

RESOLUTION R-5681

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND AUTHORIZING A \$10,000 GRANT TO ENABLE BRIDGE HOUSING TO PURCHASE AND CONVERT 200 RESIDENTIAL UNITS AT THE VUE KIRKLAND APARTMENTS FROM MARKET RATE TO AFFORDABLE HOUSING UNITS.

WHEREAS, BRIDGE Housing is a nonprofit affordable housing developer and service provider with owned and leased properties in Bellevue, Seattle, and other west coast cities; and

WHEREAS, BRIDGE Housing is a managing partner of Vue Kirkland, LLC, which is under contract to purchase Vue Kirkland, a two hundred (200) unit market rate apartment complex in the Totem Lake neighborhood of Kirkland, and BRIDGE Housing intends to convert all units over the next several years into affordable units; and

WHEREAS, in order to qualify for a property tax exemption under RCW 84.36.560 for nonprofit organizations that provide rental housing to qualifying households, BRIDGE Housing must obtain funding designated for affordable housing from a public entity; and

WHEREAS, BRIDGE Housing has agreed that, in exchange for the City of Kirkland providing BRIDGE Housing with nominal funding, BRIDGE Housing will keep five (5) units affordable to qualified residents at 50% area median income (AMI) for the next twenty (20) years, with those units restricted to 60% AMI in the years thereafter; and

WHEREAS, the remaining units will also be restricted to affordable housing, as BRIDGE Housing will offer one hundred fifty-six (156) units at 60% AMI and thirty-nine (39) units at 80% AMI for ninety-nine (99) years under a covenant with Amazon Housing Equity Fund; and

WHEREAS, providing more affordable housing to the Kirkland community has been a long-standing goal of the Kirkland City Council and has long been reflected in the Comprehensive Plan and in the City's legislative priorities; and

WHEREAS, the City Council finds that BRIDGE Housing's proposal will substantially support the City's efforts to provide more affordable housing in an area that is near transit, major employers, and the commercial area of Totem Lake.

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

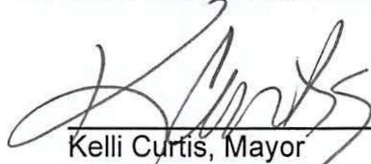
Section 1. In order to facilitate the conversion of 200 market rate units to affordable units for a period of at least 99 years, the City Manager or designee is hereby authorized to execute a Funding Agreement to provide BRIDGE Housing and its successor, as applicable, with a \$10,000 grant to contribute to the acquisition of the Vue Kirkland Apartments, provided that the City Manager negotiates that current households will not be required to vacate a unit based on income-ineligibility. The Funding Agreement shall be in a form substantially similar to that attached as Exhibit A.

Section 2: The City Manager or designee is further authorized and directed to ensure that the City's funds are used for the intended purpose and that the project maintains its affordability over time by executing on behalf of the City of Kirkland, a Regulatory Agreement

46 and Declaration of Restrictive Covenants, which shall be in a form substantially similar to that
47 attached as Exhibit B.
48

49 Passed by majority vote of the Kirkland City Council in open meeting this 6th day of
50 May, 2025.
51

52 Signed in authentication thereof this 6th day of May, 2025.

A handwritten signature in black ink, appearing to read "K. Curtis", written over a horizontal line.

Kelli Curtis, Mayor

Attest:

A handwritten signature in blue ink, appearing to read "Amy Adkisson", written over a horizontal line.

Elizabeth Adkisson, Acting City Clerk

FUNDING AGREEMENT

between

CITY OF KIRKLAND

and

VUE KIRKLAND LLC

for

VUE KIRKLAND

THIS FUNDING AGREEMENT (hereinafter “Agreement”), entered into this ____ day of May, 2025, between the City of Kirkland, a State of Washington municipal corporation (hereinafter referred to as “Grantor”), and VUE KIRKLAND LLC, a Washington limited liability company (hereinafter referred to as “Owner”), and its incorporated attachments and exhibits, contains all terms and conditions agreed to by the Grantor and the Owner to undertake the activities described herein and made for the mutual covenants and benefits to be derived herefrom.

RECITALS

A. The Grantor has established a special purpose fund, capitalized with local revenues, for the purpose of creating and preserving affordable housing for low- and moderate-income households.

B. The Grantor, in keeping with its adopted policies regarding affordable housing, finds it desirable and advantageous to grant the Owner up to \$10,000.00 to support the acquisition of the low-income housing project known as *Vue Kirkland* (hereinafter “Project”), which is located on the real property situated in the County of King, State of Washington, as further described on Exhibit A attached hereto (hereinafter “Property”).

C. The purpose of this Agreement is to set forth the terms and conditions by which the Grantor will use a portion of its affordable housing funds to support the Owner's acquisition of the Project and qualification for property tax exemption under RCW 84.36.560.

D. This Agreement to provide funding to the Project is entered into pursuant to City Council action(s) taken on May ____, 2025.

E. Grantor’s Designee, on behalf of the Grantor, shall be responsible for administering the Grant (defined below) and has the exclusive right to communicate with the Owner on behalf of the Grantor under this Agreement or any of the Funding Documents. “Designee” means A Regional Coalition for Housing (“ARCH”) or such other agency as may be designated by the Grantor in writing to the Owner. Any approval or consent given by Designee shall be deemed to be given on behalf of and binding upon the Grantor, provided no amendment to this Agreement or its related funding documents shall be effective unless/until reviewed, approved, and executed by the Grantor. The Grantor may, from time to time, designate another city or agency, in place of ARCH, to serve as its Designee for purposes of administering

this Agreement and/or its related funding; provided it first advises the Owner, in writing, of the appointment. Nothing in this Agreement modifies the relationship between ARCH or its member cities.

I. GENERAL TERMS AND CONDITIONS

1. **Scope of Project.** The Owner shall use the funds provided by the Grantor for the purpose of acquiring the 200 units of affordable housing at the Project (including two (2) unrestricted manager's units). The Owner has provided the Grantor with a description of the Project (hereinafter referred to as the "Project Description") which includes (i) the specific and necessary actions to effect the transfer of ownership and the timeframe in which such actions will occur; (ii) a plan for the ongoing management and maintenance of the Project; and (iii) a description of the long term affordability objectives. The Owner shall provide the Grantor with any material updates to the Project Description, provided, however, in no event shall the Owner be permitted to decrease the number of Affordable Units or increase the amount of the Grant without the prior written consent of the Grantor.

2. **Funding.** Subject to the terms and conditions of this Agreement, the Grantor shall grant to the Owner, and the Owner shall receive from the Grantor, a total sum of \$10,000. The Owner has provided to the Grantor and Grantor's Designee a budget (hereinafter referred to as the "Project Budget"), which details (a) the amounts and specific purposes to which the Grantor's funds will be applied and (b) the sources for all project costs. This Project Budget (which includes both a development and operating budget) is attached hereto as Exhibit B and is incorporated herein by this reference. Owner shall provide Designee with any material updates to the Project Budget.

The Grant will not be funded or subsidized, in whole or in part, directly or indirectly, by the proceeds of any obligation the interest on which is exempt from tax under Section 103 of the Internal Revenue Code of 1986, as amended, or with proceeds of any grant or loan from the federal government.

3. **Reserved**

4. **Covenant Running With the Land.** At the closing of the Grant, the Owner shall cause to be recorded a Regulatory Agreement and Declaration of Restrictive Covenants (hereinafter referred to as the "Regulatory Agreement") running with the land for a period commencing from recording of the Regulatory Agreement until the end of the twentieth (20th) year thereafter.

5. **Funds Conditioned.** The Grantor agrees to make available and release monies from its housing funds subject to and in accordance with the terms of this Agreement, including but not limited to the following conditions, each of which must be satisfied prior to any disbursement of funds:

A. Grantor funds allocated to the Project shall not be used for any purposes other than acquisition of the Property and as otherwise described in the Project Budget unless Designee has given written authorization for alternative use.

B. The Owner shall acquire the Project in compliance with the Project Award Letter as approved by the Grantor.

C. The Owner shall have in place all applicable approvals necessary for occupation and operation of the Project. The Owner shall maintain documentation of any such approvals.

D. The Owner shall submit evidence of commitment of all public and private funds in the Project consistent with the Project Budget. In the event commitment of funds identified in the Project Award Letter cannot be secured in the time frame identified in the application, the Owner shall immediately notify Designee, and describe the actions it will undertake to secure alternative funding, and the timing of those actions, subject to Designee's review and approval. All commitments of financing for the Project must be secured by the Owner prior to the release of funds.

E. The Owner shall submit evidence of insurance, as required by Section III.2 of this Agreement.

F. The Owner shall submit an appraisal, by a state-certified general real estate appraiser, as that term is defined in RCW 18.140.010(22), which establishes a property value equal to or greater than the acquisition price.

G. The Owner shall cooperate with Designee in obtaining an American Land Title Association Grantor's Title Policy with extended title insurance and including those endorsements reasonably required by Designee. The costs of such policy shall be the responsibility of the Owner.

H. The Owner shall submit a complete management and services plan and updated operating budget for review and approval by Designee ("Management Plan"). At a minimum the plan shall describe: (1) the physical plan including number and size of units, amenities, and accessibility, (2) the tenant population to be served, (3) description of housing programs and services, and (4) management and operation of the premises including description of management entity and staffing, rules for operation of the premises, enforcement procedures, and maintenance and repair program.

I. Designee acknowledges that it has reviewed and approved the Project Budget.

J. Concurrent with the Owner's execution of this Funding Agreement, the Owner shall execute and deliver to Grantor and Designee the Regulatory Agreement, together with this Funding Agreement (the "Funding Documents").

6. Recovery of Funds

A. In the event the Owner is unable to use the Grantor's funds for the purposes specified in this Agreement, the Owner shall immediately notify Designee in writing, at which point the Grantor shall have no further obligation to make funds available for the Project. The Grantor reserves the right to recover funds provided in support of the Project up to the date of notification.

B. In the event the Grantor is required to institute legal proceedings to enforce recovery of funds, the Grantor shall be entitled to its expenses relating to recovery, including reasonable attorney's fees and costs, not to exceed \$10,000.

C. The Grantor makes no commitment to future support, and assumes no future support, of the activities contracted for herein, except as expressly set forth in this Agreement.

II. RESERVED

III. PROPERTY OPERATIONS; HOUSING AND REPORTING REQUIREMENTS

1. **Property Management.** The Owner shall operate the Project in accordance with the Management Plan and as required by the Funding Documents. The Owner shall maintain the Project in a good and habitable condition for the duration of the Qualified Project Period (as defined in the Regulatory Agreement).

2. **Insurance.**

A. **General.** The Owner shall maintain in full force and effect, so long as this Agreement shall be in effect, and at the Owner's sole cost and expense, insurance satisfying all of the requirements set forth below. The insurance policies are subject to approval by Grantor in its sole discretion as to amount, form, endorsements, deductibles and insurer, and must cover all risks Grantor requires. The specific coverages, limits, standards and forms set forth in this Section establish the requirements that shall apply unless Grantor or Designee shall, by notice in writing, approve or require different or additional coverages, limits, standards or forms. Capitalized terms used in this Section and not defined shall be construed in accordance with customary usage in the insurance industry as of the date of this Agreement, unless the context clearly requires otherwise.

Failure of the Owner to fully comply with the insurance requirements of this Section will be considered a material breach of this Agreement.

B. **Coverages Required of Owner.** The Owner shall maintain all of the following:

(i) **Commercial General Liability ("CGL")** insurance, written on an Insurance Services Office ("ISO") occurrence form (ISO form CG 00 01) or equivalent, including Premises/Operations; Products/Completed Operations; Personal/Advertising injury; Contractual Liability; and Independent Contractors Liability. The minimum limits of liability for bodily injury and property damage shall be \$1,000,000 each occurrence and \$2,000,000 general and Products/Completed Operations aggregate.

(ii) **Property insurance** on all buildings, improvements and fixtures on an "All Risk" basis, in an amount equal to 100% replacement cost thereof, against (i) Loss from the perils of fire and other risks of direct physical loss including flood damage if the Property is in a flood hazard area, not less broad than provided by the insurance industry standard "Causes of Loss - Special Form (CP 10 30)"; (ii) Loss or damage from water damage, or sprinkler systems now or hereafter installed in any building on the premises; (iii) loss or damage by explosion of steam boilers, pressure vessels, oil, or gasoline storage tanks; machinery, heating or air conditioning, elevator and escalator equipment or similar apparatus, provided the Property contains equipment of such nature; (iv) business interruption or extra expense, with sufficient coverage to provide for the loss of rent and other fixed costs during any interruption of Owner's business, loss of occupancy, or use because of fire or other cause, in such amounts as are satisfactory to Designee, (v) if required by a senior lender, loss or damage from earthquake, and (vi) any other insurance required by law.

C. **Additional Required Coverages during Construction**

(i) **Reserved.**

(ii) The Owner shall ensure that any contractor working on the Property maintains CGL insurance, written on an ISO occurrence form (ISO form CG 00 01) or equivalent,

including Premises/Operations; Products/Completed Operations; Personal/Advertising injury; Contractual Liability; and Independent Contractors Liability. The minimum limits of liability for bodily injury and property damage shall be \$1,000,000 each occurrence and \$2,000,000 general and Products/Completed Operations aggregate. If the property contains any Hazardous Substances, asbestos or lead-based paint, the Owner shall ensure that any contractor working on the Property, or if Owner is working on the Property, that s/he also maintains Pollution Legal Liability coverage at a minimum limit of \$1,000,000 per occurrence and aggregate. The Owner shall further ensure that the CGL and Pollution Legal Liability insurance maintained by the Owner and/or Owner's contractor(s) shall include the Grantor and Designee (consisting of the City of Bellevue and all funding cities, their officers, elected officials, employees, agents, and volunteers) as additional insureds for primary and non-contributory limits of liability.

(iii) The Owner shall ensure that any contractor on the Property maintain Worker's Compensation for the State of Washington ("Industrial Insurance") as required by Title 51 of the Revised Code of Washington.

(iv) Policy Requirements. The Owner shall ensure that any policy maintained to meet the requirements of this subsection (C) shall include the general contractor and all subcontractors as insureds or that a separate policy of insurance as stated above is maintained for each subcontractor. All coverages for subcontractors shall be subject to all the requirements stated herein and applicable to their activities.

D. Deductibles. If the Owner's insurance contains a self-insured retention amount, the Owner shall:

(i) Obtain the written approval of Designee for the self-insured retention amount prior to any disbursement on the Grant, or prior to the effective date of such policy, whichever is later.

(ii) Be responsible for payment of the portion of any claim or loss equal to or less than the self-insured retention amount.

Designee reserves the right to reject any insurance policy with a self-insured retention amount or to require a lower self-insured retention amount.

E. Conditions. The insurance policy or policies, endorsements thereto, and subsequent renewals shall:

(i) be issued by an insurance company that is:

(a) Rated A- or better and VII or larger in the A.M. Best's Key Rating Guide; and

(b) Licensed to do business in the State of Washington or filed with the Washington Insurance Commissioner as a surplus line by a Washington surplus line broker;

(ii) be primary as respects the Grantor, and any other insurance maintained by the Grantor shall be excess and not contributing insurance with the Owner's insurance; and

(iii) in the case of any liability policy, include a provision (whether by endorsement or otherwise) agreeing that, except with respect to the limits of insurance and any rights or duties specifically assigned to the first named insured, the insurance shall apply:

(a) As if each party insured thereunder (whether as a named insured, additional named insured, or additional insured) were the only party insured by such policy; and

(b) Separately to each insured against whom a claim is made or a suit is brought.

F. Endorsements in Favor of Grantor.

(i) The Owner shall ensure that the CGL and, if required, the Pollution Legal Liability insurance maintained by Owner shall include "The City of Kirkland, its officers, elected officials, employees, agents, and volunteers" as additional insureds for primary and non-contributory limits of liability as well as "The City of Bellevue, its officers, elected officials, employees, agents, and volunteers."

(ii) Owner shall ensure that all Property Insurance policies, including Builder's Risk, shall (i) contain cancellation provisions requiring not less than thirty (30) days written notice, except ten (10) days with respect to cancellation for non-payment of premium, to Designee as a condition precedent to any cancellation thereof; (ii) not be subject to any coinsurance or other similar contribution or limitation provisions unless such provisions are expressly approved in writing by Designee.

G. Evidence of Insurance. The Owner shall furnish Designee with certificates of insurance and endorsements required by this Agreement. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements for each insurance policy are to be received and approved by Designee prior to the commencement of activities associated with the Funding Agreement. Designee reserves the right to require complete, certified copies of all required insurance policies at any time. At least ten (10) days prior to the expiration of the term of any insurance policy, Owner shall furnish Designee with written evidence of renewal, with premiums paid, or issuance of a satisfactory replacement policy. With respect to any multi-property insurance policy that is based on a Schedule of Values, Owner shall deliver a current schedule as approved by the insurer no less frequently than annually. The approval of any insurance by Designee will not be a representation of the solvency of any insurer or the sufficiency of any insurance. All such policies shall be evaluated and the provisions of such policies shall be adjusted as required by Designee, if so requested by Designee, on an annual basis.

H. Waiver of Subrogation. All insurance required to be maintained by Owner hereunder shall contain a waiver of subrogation against Grantor, and an endorsement or agreement by the insurer that any loss shall be payable in accordance with the terms of such policy notwithstanding any act or negligence of Owner that might otherwise result in forfeiture of said insurance and the further agreement of the insurer waiving all rights of set-off, counterclaim or deductions against Owner.

I. **Right of Grantor to Procure Insurance.** Notwithstanding anything to the contrary herein, in the event Owner fails to pay any premium required to renew any policy when required hereunder or otherwise fails to provide, maintain, keep in full force and effect or, after not less than ten (10) days prior written notice to Owner, to deliver and furnish to Designee the policies of insurance required hereunder, in addition to all other remedies available under this Funding Agreement, Designee, in its sole and absolute discretion and without obligation with respect thereto, may pay such premiums or procure such insurance or single-interest insurance of such risks covering Grantor and Designee's interest, and Owner will reimburse Designee for all premiums thereon (and interest thereon at the rate of twelve percent (12%) per annum from the date of expenditure by Designee until the date of payment by Owner) promptly upon demand by Designee, and until such payment is made by Owner the amount of all such premiums together with interest thereon shall be secured by this Funding Agreement.

3. **Affordability Restrictions.** As further detailed in the Regulatory Agreement, Owner shall maintain at least five (5) units of affordable housing, occupied by households with income at the time of occupancy and unit mix as set forth in the table below. Rents will be restricted according to the affordability standards set by the Washington State Housing Finance Commission (WSHFC) for low-income housing tax credit projects, including a Utility Allowance, as defined below, or the applicable Section 8 rent level for households receiving Section 8 assistance; provided, that if no low-income housing tax credit regulatory agreement applies to the Project, then Designee reserves the right to require the use of the affordability standards set by ARCH in order to achieve consistency among funder requirements. The Regulatory Agreement shall be in a form and content satisfactory to the Grantor and Designee and shall be executed concurrently with this Agreement.

	Studio	1 Bedroom	2 Bedroom	Total
50% AMI	1	3	1	5
Total	1	3	1	5

“**Utility Allowance**” means the utility allowance established by the King County Housing Authority or an allowance as otherwise agreed to by the Owner and Designee.

4. **Lease Provisions.**

A. It is the Owner's responsibility to screen and select tenants for desirability and credit worthiness. Such selection is within the Owner's discretion. If written management policies exist, or exist in the future, with respect to the Project, Designee may review such written policies and may require changes in such policies, if necessary, so that they comply with the requirements of this Agreement and the Regulatory Agreement.

B. All leases for Eligible Households 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.

C. The following terms are prohibited in any residential lease applicable to the Project:

(i) Agreement by the tenant to be sued, to admit guilt or to a judgment in favor of the Owner in a lawsuit brought in connection with the lease;

(ii) Agreement by the tenant that the Owner may take, hold or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties;

(iii) Agreement by the tenant not to hold the Owner or the Owner's agents legally responsible for any action or failure to act, whether intentional or negligent;

(iv) Agreement by the tenant that the Owner may institute a lawsuit without notice to the tenant;

(v) Agreement by the tenant that the Owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties;

(vi) Agreement by the tenant to waive any right to a trial by jury;

(vii) Agreement by the tenant to waive the tenant's right to appeal or otherwise challenge in court a court decision in connection with the lease; and

(viii) Agreement by the tenant to pay attorneys' fees or other legal costs even if the tenant wins in a court proceeding by the Owner against the tenant. The tenant may, however, be obliged to pay costs if the tenant loses in the proceeding.

5. **Participation in Religious Services.** The Owner shall not require persons to participate in any religious service as a condition of receiving shelter or any other housing-related assistance.

6. **Notification of Tenants Rights/Responsibilities.** The Owner shall provide all tenants with information outlining tenant rights and responsibilities under the Washington State Landlord/Tenant Act.

7. **Fair Housing/Affirmative Marketing.** The Project will be managed at all times in compliance with the United States and Washington State "Fair Housing Laws", RCW 49.60, and local ordinances. Additionally, the Project shall be affirmatively marketed to all eligible beneficiaries in a non-discriminatory manner.

8. **Mailing List.** Designee maintains a mailing list of households interested in occupying Affordable Units. The Owner may request that Designee distribute vacancy or leasing information regarding the Project to the mailing list. In determining which eligible applicants shall be rented Affordable Units, the Owner shall reasonably consider persons on the Designee's mailing list.

9. **Certifying Household Eligibility.** Prior to allowing any household to occupy any Affordable Unit, the Owner shall require the prospective tenant to certify its income eligibility. The Owner shall also undertake a good faith effort to verify the applicant's Household Income. 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, Household Income shall be verified by wage or salary statements, or other income records that Designee may consider appropriate. In the event a household is receiving Section 8 assistance, the requirements of this Section III.10 and Section III.11 can be met through providing documentation associated with complying with the Section 8 program.

10. **Annual Recertification of Residents.** On an annual basis, the Owner shall require all households occupying an Affordable Unit to recertify their income eligibility. The Owner shall undertake a good faith effort to verify the reported Household Income. The Owner's obligation to verify the Household Income shall be limited to obtaining a copy of and reviewing the tenant's federal income tax returns, unless the Owner has actual knowledge or reason to believe that the information provided by the household is materially inaccurate. In the event federal income tax returns are not available, Household Income shall be verified by wage or salary statements, or other income records that Designee may consider appropriate.

The certifications described in Section III.10 and Section III.11 shall be filed with Designee.

11. **Project Certification.** After the acquisition of the Property, the Owner shall file annual project certifications with Designee. For projects financed with Low-Income Housing Tax Credits, the Owner's Annual Certification then required by the Washington State Housing Finance Commission ("WSHFC") may be submitted to ARCH to meet the annual project certification requirement. For non-LIHTC projects, a form in substantially similar form to the Owner's Annual Certification then required by WSHFC may be submitted to Designee to meet the annual project certification requirement. Thereafter, during the term of the Regulatory Agreement, such certification shall be filed annually on or before March 31st of each year ("Certification Date") and will be the basis for verification of the continued affordability of the units and documentation of service to the eligible client group(s). The Certification Date may be adjusted from time to time by Designee with prior written notice to Owner. Designee will use the monitoring reports to determine compliance with affordability and other provisions of the Regulatory Agreement.

12. **Maintain Complete Records.** The Owner shall maintain complete and accurate records pertaining to the Affordable Units, and shall permit Designee, including, without limitation, any duly authorized representative of Designee, to inspect the books and records of the Owner pertaining to the incomes of and rents charged to Eligible Households and Section 8 Households (if applicable)(as each term is defined in the Regulatory Agreement) residing in the Project. Failure to maintain such records, or failure to allow examination by Designee or any duly authorized representative shall constitute a default hereunder.

13. **Form of Certification.** All documentation required by this Section shall be submitted on the forms designated herein. Notwithstanding anything in this Section to the contrary, such forms may be modified by Designee from time to time. Changes to forms by Designee shall not significantly enlarge the Owner's obligations hereunder.

14. **Evaluation and Record Keeping.**

A. The Owner agrees to participate with Designee in any project evaluation, performance report, or financial audit, as may be required by federal or state regulation or Designee directives.

B. During the performance of this Agreement and during the period of retention specified in Section III.15.C. below, the records and documents with respect to all matters covered by this Agreement shall be subject at all times to inspection, review or audit by Designee and by such state and federal officials so authorized by law.

C. Required records shall be retained for a period of six (6) years after termination of this Agreement; except that, records that are the subject of audit findings shall be retained for six (6) years after such findings have been resolved.

D. The Owner shall furnish Designee with any and all periodic reports Designee may request pertaining to the activities undertaken under this Agreement, and certify the accuracy of the information contained in such reports, including the costs and obligations incurred in connection with the Project, and any other matters covered by this Agreement.

IV. ENFORCEMENT

1. Events of Default.

A. Owner shall be in default of this Agreement if Owner fails to comply with any material terms or conditions of this Agreement or another one of the Funding Documents or to provide in any manner the activities or other performance as agreed to herein, and such failure continues for a period of sixty (60) days following written notification to Owner of Owner's failure; provided that, if the default is such that it is not reasonably capable of being cured within sixty (60) days, and if Owner (a) initiates corrective action within said period, and (b) diligently, continually, and in good faith works to effect a cure as soon as possible, then Owner shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Designee. Absent the consent of Designee, which may be withheld in its sole discretion, the Owner may be provided no more than one hundred and twenty (120) days to cure such default.

B. In the event of default that continues beyond any applicable notice and cure period, subject to the provisions of Section IV.2.D below, Designee shall be entitled to pursue any remedy available under this Agreement or by applicable law, including, but not limited to any action for damages, specific performance, injunction, or declaratory or other relief. All such remedies shall be cumulative to the fullest extent permitted by law. Furthermore, in the event of any default of a material term or condition of this Agreement or during the period of Owner's opportunity to cure any default of a material term or condition of this Agreement, Designee shall have the right to withhold all or any part of payment, suspend all or part of this Agreement, or prohibit the Owner from incurring additional obligations of funds until Designee is satisfied that corrective action has been taken or completed, and/or to recover any funds previously allocated to the Owner in Accordance with Section IV.2.D. The option to withhold funds is in addition to, and not in lieu of, Grantor's right to recover previously allocated funds under this Agreement, terminate this Agreement or subject to Section IV.2 below pursue any other remedy. Notwithstanding anything herein to the contrary, subject to the provisions of Section IV.2.D below, in no event shall the Grantor be precluded from exercising any and all available remedies immediately and regardless of the time periods for Owner to cure defaults, if Designee in its reasonable discretion determines that any Grantor participation in a funding or grant program becomes or is about to become materially jeopardized by any failure to cure a default. Notwithstanding anything to the contrary, Owner's member(s) or limited partners shall have the right to cure a default by Owner under this Agreement and Designee shall accept such cure on the same terms applicable to a cure made by the Owner.

2. Suspension and Termination of Agreement.

A. Subject to the notice and opportunity to cure described in Section IV.1.A above, this Agreement is subject to termination by the Grantor should:

(a) The Owner mismanage or make improper or unlawful use of Grantor funds;

(b) The Owner fail to comply with the terms and conditions expressed herein or the applicable regulations and directives of the Federal Government, State or Grantor;

i. The Owner fail to carry out activities expressed by this Agreement; or

(c) The Owner fail to substantially complete the Project as described in the Project Description by [_____]. This date shall be subject to extension only by mutual agreement and amendment this Agreement.

ii. The Owner fail to submit reports required under the Funding Documents, or submit incomplete or inaccurate versions of such reports, in any material respect.

B. Subject to the Grantor's right to delay, withhold or reduce payments as described in subsection 2.A above, this Agreement is subject to termination upon thirty (30) days written notice by the Owner should the Grantor fail in its commitment under this Agreement to provide funding for activities as herein provided.

C. Upon termination of this Agreement, any unexpended balance of funds under this Agreement shall remain with the Grantor.

V. MISCELLANEOUS

1. No Assignment.

A. The Owner shall not assign or designate its obligations under the terms of this Agreement to any third party or parties without the advance written consent of the Grantor and Designee. The Owner shall remain fully obligated under the provisions of this Agreement notwithstanding its designation of any third party or parties of the undertaking of all or any part of the Project described herein. Any subcontractor that is not the Owner shall comply with all lawful requirements of the Owner necessary to ensure that the project is carried out in accordance with the provisions of this Agreement.

B. If the Owner is a limited partnership or limited liability company in which a nonprofit corporation or an affiliate thereof, is the general partner or managing member, then Grantor and Designee shall not unreasonably withhold consent to any transfer of the Project to such general partner or managing member, to BRIDGE Housing Corporation, or to an affiliate of either BRIDGE Housing Corporation of the managing member, provided that such transferee assumes all obligations under this Agreement pursuant to an assumption agreement acceptable to Designee. Owner agrees to first advise and consult with Grantor and Designee before any such transfer. Notwithstanding anything set forth herein or the Regulatory Agreement to the contrary, consent of Grantor and Designee shall not be required in connection with a transfer consisting solely of the transfer of any direct or indirect ownership interest in Owner that does not constitute a Change of Control (except for a transfer or series of transfers of any legal or equitable interest of managing member that results in managing member no longer owning any direct or indirect interest in Owner). "Change of Control" for purposes of this section (B) means the failure of either BRIDGE Housing Corporation or the managing member to, directly or indirectly, exercise day-to-day

powers of decision-making, management and control over the Owner or the Property unless Grantor and Designee have given prior written consent to such change.

C. Any transfer of the Property without consent of Grantor and Designee, other than as expressly permitted herein, shall be a default under this Agreement and then the Grant shall be immediately due and payable upon said transfer.

2. **Notices.** 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 and received by the party to whom addressed. Whenever this Agreement refers to the Grantor, any related notices shall be provided to Designee, and such notice to Designee shall be sufficient to provide notice to the Grantor. Such notices and communications shall be given to the parties hereto at their following addresses:

If to the Owner:

Vue Kirkland LLC
c/o BRIDGE Housing Corporation
350 California Street, 16th Floor
San Francisco, CA 94104

If to Grantor:

City of Kirkland
123 5th Ave.
Kirkland, WA 98033
Attn: Dawn Nelson, Planning Manager

If to Designee:

A Regional Coalition for Housing (ARCH)
16305 NE 87th Street, Suite 119
Redmond, WA 98052
Attn: Executive Director

3. **Time is of the Essence.** Time is of the essence for all of the terms and conditions of this Agreement. Notwithstanding the foregoing or any other provision hereof, no time limit for any response, approval or other action required or permitted after notice from one party to the other under this Agreement shall be effective unless the first page of the notice states the relevant time period.

4. **Jurisdiction.** This Agreement shall be governed by the law and statutes of the state of Washington. The venue of any action hereunder shall be in the Superior Court for King County, Washington.

5. **Amendments and Modifications.** Grantor, Designee, or the Owner may request an amendment or modification of this Agreement. Except as provided herein, however, such amendment shall not take effect until approved, in writing, by the Grantor and the Owner. Amendments to Exhibits shall be considered to be approved in writing when the revised Exhibit is signed by the Owner and Grantor 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, the version maintained by Designee as the then-current version, signed by Owner and Grantor, shall prevail.

6. **Waiver.** No conditions or provisions of this Agreement can be waived unless approved in writing by Grantor. Grantor's or Designee's failure to insist upon the strict performance of any provision of this Agreement, or to exercise any right based upon a breach of this Agreement, or the acceptance of any performance during such breach, shall not constitute a waiver of any right under this Agreement.

7. **No Third Party Beneficiary.** The rights and privileges granted or created by this Agreement are for the sole and exclusive benefit of the Grantor, Designee, and the Owner. This Agreement is not intended, nor does it create or confer any benefit upon any third party. No joint venture or partnership is formed as a result of this Agreement.

8. **Indemnification.**

A. The Owner agrees that it is financially responsible (liable) for any audit exception or other financial loss to the Grantor or Designee which occurs due to its negligence or failure to comply with the terms of this Agreement.

B. The Owner shall indemnify, defend and hold harmless the Grantor and Designee, their officers, elected officials, agents, employees, representatives, engineers, consultants and volunteers from and against any and all claims, actions, suits, liability, loss, costs, expenses and damages of any nature whatsoever, including costs and attorney's fees in defense thereof for injuries, sickness or death of persons, or damage to property which, in whole, or in part, is caused by or arises out of the Owner's actions, errors or omissions in the performance of any rights, privileges, authority or obligation created by this Agreement; provided, however, that the Owner's obligation to indemnify, defend and hold harmless shall not extend to injuries, sickness, death or damage caused by or resulting from the sole negligence or intentional misconduct of the Grantor or Designee, or their officers, elected officials, agents, employees, representatives, engineers, consultants or volunteers.

C. With respect to the obligations to hold harmless, indemnify and defend, provided for herein, but only as they relate to claims brought against the Grantor or Designee, or their officers, elected officials, agents, employees, representatives, engineers, consultants and volunteers, the Owner agrees to waive its immunity under industrial insurance, Title 51 RCW, for any injury or death suffered by the Owner's employees which is caused by or arises out of this Agreement, and the Owner further agrees that the obligation to indemnify, defend and hold harmless provided for herein extends to any claim brought by or on behalf of any employee of the Owner. This waiver is mutually negotiated by the parties.

9. **Survival Clause.** All of the provisions of this Agreement shall remain in place and effect through the length of commitment stated in Section I.4.

10. **Severability.** If any provision under this Agreement or its application to any person or circumstances is held invalid by any court of rightful jurisdiction, this invalidity does not affect other provisions of this Agreement which can be given effect without the invalid provision.

11. **Construction.** All terms and provisions in this Agreement, as well as the attachments, shall be construed in accordance with their ordinary and customary meaning. If any section or provision of this Agreement is found subject to two or more constructions, one which would render such a section or

provision invalid and one which would render such a section valid, then the latter construction shall prevail. If there is a conflict between this Agreement the Project Description, the terms of this Agreement control.

12. **Conflict of Interest.** The Owner represents and warrants that neither the Owner nor its owners, employees, contractors and subcontractors serve as an officer, agent, employee, consultant or elected or appointed official of Designee or Grantor who (i) exercises or has exercised any functions or responsibilities with respect to activities assisted by the funds received under this Agreement; (ii) is in a position to participate in a decision-making process or gain inside information with respect to these activities; or (iii) shall obtain any financial interest or benefit, for himself or herself or those with whom he or she has family or business ties, in the activity funded under this Agreement; nor shall (s)he for one year after completion of his or her tenure with Designee or any Grantor obtain any such financial interest or benefit.

13. **Applicability of Law.** The Owner shall comply with all applicable requirements of federal, state and local law in carrying out the activities under this Agreement.

14. **Nondiscrimination.** The Owner shall comply with all federal, state and local laws as now existing and as may be amended prohibiting discrimination on the basis of age, sex, sexual orientation, marital status, race, creed, color, national origin or the presence of any sensory, mental or physical handicap, and any other protected categories.

15. **Public Information.**

A. In all news releases and other public notices related to the activities funded under this Agreement, the Owner shall include information identifying Grantor as a financial supporter of the Project.

B. The Owner acknowledges that this Agreement and any other information provided by it to the Grantor or Designee and/or relevant to the Project are subject to the Washington State Public Records Act, Chapter 42.56 RCW.

16. **Entire Agreement.** This Agreement supersedes any prior negotiations or understanding, written or oral, relating to the subject matter of this Agreement.

17. **Reserved**

18. **Exhibits.** The following exhibits are attached to this Agreement and incorporated herein by this reference:

Exhibit A	Legal Description
Exhibit B	Project Budget

[Signature Pages Follow]

IN WITNESS WHEREOF, the Owner, and the Grantor have each executed the Funding Agreement on the Date first above written

OWNER:

VUE KIRKLAND LLC,
a Washington limited liability company

By: MCB Family Housing, Inc.,
a California nonprofit public benefit corporation

Its: Manager

GRANTOR:

CITY OF KIRKLAND
A Washington municipal corporation

By: _____
[]

Exhibit A
Legal Description

PARCEL A:

LOT B, CITY OF KIRKLAND ALTERATION OF LOT LINE NO. LL-91-25,
RECORDED MARCH 12, 1991 UNDER RECORDING NUMBER 9103120628,
RECORDS OF KING COUNTY, WASHINGTON.

PARCEL B:

AN EASEMENT FOR PARKING AND LANDSCAPING AS MORE
PARTICULARLY SET FORTH IN THAT INSTRUMENT RECORDED JULY 25,
1978 UNDER RECORDING NUMBER 7807250514, IN KING COUNTY,
WASHINGTON.

PARCEL C:

AN EASEMENT FOR PEDESTRIAN AND VEHICULAR INGRESS AND
EGRESS AND PARKING AS MORE PARTICULARLY SET FORTH IN THAT
INSTRUMENT RECORDED SEPTEMBER 09, 1981 UNDER RECORDING
NUMBER 8109090414, IN KING COUNTY, WASHINGTON.

PARCEL D:

AN EASEMENT FOR PEDESTRIAN AND VEHICULAR INGRESS AND
EGRESS AS MORE PARTICULARLY SET FORTH IN THAT INSTRUMENT
RECORDED OCTOBER 18, 1982 UNDER RECORDING NUMBER
8210180216, IN KING COUNTY, WASHINGTON.

PARCEL E:

AN EASEMENT FOR LANDSCAPING, UTILITIES, PEDESTRIAN AND
VEHICULAR INGRESS, AND EGRESS AND PARKING AS MORE
PARTICULARLY SET FORTH IN SHORT PLAT RECORDED JUNE 21, 1979
UNDER RECORDING NUMBER 7906210953, IN KING COUNTY,
WASHINGTON.

PARCEL F:

AN EASEMENT FOR LANDSCAPING, UTILITIES, VEHICULAR AND
PEDESTRIAN INGRESS AND EGRESS AND PARKING AS MORE
PARTICULARLY SET FORTH IN THAT INSTRUMENT RECORDED AUGUST
15, 1979 UNDER RECORDING NUMBER 7908150883, IN KING COUNTY,
WASHINGTON.

Exhibit B
Project Budget

[to be attached]

DRAFT

DRAFT

When Recorded Mail To:

A Regional Coalition for Housing (ARCH)
16305 NE 87th Street, Suite 119
Redmond, WA 98052
Attn: Executive Director

VUE KIRKLAND

Washington State Recorder's Cover Sheet (RCW 65.04.047)

Document Title: REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS
Reference Number(s) of Related Documents: N/A
Grantor: VUE KIRKLAND LLC, a Washington limited liability company
Grantee(s)/Beneficiary(ies): THE CITY OF KIRKLAND, a Washington municipal corporation
Abbreviated Legal Description: Lot B, City of Kirkland Alteration of Lot Line No, LL-91-25, Rec. 9103120628 <input checked="" type="checkbox"/> Additional legal on Exhibit A of document.
Assessor's Property Tax Parcel/Account Number(s): 2826059007

**REGULATORY AGREEMENT
AND
DECLARATION OF RESTRICTIVE COVENANTS**

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (the "Regulatory Agreement") is made and entered into as of this [] day of May, 2025, by and between VUE KIRKLAND LLC, a Washington limited liability company ("Grantor"), and the City of Kirkland, a State of Washington municipal corporation ("Grantee").

WITNESSETH:

This Agreement is predicated upon the following facts:

A. The Grantor is the fee owner of the real property located at 11733 NE 131st Pl, Kirkland, WA 98034 and described on Exhibit A, attached hereto ("Property"). Grantor intends to rent 200 affordable units (including two (2) unrestricted manager's units) (the "Project") located on the Property subject to approvals by State and local agencies, as required.

B. The Grantor's proposed Project shall include five (5) rental units for Eligible Households (as defined below). Such affordable rental units shall be of such bedroom size and quality as provided herein and in the Funding Agreement (defined below).

C. The Grantee has recognized the need to ensure that housing affordable to low income families is provided in the community and has advanced funds toward meeting that need. The Grantee finds that the Project will benefit the Grantee by providing decent, safe, and sanitary rental housing for Eligible Households. To that end, the Grantee has committed, subject certain terms and conditions, to make a grant ("Grant") to Grantor to fund a portion of the costs of Grantor's acquisition of the Project.

D. In partial consideration of the Grant, Grantor is willing to commit to provide low-income housing on the Property as described below. It is the purpose of this Regulatory Agreement to set forth the conditions under which the Grantee has agreed to fund the Project and to impose enforceable restrictions on the use and occupancy of the rental portion of the Project.

E. Grantor's acquisition of the Property, recordation of this Regulatory Agreement and operation of the Property in compliance herewith supports the Grantee's efforts related to affordable housing and lessens the burden of the Grantee in connection therewith.

F. This Regulatory Agreement is entered into pursuant to City Council action to provide funding to the Project as further described in the Funding Agreement.

G. A Regional Coalition for Housing ("ARCH") shall be responsible for administering the Grant on behalf of the Grantee and has the exclusive right to communicate with the Grantor on behalf of the Grantee under this Agreement as further detailed in the Funding Agreement.

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 Grantor and the Grantee 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. Capitalized terms not otherwise defined herein shall have the meanings provided in the Funding Agreement. If at any time the Funding Agreement is no longer in effect prior to the end of the Qualified Project Period, the terms defined in the Funding Agreement shall retain the same meaning, regardless of whether the Project has been transferred to a successor of the original Grantor.

"Affordable Rents" means a monthly housing expense, including if applicable a Utility Allowance (as defined and described in the Funding Agreement), which is no greater than fifty percent (50%) of the monthly median income for Eligible Households within the Seattle-Bellevue, WA HUD Metro FMR Area ("Seattle-Bellevue HFMA"), as shown in the following table, as adjusted for Household Size or, for Section 8 Households (if applicable), the applicable Section 8 rent level. The maximum Affordable Rents shall be adjusted no more than once every twelve (12) months and such adjustment shall be by a factor equivalent to adjustments in the Seattle-Bellevue HFMA Median Income.

Applicable Median Income Level	
Affordable Rent Level	Area Median Income Level
Low Income	50%

"Affordable Units" means the units in the Project, as set forth in the following table, and reserved for occupancy by Eligible Households.

Area Median Income Level	Studio	1 Bedroom	2-Bedroom	Total
50%	1	3	1	5
Total	1	3	1	5

"AMI" means the area median income in the Seattle-Bellevue HFMA, adjusted for family size.

"Eligible Household" means one or more adults who certify that they meet the qualifications for eligibility set forth below in Section 3.F. A Section 8 Household is an Eligible Household.

"Funding Agreement" means that agreement titled Funding Agreement between the Grantee and Grantor dated on or about the date hereof, and any validly executed amendments thereto.

"Household Income" means all income from all household members over the age of eighteen (18) residing in the household. 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 shown in Section 3.G.

"Low Income" means a Household Income that is not greater than 50% of AMI.

"Low Income Unit" means an Affordable Unit that is reserved for Eligible Households with Low

Income.

"Median Income" means the median income for the Seattle-Bellevue HMFA as most recently determined by the Secretary of Housing and Urban Development.

"Moderate Income" means a Household Income that is not greater than 60% of AMI.

"Moderate Income Unit" means an Affordable Unit that is reserved for Eligible Households with Moderate Income.

"Grantor" means Vue Kirkland LLC, a Washington limited liability company and its successors and assigns, and any surviving, resulting or transferee entity.

"Grantor Representative" means the person or persons (who may be employees of the Grantor) designated from time to time to act hereunder on behalf of the Grantor in a written certification furnished to ARCH, containing a specimen signature of such person or persons and signed by the Grantor or on behalf of the Grantor by a duly authorized representative of the Grantor.

"Project" means the building, structures and other improvements on the Property, and all equipment, fixtures and other property owned by the Grantor 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.

"Qualified Project Period" means a period from recording of this Regulatory Agreement until December 31, 2045, the twentieth (20th) year thereafter.

"Regulatory Agreement" means this Regulatory Agreement and Declaration of Restrictive Covenants between the Grantee and the Grantor.

SECTION 2 - RESIDENTIAL RENTAL PROPERTY

A. General Description. During the Qualified Project Period, Grantor shall own, manage and operate (or cause the management and operation of) the Project to provide five (5) units of multifamily rental housing for Eligible Households. The Project may be comprised of a building or structure or several interrelated buildings or structures, each consisting of more than one dwelling unit 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, 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.

B. Similar Quality Construction; Complete Living Units. 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, eating, cooking and sanitation for a single person or a household which are complete, separate and distinct from other dwelling units in the Project.

C. Safe and Sanitary Housing. Grantor shall use the Project and the Property to provide safe and sanitary housing, and shall comply with all applicable Federal, State, and local housing codes, licensing requirements, and other requirements of the Funding Agreement regarding the condition and the operation of the Project and the Property.

SECTION 3 - AFFORDABLE UNITS FOR ELIGIBLE HOUSEHOLDS

A. Number of Affordable Units. The Project shall consist of at least five (5) Affordable Units. All of the Affordable Units in the Project shall be leased or rented, or available for lease or rental, to the general public, and the Grantor shall designate the Affordable Units to be reserved for occupancy by Eligible Households.

B. Designation/Redesignation of Affordable Units. The Grantor, from time to time, may propose to change the affordability levels of particular units declared as Affordable Units provided that at all times the Grantor maintains the same number of Affordable Units in Section 3.A above, and provided that at all times the same unit mix described herein is retained. The Grantor shall notify ARCH of the proposed change in writing for ARCH's approval. ARCH will review the proposed changes and shall base its approval or disapproval of the proposed changes based upon the criteria set forth in this section. If Section 8 assistance is no longer available, pursuant to Section I.4.B of the Funding Agreement, then the Affordable Units shall be reserved for occupancy by Eligible Households (unless otherwise agreed to by the Grantor and ARCH).

C. Affordable Units Rent Level. 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 (12) months of occupancy.

D. Renting Affordable Units to Eligible Households. During the Qualified Project Period, the Grantor shall rent or lease the Affordable Units to Eligible Households and, if at any time the Grantor is unable to rent or lease the Affordable Units, the Affordable Units shall remain vacant pending rental or lease to Eligible Households. Subject to Section 3.F below, nothing in this Section 3.D shall be construed as requiring Grantor to evict existing tenants who, whether due to increases in income or the decrease in the median household income for the Seattle-Bellevue HFMA, cease to qualify as Eligible Households.

E. Equal Access to Common Facilities. 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 and Recertification. Unless a household is a Section 8 Household, Qualifying Eligible Household Income at time of initial occupancy may not exceed the applicable percent of Seattle-Bellevue HFMA median income of the applicable Affordable Unit as set forth in the chart below. If, at time of annual recertification, a household will remain eligible for an Affordable Unit as long as Household Income does not exceed the applicable percent of median income as set forth in the chart below, adjusted for Household Size, or as otherwise permitted by ARCH in its sole discretion (which may be the standards set by the Washington State Department of Commerce, King County, or another public funder). In the event, at the time of

recertification, Household Income exceeds the maximum recertification income limit for the income level they initially qualified for, and the household does not receive Section 8 assistance, then the Household must within ninety (90) days either: (i) if qualified, pay rent affordable to Moderate Income Households and the next available unit must be rented as a Low Income Unit, as applicable, provided, however, if the Project does not include Moderate Income Units then this clause (i) will not be applicable; or (ii) vacate the unit, unless otherwise prohibited by binding restrictions imposed by Project financing, such as applicable law or ordinance, to make it available for a qualified Eligible Household or Section 8 Household. Notwithstanding the foregoing, if a particular household is no longer eligible for an Affordable Unit because their Household Income exceeds the applicable percent of median income as set forth in the chart below, adjusted for Household Size, then such household shall not be required to vacate the unit *provided* that the next vacant unit of comparable size is rented to a household that qualifies as an Eligible Household with an income level at initial occupancy not in excess of the Low Income limit.

Maximum permitted Income Levels		
Eligible Households	Maximum Initial Income	Maximum Recertification Income
Very Low Income	40%	60%
Low Income	50%	70%
Moderate Income	60%	80%

G. **Household Size Limits for Affordable Units.** The Grantor shall utilize the following occupancy standards for Affordable Units, provided that this Section 3(G) shall not apply to any units in the Project occupied by existing tenants as of the effective date of this Agreement:

Unit Type	Household Size
Studio	1-2 Persons
One Bedroom	1-3 Persons
Two Bedroom	2-4 Persons
Three Bedroom	3-6 Persons

SECTION 4 - SECTION 8 CERTIFICATE HOLDERS

To the extent applicable, the Grantor shall accept as tenants for Affordable Units, on the same basis as all other prospective households, households who are recipients of Federal certificates for rent subsidies pursuant to the existing program under Section 8. The Grantor shall not apply, or permit the application of, management policies or lease provisions with respect to the Project (other than applicable tenant income restrictions) which have the effect of precluding occupancy of Units by holders of Section 8 certificates.

SECTION 5 - SALE OR TRANSFER OF THE PROJECT

Except as otherwise permitted under the Funding Agreement, the Grantor hereby covenants and agrees not to sell, transfer or otherwise dispose of the Project or any portion thereof.

SECTION 6 - TERM

This Regulatory Agreement shall become effective upon its recording, 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 7 - NO DISCRIMINATION

The Grantor 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 8 - COVENANTS RUN WITH LAND

The Grantee and Grantor hereby declare their understanding and intent that the covenants, conditions and restrictions set forth herein directly benefit the Property (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.

Grantor will cause this Regulatory Agreement be filed and recorded in the official public land records of King County, Washington and shall constitute a restriction upon the use of the Property and is construed as running with the land. The Grantee and the Grantor hereby declare that the covenants and conditions contained herein shall bind and the benefits shall inure to, respectively, the Grantor and their successors and assigns and all subsequent Grantors of the Project or any interest therein, and the Grantee and its successors and assigns, all for the Qualified Project Period. 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 Regulatory Agreement, 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 9 – ENFORCEMENT

A. Enforcement Provisions. The Grantor shall exercise reasonable diligence to comply with the requirements of this Regulatory Agreement and shall correct any such noncompliance within sixty (60) days after the Grantor receives notice of such noncompliance from ARCH (unless the Funding Agreement otherwise prescribes a different time period); provided however, that such period for correction may be extended by ARCH if the Grantor is diligently pursuing a cure to such noncompliance. The Grantor's member(s) shall have the right, but not the obligation, to cure any default of the Grantor. If such noncompliance remains uncured after such period, then the Grantor shall be in default and the Grantee 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 Grantor to perform its obligations under this Regulatory Agreement, or enjoin any acts or things which may be unlawful or in violation of the rights of the Grantee hereunder; it being recognized that the beneficiaries of the Grantor's obligations hereunder cannot be adequately compensated by monetary damages in the event of the Grantor's default;

2) Have access to, and inspect, examine and make copies of, all of the books and records of the Grantor pertaining to the Project. Provided, however, ARCH shall not divulge such information to any third party unless required by law or unless the same is necessary to enforce the Grantee's rights hereunder;

3) Grantee may petition a court of competent jurisdiction for the appointment of a receiver, and the Grantee shall be entitled, after notice to the Grantor as provided under appropriate court rules, and without bond, to the appointment by a court of competent jurisdiction of a receiver to assume full management, control and possession of the Property and to exercise all rights available under applicable law (but not including the power to sell or dispose of the Property). If so requested by Grantee, the receiver may have, in addition to all the rights and powers customarily given to and exercised by a receiver, any or all of the rights and powers granted to the Grantee by the Funding Documents. The Grantor shall cooperate fully in any transfer of management and control to a receiver appointed by a court. The receiver shall remain in control of the Property until any one of the following events:

(a) The Property shall be transferred pursuant to a foreclosure sale or deed in lieu of foreclosure;

(b) The court shall determine, after an evidentiary hearing, that there was no basis for appointment of a receiver hereunder;

(c) All defaults hereunder and any other Events of Default under the Funding Documents shall have been cured to the reasonable satisfaction of Grantee (or waived by Grantee in its sole discretion), all fees and expenses of Grantee in connection with such defaults and all related proceedings shall have been reimbursed by the Grantor and the court shall be satisfied that the Grantor is ready, willing and able, financially and otherwise, to resume operation of the Property in full compliance with this Regulatory Agreement;

(d) The court shall transfer control of the Property to a substitute receiver proposed or consented to by Grantee; or

(e) This Regulatory Agreement shall terminate in accordance with its terms.

The Grantor agrees not to petition the court for transfer of control to the Grantor except for the reasons stated above unless so requested by ARCH, in which case the Grantor shall join in a petition to reinstate the Grantor's control of the Property.

Neither the receiver nor Grantee shall be deemed to have assumed any liabilities of the Grantor or any other person relating to the Property, except that the receiver shall be responsible, to the extent permitted by applicable law and the orders of the court, for renting units in the Property; collecting rents and applying them to Property expenses, including the receiver's reasonable fees and expenses and debt service falling due on any mortgage indebtedness permitted by the Funding Documents or otherwise approved in writing by ARCH, with any surplus (after reimbursement to ARCH of any advances made pursuant to the terms hereof and, so long as the Deed of Trust encumbers the Property, after deposits in reserve accounts as may be required by the Funding Documents) deposited in the registry of court for determination of the persons entitled thereto; and otherwise managing and preserving the Property, but the receiver shall have no liability to the Grantor for any act or omission of the receiver except for gross negligence or willful misconduct.

4) 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 Grantor under this Regulatory Agreement.

In addition to and not as a limitation on the above, the Grantor hereby grants to ARCH the option, upon Grantor's default under this Regulatory Agreement that continues beyond any applicable notice and cure period, for the Qualified Project Period to lease (or to cause Administering Agency to lease) the Affordable Units as mutually selected by ARCH and the Grantor for the purpose of subleasing such units to Eligible Households, but only to the extent necessary to comply with the provisions of this Regulatory Agreement. ARCH may lease (or may cause Administering Agency to lease) from the Grantor the units at the Affordable Rent level less a reasonable management fee and administrative costs to reimburse ARCH for any expenses incurred in connection with such sublease. ARCH shall terminate its lease of the units in the Project upon determination that the Grantor is no longer in default pursuant to this Regulatory Agreement, subject to all applicable laws.

B. Hold Harmless. The Grantor hereby agrees to pay, indemnify and hold ARCH, the Grantee, the Administering Agency, and any other party authorized hereunder to enforce the terms of this Regulatory Agreement harmless from any and all costs, expenses and fees, including all attorneys' fees which may be incurred by the ARCH, Grantee, the Administering Agency or any other party in enforcing or attempting to enforce this Regulatory Agreement following any default hereunder on the part of the Grantor or its successors, whether the same shall be enforced by suit or otherwise; together with all costs, fees and expenses which may be incurred in connection with any amendment to this Regulatory Agreement or otherwise by ARCH, the Grantee, or the Administering Agency at the request of the Grantor.

SECTION 10 – SUBORDINATION, TERMINATION

This Regulatory Agreement shall (i) not be subordinate to any deed of trust, mortgage, covenants or regulatory agreements without the prior written consent of ARCH and (ii) survive the foreclosure of any financing on the Property.

SECTION 11 – RELIANCE

Grantee and the Grantor hereby recognize and agree that the representations and covenants set forth herein may be relied upon by Grantee and the Grantor. In performing its duties and obligations hereunder, Grantee and ARCH may rely upon statements and certificates of the Grantor and Eligible Households, and upon audits of the books and records of the Grantor pertaining to occupancy of the Project. In performing its duties hereunder, the Grantor may rely on certificates from tenants confirming status as Eligible Households unless the Grantor has actual knowledge or reason to believe that such certificates are inaccurate.

SECTION 12 - GOVERNING LAW

This Regulatory Agreement 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.

SECTION 13 - NO CONFLICT WITH OTHER DOCUMENTS

The Grantor warrants that except as provided below, 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 Regulatory Agreement are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith, except as otherwise

allowed pursuant to the Funding Agreement, may impose restrictions containing income or rent restrictions more stringent than those set forth herein, provided that Grantor shall not modify or amend such covenants or regulatory agreements to impose additional income or rent restrictions without the consent ARCH, which consent will be at the sole discretion of ARCH.

SECTION 14 - AMENDMENTS

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

SECTION 15 - 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 and received by the party to whom addressed. Whenever the Regulatory Agreement refers to the Grantee, the Administering Agency or ARCH, any related notices shall be provided to both the Administering Agency and ARCH. Whenever the Regulatory Agreement refers to the Grantee, any related notices shall be provided to the Administering Agency and ARCH, and such notice to the Administering Agency and ARCH shall be sufficient to provide notice to the Grantee. Such notices and communications shall be given to the parties hereto at their following addresses:

If to the Administering Agency of the Grantee:

City of Kirkland
123 5th Ave.
Kirkland, WA 98033
Attn: Dawn Nelson, Planning Manager

With a copy to the ARCH:

A Regional Coalition for Housing (ARCH)
16305 NE 87th Street, Suite 119
Redmond, WA 98052
Attn: Executive Director

If to the Grantor:

Vue Kirkland LLC
c/o BRIDGE Housing Corporation
350 California Street, 16th Floor
San Francisco, CA 94104

SECTION 16 - SEVERABILITY

If any provision of this Regulatory Agreement 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 17 - 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 Regulatory Agreement and to sustain the validity hereof.

SECTION 18 - TITLES AND HEADINGS

The titles and headings of the sections of this Regulatory Agreement 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.

SECTION 19 – RESERVED

SECTION 20 – FUNDING AGREEMENT

Grantor, for itself and its successors and assigns, agrees that the requirements of Article 3 of the Funding Agreement are hereby incorporated into this Regulatory Agreement and that such terms shall remain in effect throughout the Qualified Project Period regardless of whether the Funding Agreement is in effect or not.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Grantor, the Grantee and Administering Agency have each executed the Regulatory Agreement and Declaration of Restrictive Covenants on the Date first above written.

Grantor:

VUE KIRKLAND LLC,
a Washington limited liability company

By: MCB Family Housing, Inc.,
a California nonprofit public benefit corporation
Its: Manager

By: _____
Name:
Title:

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of

On _____, 2025 before me, _____ (insert name and title of the officer), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he or she executed the same in his or her authorized capacity, and that by his or her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

Grantee:

CITY OF KIRKLAND

By: _____

Approved as to form:

By: _____

Assistant City Attorney

[Notary Statement Follows]

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

[Kirkland to provide

DATED: _____

Printed Name: _____

Residing at: _____

My appointment expires: _____

Exhibit A
Legal Description

PARCEL A:

LOT B, CITY OF KIRKLAND ALTERATION OF LOT LINE NO. LL-91-25,
RECORDED MARCH 12, 1991 UNDER RECORDING NUMBER 9103120628,
RECORDS OF KING COUNTY, WASHINGTON.

PARCEL B:

AN EASEMENT FOR PARKING AND LANDSCAPING AS MORE
PARTICULARLY SET FORTH IN THAT INSTRUMENT RECORDED JULY 25,
1978 UNDER RECORDING NUMBER 7807250514, IN KING COUNTY,
WASHINGTON.

PARCEL C:

AN EASEMENT FOR PEDESTRIAN AND VEHICULAR INGRESS AND
EGRESS AND PARKING AS MORE PARTICULARLY SET FORTH IN THAT
INSTRUMENT RECORDED SEPTEMBER 09, 1981 UNDER RECORDING
NUMBER 8109090414, IN KING COUNTY, WASHINGTON.

PARCEL D:

AN EASEMENT FOR PEDESTRIAN AND VEHICULAR INGRESS AND
EGRESS AS MORE PARTICULARLY SET FORTH IN THAT INSTRUMENT
RECORDED OCTOBER 18, 1982 UNDER RECORDING NUMBER
8210180216, IN KING COUNTY, WASHINGTON.

PARCEL E:

AN EASEMENT FOR LANDSCAPING, UTILITIES, PEDESTRIAN AND
VEHICULAR INGRESS, AND EGRESS AND PARKING AS MORE
PARTICULARLY SET FORTH IN SHORT PLAT RECORDED JUNE 21, 1979
UNDER RECORDING NUMBER 7906210953, IN KING COUNTY,
WASHINGTON.

PARCEL F:

AN EASEMENT FOR LANDSCAPING, UTILITIES, VEHICULAR AND
PEDESTRIAN INGRESS AND EGRESS AND PARKING AS MORE
PARTICULARLY SET FORTH IN THAT INSTRUMENT RECORDED AUGUST
15, 1979 UNDER RECORDING NUMBER 7908150883, IN KING COUNTY,
WASHINGTON.