("VA"), Federal National Mortgage Association ("FNMA"), Federal Home Loan Mortgage Corporation ("FHLMC"), or another party acquiring such loan upon foreclosure of a deed of trust or mortgage ("Deed of Trust") insured, made or held by HUD/FHA, VA, FNMA, FHLMC; or an institutional third-party lender or investor.

"Medicaid Recipient" means a beneficiary of the Medicaid program.

"Medicaid Waiver Amount" means the payment made by the Washington state Department of Social and Health Services to the Owner on behalf of the Medicaid Recipient.

"Owner" means Kirkland Memory Care LLC, and its successors and assigns, and surviving, resulting or transferee entity.

"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.

"Property" means the real property which will be devoted to the Project as more particularly described in **Exhibit A** which is attached hereto, and incorporated by reference herein, and all rights and appurtenances thereunto appertaining.

"Property Tax Exemption Contract" means that agreement titled Multifamily Housing Limited Property Tax Exemption Contract between the City and Owner dated

"Qualified Project Period" means for the life of the Project.

SECTION 2 — RESIDENTIAL RENTAL PROPERTY

- A. General Description. The Owner will acquire and construct the Project for purposes of providing Multifamily Housing, and the Owner shall own, manage, and operate (or cause the management and operation of) the Project to provide Multifamily Housing comprising a building or structure or several inter-related buildings or structures, each consisting of more than one dwelling unit uses and facilities functionally related and subordinate thereto, and no other facilities. As used herein facilities functionally related and subordinate to the Project shall include facilities for use by the tenants, including, for example, swimming pools, other recreational facilities, parking areas, and other facilities which are reasonably required for the Project, for example, heating and cooling equipment, trash disposal equipment, or units of resident managers or maintenance personnel. The multi-family rental housing shall be scheduled to be completed within three (3) years from the date of City approval of the application for multi-family housing property tax exemption, or within a longer period if authorized by the City.
- B. <u>Similar Quality Construction.</u> All of the dwelling units in the Project shall be constructed of similar quality, and each dwelling unit in the Project shall contain facilities for living, sleeping, and sanitation for a single person or a household which are complete, separate, and distinct from other dwelling units in the Project and will include a sleeping area, separate bathing facility, and a sink.
- C. <u>Conversion to Other Use.</u> In the event the Project is proposed for conversion to any type of use other than assisted living units, the Owner must submit to the City for its review a plan for preserving the Affordable Units. The City can consider options which would convert the Affordable Units to owner occupancy by Eligible Households. The Owner must receive

authorization from the City prior to conversion to any other type of use. This section does not waive the Owner's obligations to comply with any other law or regulations pertaining to conversion to ownership use.

SECTION 3 — AFFORDABLE UNITS FOR ELIGIBLE HOUSEHOLDS

- A. <u>Number of Affordable Units.</u> The Owner shall lease or rent, or make available for lease or rental, to the general public eight (8) beds in assisted living units as Affordable Units in the Project.
- B. <u>Designation/Re-designation of Affordable Units</u>. The Owner agrees to rent the dwelling unit(s) designated in **Exhibit B** as Affordable Unit(s). 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 Affordable 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 Affordable Units based upon the criteria set forth in this section.

The Owner, from time to time, may propose to change the particular units designated as Affordable Units, provided that at all times at least eight (8) beds in assisted living units of the Project are designated as Affordable Units, and provided that at all times the same unit mix is retained. The 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.

C. <u>Affordable Units Rent Level.</u>

- (1) The monthly rent for the Affordable Units occupied by Eligible Households shall not exceed the applicable Affordable Rents, and for each specific tenant, shall be adjusted no more than once every twelve (12) months, and in no event within the first twelve months of occupancy.
- (2) Owner agrees not to charge one-time entrance fees, community fees, buy-in fees, or similar move-in expenses typical of senior housing for occupancy of an Affordable Unit provided, however, that the foregoing restriction shall not preclude the Owner from collecting security deposits or charging other customary fees of occupancy, including but not limited to damage deposits, first and last months' rent, or pet deposits. Additionally, the foregoing restriction shall not restrict the Owner's ability to charge fees for services rendered or goods provided on the same basis as residents of market-rate units of the Project.
- D. Renting Affordable Units to Eligible Households. During the Qualified Project Period, the Owner shall rent or lease the Affordable Units to Eligible Households and, if at any time any of the Affordable Units are not rented or leased to Eligible Households, the Affordable Units shall remain vacant pending rental or lease to Eligible Households.
- E. <u>Equal Access to Common Facilities.</u> Tenants in the Affordable Units shall have equal access to enjoyment of all common facilities of the Project.

- F. Qualifying Eligible Household Income for Affordable Units at Initial Occupancy. So long as Medicaid is available, Eligible Households shall be adults who are certified to be Medicaid Recipients. In the event Medicaid is no longer available Qualifying Eligible Household Income at time of occupancy may not exceed 50 percent (50%) of King County Median Income, adjusted for Household Size.
- G. <u>Household Size Limits for Affordable Units.</u> The Owner shall utilize the following occupancy standards for Affordable Units:

Assisted Living Unit Size

Household Size

Private

1 person

Semi-private

2 persons

SECTION 4 — REPORTING REQUIREMENTS

- A. <u>Notice of Occupancy Permit.</u> Within thirty (30) days of issuance of any final inspection or, if applicable, occupancy permits, the Owner shall notify the City's Planning and Building Department [Attn: Housing Planner] or its Designee of receipt of the first occupancy permit for the Project.
 - B. <u>This Section left intentionally blank.</u>
- C. <u>Completion of Certificate of Household Eligibility.</u> So long as Medicaid is available, the Owner shall maintain documentation from the Washington state Department of Social and Health Services proving that occupants of the Affordable Units are Medicaid Recipients from their initial occupancy of Affordable Units and throughout their occupancy of Affordable Units. In the event Medicaid is no longer available, then prior to allowing any household to occupy any Affordable Unit, the Owner shall require the prospective tenant to complete a Certificate of Household Eligibility that shall be substantially in the form set forth in **Exhibit C**. The Owner shall also undertake a good faith effort to verify the applicant's Household Income, as reported on the completed Certificate. The Owner's obligation to verify the reported Household Income shall be limited to requesting copies of and reviewing the applicant's federal income tax returns, unless the Owner has actual knowledge, or reason to believe, that the information provided by the applicant is materially inaccurate. In the event federal income tax returns are not available, the Owner shall verify Household Income using wage or salary statements, or other income records that the City or its Designee may consider appropriate.
 - D. <u>This section left intentionally blank.</u>
- E. <u>Annual Project Certification.</u> After the Completion Date and until 90% of the rental 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 D**. Thereafter, the Owner shall file such certification annually on or before March 31st, which certification shall set forth the required information for the preceding year.

The Owner shall include with the Annual Project Certification documentation for each Affordable Unit that the resident(s) is (are) receiving Medicaid assistance. In the event Medicaid is no longer available, the Owner shall include copies of the Certificate of Household Eligibility as required in Section 4.C. The City or its Designee may investigate independently to verify certifications submitted by the Owner.

- F. <u>Maintain Complete Records.</u> The Owner shall maintain complete and accurate records pertaining to the Affordable Units and, to the extent permitted by applicable law, shall permit any duly authorized representative of the City, including, without limitation, its Designee, to inspect the books and records of the Owner pertaining to the Affordable Units, and if applicable, Medicaid status of Eligible Households residing in the Project. 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. Notwithstanding anything else in this paragraph or this Covenant to the contrary, the confidentiality provisions of Chapter 70.02 RCW, and applicable rules and regulations of the Washington Administrative Code shall govern review by the City of any medical, assessment, or other DSHS assisted living facility documents for all residents occupying Affordable Units.
- G. <u>Form of Certification</u>. 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 significantly enlarge the Owner's obligations hereunder.

SECTION 5 — SECTION 8 CERTIFICATE HOLDERS

The Owner shall accept as tenants for Affordable Units, on the same basis as all other prospective households, Eligible Households who are recipients of Federal certificates for rent subsidies pursuant to the existing program under Section 8 of the United States Housing Act of 1937, as amended. The Owner shall not apply, or permit the application of, management policies or lease provisions with respect to the Project which have the effect of precluding occupancy of Units by holders of Section 8 certificates.

SECTION 6 — LEASE PROVISIONS

- A. It is the Owner's responsibility to screen and select tenants for desirability and credit worthiness. Except as restricted in this Covenant, such selection is within the Owner's discretion. If written management policies exist, or exist in the future, with respect to the Project, the City or its Designee may review such written policies and may require changes in such policies, if necessary, so that they comply with the requirements of this Covenant.
- B. All leases for Affordable Units shall contain clauses wherein each individual lessee: (i) certifies the accuracy of the statements made in the Certificate of Household Eligibility, (ii) agrees that the household income and other eligibility requirements shall be deemed substantial

and material obligations of the tenancy, and (iii) agrees that misrepresentation in the certification is a material breach of the lease, entitling the Owner to terminate the lease for the Affordable Unit.

SECTION 7 — SALE OR TRANSFER OF THE PROJECT

The Owner hereby covenants and agrees not to sell, transfer or otherwise dispose of the Project or any portion thereof without first providing a written notice from the purchaser stating that the purchaser understands, and will comply with the Owner's duties and obligations under this Covenant. Such notice must be received by the City or its Designee at least 10 days prior to the close of escrow.

SECTION 8 — TERM

This Covenant shall become effective upon its execution and delivery and shall continue in full force and effect throughout the Qualified Project Period, unless sooner modified or terminated in accordance with Section 12 hereof.

SECTION 9 — NO DISCRIMINATION

The 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.

SECTION 10 — COVENANTS RUN WITH LAND

- A. The City and Owner hereby declare their understanding and intent that the covenants, conditions and restrictions set forth herein directly benefit the land (i) by enhancing and increasing the enjoyment and use of the Project by certain Eligible Households, and (ii) by furthering the public purposes of providing housing for Eligible Households.
- B. The City and the Owner hereby declare that the covenants and conditions contained herein shall bind and the benefits shall inure to, respectively, the Owner and their successors and assigns and all subsequent owners of the Project or any interest therein, and the City and its successors and assigns, all for the Qualified Project Period. Except as provided in Section 12 of this Covenant, each and every contract, deed or other instrument hereafter executed conveying the Project or any portion thereof or interest therein shall contain an express provision making such conveyance subject to the covenants and conditions of this Covenant, provided however, that any such contract, deed or other instrument shall conclusively be held to have been executed, delivered and accepted subject to such covenants and conditions, regardless

of whether or not such covenants and conditions are set forth or incorporated by reference in such contract, deed or other instrument.

SECTION 11 — ENFORCEMENT

- A. <u>Enforcement Provisions.</u> The Owner shall exercise reasonable diligence to comply with the requirements of this Covenant and shall correct any such noncompliance within sixty (60) days after such noncompliance is first discovered by the Owner or would have been discovered by the exercise of reasonable diligence, or within 60 days after the 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 Owner is exercising due diligence to correct the noncompliance. If such noncompliance remains uncured after such period, then the Owner shall be in default and the City on its own behalf may take any one or more of the following steps:
- 1) By any suit, action or proceeding at law or in equity, require the Owner to perform its obligations under this Covenant or the Property Tax Exemption Contract, 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 Owner's obligations hereunder cannot be adequately compensated by monetary damages in the event of the Owner's default.
- 2) Have access to, and inspect, examine and make copies of, all of the books and records of the Owner pertaining to the Project, to the extent permitted by applicable law. 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.
- 3) 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 Owner under this Covenant.
- 4) The Owner hereby grants to the City or the Designee the option, upon Owner's default under this Covenant, for the Qualified Project Period to lease up to eight(8) beds in assisted living units in the Project as mutually selected by the City or its Designee and the Owner for the purpose of subleasing such units to Eligible Households, but only to the extent necessary to comply with the provisions of this Covenant. The City or its Designee may lease from the Owner the units at the Affordable Rent level 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 Owner is no longer in default pursuant to this Covenant.
- B. <u>Hold Harmless.</u> The 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.
- C. <u>No Third-Party Beneficiaries.</u> The provisions of this Covenant and of the documents to be executed and delivered in connection herewith are and will be for the benefit of

the Owner, the City and its Designee only and are not for the benefit of any third party (including, without limitation, any tenants or tenant organizations), and accordingly, no third party shall have the right to enforce the provisions of this Covenant or of the documents to be executed and delivered in connection herewith.

SECTION 12 — SUBORDINATION, TERMINATION, RIGHTS RESERVED BY HUD

- A. Notwithstanding any provision in this Covenant to the contrary, all of the provisions of this Covenant shall terminate and have no further force and effect upon the occurrence of one of the following events:
- 1) Foreclosure of a HUD/FHA insured loan is initiated under which the Project is held as a security.
- 2) Title to the Project is acquired by Lender or HUD/FHA by deed in lieu of foreclosure of the Deed of Trust.
- 3) Title to the Project is acquired by HUD/FHA, Veterans Administration ("VA"), Federal National Mortgage Association ("FNMA"), Federal Home Loan Mortgage Corporation ("FHLMC") or another party upon foreclosure of a deed of trust or mortgage ("Deed of Trust") insured, made or held by HUD/FHA, VA, FNMA, FHLMC; or an institutional, third-party lender or investor (collectively, "Lender").
 - 4) The Deed of Trust, if insured by HUD/FHA, is assigned to HUD/FHA.
- 5) Notwithstanding anything in this Covenant to the contrary, enforcement of this Covenant shall not serve as a basis for (i) default under the Deed of Trust insured by HUD/FHA or any other Lender, or (ii) an acceleration of the loan secured by the Deed of Trust ("Loan"), or result in any claim against the Project, the Loan proceeds, any reserve or deposit required by HUD/FHA or any other Lender in connection with the Loan transaction or the rents or other income from the Project other than from available surplus cash as that term is defined by HUD/FHA or any other Lender.
 - B. Notwithstanding anything in this Covenant to the contrary:
- 1) All of the provisions of this Covenant are subordinate and subject to the Deed of Trust, the Loan, and all documents relating to the Loan ("Loan Documents"), if any, as well as all applicable HUD/FHA mortgage insurance regulations, related HUD/FHA administrative requirements, Section 8 of the U.S. Housing Act of 1937, as amended, and the regulations thereunder, as amended, and the rights of the Lender thereunder. In the event of any conflict between this Covenant and the provisions of any applicable HUD/FHA mortgage insurance regulations, related HUD/FHA administrative requirements, Section 8 of the U.S. Housing Act of 1937, as amended, and the regulations thereunder, as amended, the applicable HUD/FHA mortgage insurance regulations, related HUD/FHA administrative requirements, Section 8 of the U.S. Housing Act of 1937, as amended, and the regulations thereunder, as amended, will control.

- 2) Lender shall take no role in monitoring compliance with state and federal use and occupancy requirements; nor shall Lender be required to provide notice to third parties of actions under the Deed of Trust, if any.
- 3) No amendment to this Covenant will be effective without the prior written consent of Lender, if any.
- 4) The Owner, its successors or assigns, will take all steps necessary to comply with this Covenant; provided that the Owner, its successors or assigns, shall not be required to take action prohibited by, or to refrain from action required by Lender, pursuant to the National Housing Act (as amended), applicable HUD/FHA mortgage insurance regulations, related administrative requirements, Section 8 of the Housing Act of 1937, as amended, and the regulations thereunder, as amended, or the Loan and the Loan Documents.
- 5) Upon the occurrence of any default under the Loan Documents or under this Agreement (in each case, after giving effect to applicable notice and cure periods), Lender may enforce this Agreement with the same force and effect as if enforced by the Owner. The Lender may, but shall have no obligation to, perform the obligations of the Owner under this Agreement. The City will accept full performance by the Lender in lieu of performance by the Owner in satisfaction of the obligations of the Owner. For the avoidance of doubt, the City shall be entitled to rely on Lender's written representation that a default has occurred under the loan Documents and shall have no duty of inquiry with respect thereto, and Owner shall have no claim against the City, and hereby waives and releases all such claims, as a result of the City accepting any such representation by Lender or accepting any performance by Lender hereunder.
- Agreement at the same time as the Owner under Section 19 and the Lender shall have the right, but not the obligation, to cure any such default by the Owner. The Lender shall have thirty (30) days after receipt of notice of default from the City to cure a default by the Owner under this Agreement (or, if such default cannot reasonably be cured within such thirty (30) day period, the Lender shall have such longer time as may be necessary to cure the default; provided that the Lender commences the cure within such period and diligently pursues the cure thereafter). Notwithstanding the foregoing sentence, if such default can only be cured by the Lender acquiring possession or ownership of the Property, then the Lender shall have an additional period in which to cure such default as is necessary to acquire possession or ownership, as necessary, and to cure such default.

SECTION 13 — ESTOPPEL CERTIFICATE

The City agrees, upon the request of the Owner or its successor in interest, to promptly execute and deliver to the Owner or its successor in interest or to any potential or actual purchaser, mortgagor or encumbrancer of the Project, a written certificate stating, if such is true, that the City has no knowledge of any violation or default by the Owner of any of the covenants or conditions of this Covenant, or if there are such violations or defaults, the nature of the same.

SECTION 14 — AGREEMENT TO RECORD

The Owner shall cause this Covenant to be recorded in the real property records of King County, Washington. The Owner shall pay all fees and charges incurred in connection with recording and shall provide the City or its Designee with a copy of the recorded document.

SECTION 15 — RELIANCE

The City and the Owner hereby recognize and agree that the representations and covenants set forth herein may be relied upon by City and the Owner. In performing its duties and obligations hereunder, the City may rely upon statements and certificates of the Owner and Eligible Households, and upon audits of the books and records of the Owner pertaining to occupancy of the Project. In performing its duties hereunder, the Owner may rely on the Certificates of Household Eligibility unless the Owner has actual knowledge or reason to believe that such Certificates are inaccurate.

SECTION 16 -- GOVERNING LAW

This Covenant shall be governed by the laws of the State of Washington, except to the extent such laws conflict with the laws of the United States or the regulations of federally insured depository institutions or would restrict activities otherwise permitted in relation to the operation of federally insured depository institutions.

SECTION 17 — NO CONFLICT WITH OTHER DOCUMENTS

The Owner warrants that it has not executed and will not execute, any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and that in any event the requirements of this Covenant are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith, except for the Multifamily Housing Limited Property Tax Exemption Contract referenced in Section 20 herein.

SECTION 18 — AMENDMENTS

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 King County, Washington. 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.

SECTION 19 — NOTICE

Any notice or communication hereunder, except legal notices, shall be in writing and may be given by registered or certified mail. The notice or communication shall be deemed to have been given and received when deposited in the United States Mail, properly addressed with postage prepaid. If given otherwise, it shall be deemed to be given when delivered to received by the party to whom addressed. Such notices and communications shall be given to the parties hereto at their following addresses:

If to the City:

Planning Department-Housing Planner

City of Kirkland 123 Fifth Avenue Kirkland, WA 98033

With a copy to the Designee

A Regional Coalition for Housing (ARCH)

16225 NE 87th Street, Suite A-3

Redmond, WA 98052 Attn: Housing Planner

If to the Owner:

Kirkland Memory Care LLC

111 Market St NE, Suite 200

Olympia, WA 98501 Attn: E. Aaron Koelsch

With a copy to: Bank of the West

CBG Loan Administration

2527 Camino Ramon (NC-BO7-3E-I)

San Ramon, California 94583

Attn: Tiiu Newlin

Any party may change its address for notices upon ten (10) days prior written notice to the other parties. Legal counsel for a party may deliver notices on behalf of the represented party and such notice shall be deemed delivered by such party.

SECTION 20 — MULTIFAMILY HOUSING LIMITED PROPERTY TAX EXEMPTION CONTRACT

This Covenant is subject to the terms and conditions of the Property Tax Exemption Contract. In the event of any conflict between the terms of this section and the terms of the Property Tax Exemption Contract, the terms of the Property Tax Exemption Contract shall control. All amounts

payable hereunder shall be paid without any set-off or deduction of any nature. This provision shall survive termination of the Covenant prior to expiration of the Qualified Project Period.

SECTION 21 — SEVERABILITY

If any provision of this Covenant shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

SECTION 22 — CONSTRUCTION

Unless the context clearly requires otherwise, words of the masculine, feminine or neuter gender shall be construed to include each other gender when appropriate and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. All the terms and provisions hereof shall be construed to effectuate the purposes set forth in this Covenant and to sustain the validity hereof.

SECTION 23 — TITLES AND HEADINGS

The titles and headings of the sections of this Covenant have been inserted for convenience of reference only, are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in the construing this document or any provision hereof or in ascertaining intent, if any question of intent shall arise.

IN WITNESS WHEREOF, the Owner and City have each executed the Declaration of Affordable Housing Covenants on the date first above written.

[Signature page follows.]

Owners: Kirkland Memory Care LLC, a Delaware limited liability company	City:	
By: Kirkland Koelsch Memory Care LLC, A Washington limited liability company Its: Manager		
By: EAK Manager, Inc., a Washington corporation		
E. Aaron Koelsch	Kurt Triplett	
Its: President	Its: City Manager	
	Approved as to Form:	·
	City Attorney	

STATE OF W	VASHINGTON	}			
COUNTY OF	KING	}	SS.		
On this	day of		201_	, before me, a Notary Public in and for th	e
State of Was	shington, duly comm	nissioned a	and sw	orn, personally appeared	ļ,
known to me	e to be the			_ of the CITY OF_KIRKLAND, who executed	the
foregoing do	ocument on behalf o	of said City	, and a	acknowledged the said document to be the	free
and voluntar	ry act and deed of s	aid City, fo	or the	uses and purposes therein mentioned, and	on
oath stated	that s/he was autho	orized to ex	xecute	said document.	
IN WITNESS		given unde	er my I	nand and official seal this day of	
			Not	ary Public in and for the State of Washingto	n.
			Prin	t Name	
				iding at	
				commission expires	
			•	•	

STATE OF WASHINGTON }	_	
COUNTY OF }	S.	
On this		
On this day of	·	and
for the State of Washington, duly commissioned and sworn, personally appeared E. Aaron		
Koelsch, to me known to be the President of EAK Manager, Inc., a Washington corporation,		
which is the Manager of Kirkland Koelsch Memory Care LLC, a Washington limited liability		
company, which is the Manager of Kirkland Memory Care, LLC, a Delaware limited liability		
company, who executed the foregoing instrument on behalf of the said limited liability		
company, and acknowledged the said document to be the free and voluntary act and deed of		of
said limited liability company for the uses and purposes therein mentioned, and on oath stated		
that s/he was authorized to execute said document.		
		!
IN WITNESS WHEREOF I have given under my hand and official seal this day of		ļ
, 201		
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· N	lotary Public in and for the State of Washingto	n.
P	rint Name	
R	esiding at	
M	ly commission expires	

EXHIBIT E CONGREGATE/ASSISTED CARE SERVICES

- 1) Full utility service, including cable television, but excluding telephone.
- 2) 24-hour security with 24-hour staffing.
- 3) Emergency call system to on-site staffing/relayed to public health/fire safety personnel.
- 4) Fire sprinkler protection and alarm system.
- 5) Three (3) meals served daily in a banquet style.
- 6) Weekly resident unit housekeeping, including flat linens.
- 7) Scheduled van transportation.
- 8) Planned and coordinated activities and social services.
- 9) Medication monitoring/supervision.
- 10) Medication administration.
- 11) Assistance in bathing.
- 12) Assistance in dressing.
- 13) Assistance in ambulation.
- 14) Assistance in eating.
- 15) Care of incontinency.
- 16) Care of Alzheimer's Dementia.