

Ordinance No. 120873

Council Bill No. 114274

AN ORDINANCE relating to economic and community development, authorizing and providing for the issuance by the City of a note for the purpose of supporting eligible activities under the federal Section 108 program, including the acquisition and rehabilitation of certain brownfields properties within the City of Seattle's Brownfields Showcase and Enterprise Communities, authorizing a Funding Approval Agreement and a contract with the United States Department of Housing and Urban Development for a Section 108 guaranty of the note, authorizing agreements with a custodian to establish separate accounts or funds, authorizing loans of a portion of the note proceeds, authorizing acceptance of a Brownfields Economic Development Initiative Grant for use to reduce debt service obligations on such loans, authorizing related agreements, and ratifying and confirming prior acts.

CF No. _____

Date Introduced:	AUG - 5 2002	
Date 1st Referred:	AUG - 5 2002	To: (committee) Finance, Budget, Business & Labor Committee
Date Re - Referred:		To: (committee)
Date Re - Referred:		To: (committee)
Date of Final Passage:	8-12-02	Full Council Vote: 8-0
Date Presented to Mayor:	8-13-02	Date Approved: 8/13/02
Date Returned to City Clerk:	8/13/02	Date Published: 10 p.p. T.O. / F.T. /
Date Vetted by Mayor:		Date Veto Published:
Date Passed Over Veto:		Veto Sustained:

The City of Seattle - Legislative Department
Council Bill/Ordinance sponsored by: DRA

Committee Action

DO Pass AS Amended 3-0 (JD, NC, PS)

8-12-02 Passed 8-0

(Excused: Compton)

This file is complete and ready for presentation to Full Council.

Law Department

Law Dept. Review

OMP
Review

City Clerk
Review

me
The City of Seattle - Legislative Department
Council Bill/Ordinance sponsored by: DRAGO

San Drago
Councilmember

Councilmember

02 AUG 13 PM 2:11
CITY CLERK

Push!

by me
Committee Action:

DO Pass as Amended 3-0 (JD, NL, PS)

8-12-07 Passed 8-0

(Excused: Compton)

This file is complete and ready for presentation to Full Council. Committee: _____

(Initial/Date)

Law Department

Law Dept. Review

OMP Review

W
City Clerk Review

Electronic Copy Loaded

Indexed

*Final Note
Municipal
Ordinance
Committee
Full Text Loaded
Revised Ordinance*

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.

Pass 8/13/07

ce, Budget, Business
or Committee

102

T.O.
F.T.

ORDINANCE 120873

AN ORDINANCE relating to economic and community development; authorizing and providing for the issuance by the City of a note for the purpose of supporting eligible activities under the federal Section 108 program, including the acquisition and rehabilitation of certain brownfields properties within the City of Seattle's Brownfields Showcase and Enterprise Communities; authorizing a Funding Approval/Agreement and a contract with the United States Department of Housing and Urban Development for a Section 108 guaranty of the note; authorizing agreements with a custodian to establish separate accounts or funds; authorizing loans of a portion of the note proceeds; authorizing acceptance of a Brownfields Economic Development Initiative Grant for use to reduce debt service obligations on such loans; authorizing related agreements; and ratifying and confirming prior acts.

WHEREAS, the City's Brownfields Showcase and Enterprise Communities contain abandoned or under-used properties, where expansion or redevelopment is hindered by real or perceived environmental contamination, and which are generally known as "brownfields" properties; and

WHEREAS, the Nisqually Earthquake of February 28, 2001 further destabilized brownfields properties within the City's Brownfields Showcase and Enterprise Communities, and a number of historic and environmentally contaminated buildings in Pioneer Square and the International District are now in need of immediate rehabilitation; and

WHEREAS, acquisition and rehabilitation of certain brownfields properties in these communities, including earthquake damaged buildings, would not be economically feasible unless publicly-based financing sources were available; and

WHEREAS, HUD awarded the City a Brownfields Economic Development Initiative grant in the amount of \$1,750,000 ("BEDI Grant") to support development of the Rainier Court project in Southeast Seattle; however, due to the high levels of distress caused by the February 28, 2001 earthquake, HUD amended the terms of the BEDI Grant to allow use of funds to support redevelopment projects in the City's Brownfields Showcase and Enterprise Communities; and

WHEREAS, HUD conditioned use of the BEDI Grant on the City's ability to obtain a companion Section 108 loan; and

WHEREAS, the City Council held a public hearing on June 5, 2002 on a proposed application to the United States Department of Housing and Urban Development ("HUD") for a federal loan guaranty under Section 108 of the Housing and Community Development Act of 1974, as amended ("Section 108"), to assist in financing eligible economic and community development activities, including acquisition and rehabilitation of certain

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

1
2 brownfields properties within the City's Brownfields Showcase and Enterprise
3 Communities; and

4 WHEREAS, Resolution 30466, adopted by the City Council on June 10, 2002, authorized the
5 Mayor to submit an application to HUD for a Section 108 loan guaranty and the Mayor
6 did submit such application; and

7 WHEREAS, the City has received a Funding Approval/Agreement from HUD under which HUD
8 will provide a Section 108 loan guaranty in an amount not to exceed Fifteen Million Five
9 Hundred Thousand Dollars (\$15,500,000); and

10 WHEREAS, under the federal Section 108 program, HUD's assistance must take the form of the
11 City's issuance of a non-recourse note guaranteed by HUD, and loans of the proceeds of
12 the note for projects that fulfill a public purpose and provide revenues to repay the note;
13 and

14 WHEREAS, the City's participation in the Section 108 loan guaranty program and the
15 expenditure of guaranteed loan proceeds thereunder is authorized by RCW 35.21.735,
16 and the City Council by this Ordinance intends to implement the transactions authorized
17 by that statute and in compliance therewith; and

18 WHEREAS, a Section 108 loan guarantee in combination with the BEDI Grant will make the
19 acquisition and rehabilitation of certain brownfields properties economically feasible, and
20 will assist in the economic recovery of the Pioneer Square and other neighborhoods
21 within the City's Brownfields Showcase and Enterprise Communities - still suffering
22 from the lingering effects of the Nisqually Earthquake of February 28, 2001 and an
23 economic recession; and

24 WHEREAS, a Section 108 loan guarantee in combination with the BEDI Grant will benefit low
25 and moderate income individuals including the creation or retention of jobs, will help
26 preserve certain historic buildings and will also address slums or blight on a spot basis;
27 and

28 WHEREAS, proceeds of a Section 108 guaranteed loan will be applied to multiple projects; and

WHEREAS, 211 First Avenue Building, L.P. (211 First Avenue), Buttnick Building, L.P.
(Buttnick Building) and Triad City Loan LLC (City Loan Building), all of which are
controlled by John A. Goodman, will be the borrowers of loans for the three initial
projects; and

WHEREAS, John A. Goodman will provide an unconditional guaranty of payment and
performance of the loans for these three initial projects; and

WHEREAS, the Office of Economic Development has made public a proposed application for a
Section 108 loan guarantee, and the City Council has held a first public hearing on June

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



5, 2002 and a second public hearing on August 7, 2002 on the proposed application and to obtain citizens' views on community development needs, as required by federal regulations;

NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The Mayor or the Director of the Office of Economic Development ("OED Director") is authorized, on behalf of The City of Seattle, to accept a Funding Approval/Agreement from HUD, in the form attached as Exhibit A with such additions, modifications and amendments as HUD may require or the Mayor or OED Director may deem necessary or advisable to carry out the purposes of this Ordinance, for a Section 108 loan guaranty in the amount of up to Fifteen Million Five Hundred Thousand Dollars (\$15,500,000). The Mayor or OED Director is further authorized, on behalf of The City of Seattle, to accept a BEDI Grant Agreement from HUD, in the form attached as Exhibit B with such additions, modifications and amendments as HUD may require or the Mayor or OED Director may deem necessary or advisable to carry out the purposes of this Ordinance, for a Brownfields Economic Development Initiative Grant in the amount of up to One Million Seven Hundred Fifty Thousand Dollars (\$1,750,000). The Mayor or OED Director is further authorized, on behalf of the City, to execute, deliver, perform and administer a contract with HUD (the "Contract"), based on the form attached as Exhibit C and with such additions, modifications and amendments as HUD may require or the Mayor or OED Director deem necessary or advisable to carry out the purposes of this Ordinance. The Mayor or OED Director is further authorized, on behalf of The City of Seattle, at the request of HUD, to execute and deliver an amendment to, or replacement for, the Contract in such form as HUD may require or the Mayor or OED Director may deem necessary or advisable to carry out the purposes of this Ordinance. The Contract, and any replacement

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



1 contract, shall state in substance that the note issued by the City pursuant to Section 2 of this
2 Ordinance shall be a non-recourse note, that the City's liability on the Note and the Contract shall
3 be limited solely to the security pledged therefor, that they are not obligations of the City or the
4 State of Washington, that neither the Note nor the Contract shall constitute a debt payable from
5 the City's public funds, and that neither the faith and credit nor the taxing power of the City shall
6 be pledged for the City's obligations under the Contract or for payment of principal, interest or
7 premium, if any, on the Note.
8

9 Section 2. The Mayor or OED Director is authorized, on behalf of The City of
10 Seattle, to issue a non-recourse promissory note ("Note") in the principal amount not to exceed
11 Fifteen Million Five Hundred Dollars (\$15,500,000), based on the form attached as Exhibit D,
12 and with such modifications, additions or amendments as HUD may require or the Mayor or
13 OED Director may deem necessary or advisable to carry out the purposes of this Ordinance. The
14 interest rates for the Note shall be as determined in accordance with the terms of the Note and
15 Contract. The Note shall provide for a schedule of maturities of principal approximately as
16 stated in Exhibit D, with such modifications and amendments as HUD may require or the Mayor
17 or OED Director deem necessary or advisable to carry out the purposes of this Ordinance. The
18 Mayor or OED Director is further authorized, on behalf of the City, to cause portions of the
19 proceeds of the Note to be disbursed, by the financial institution acting as Custodian pursuant to
20 Section 6 of this Ordinance, to the order of 211 First Avenue Building, L.P., a Washington
21 limited partnership, Buttnick Building, L.P., a Washington limited partnership and Triad City
22 Loan LLC, a Washington limited liability company (these entities are referred to collectively as
23 "Goodman Entities"), or any substitute entities approved by the Mayor or OED Director,
24 pursuant to the Loan Agreements authorized in Section 3 of this Ordinance, to assist in the
25
26
27
28



1 financing of the acquisition and rehabilitation of properties known as 211 First Avenue, Buttnick
2 Building (200-204 First Avenue) and the City Loan Building (206 First Avenue), in Seattle
3 Washington. These three initial projects are more particularly described in the Project
4 Description attached as Exhibit E. The Mayor or OED Director is further authorized, on behalf
5 of the City, to cause the remaining portion of the proceeds of the Note to be disbursed by the
6 Custodian to the order of any additional borrowers pursuant to any further loan agreements for
7 the use of Note proceeds that are approved by the City Council by any subsequent ordinance.
8 The Mayor or OED Director is further authorized, on behalf of The City of Seattle, at the request
9 of HUD, to execute and deliver one or more replacement non-recourse promissory notes
10 ("Replacement Note") in the aggregate principal amount not to exceed Fifteen Million Five
11 Hundred Thousand Dollars (\$15,500,000), with substantially the same schedule of principal
12 repayments and with interest rates determined substantially as contemplated by the Contract, and
13 otherwise in such form as the Mayor or OED Director may deem necessary or advisable to carry
14 out the purposes of this Ordinance. Pursuant to RCW 35.21.735, the Note (including any
15 Replacement Note) shall contain a recital to the effect that it is not an obligation of the City or
16 the State of Washington, and that neither the faith and credit nor the taxing power of the State,
17 the City or any other municipal corporation or subdivision of the State or any agency of any of
18 the foregoing is pledged to the payment of principal, interest or premium if any, thereon.
19

20
21 Section 3. The Mayor or OED Director is authorized, on behalf of The City of
22 Seattle, to execute, deliver, administer and cause to be performed Loan Agreements with the
23 Goodman Entities, and with other borrowers to which loans of Note proceeds shall be approved
24 by any later ordinance (the Goodman Entities and any such other borrowers are collectively
25 referred to as "Obligors"), each based on the form attached as Exhibit F, with such additions,
26
27
28

1
2 modifications, and amendments as HUD may require or the Mayor or OED Director may deem
3 necessary or advisable to carry out the purposes of this Ordinance, together with such ancillary
4 and related documents as the Mayor or OED Director may deem necessary or advisable to carry
5 out the purposes of this Ordinance. Such modifications may include, without limitation,
6 provision for an interest rate payable by each Obligor that may be at a rate higher than or
7 different from that interest rate payable on the Note; provisions establishing, adjusting or
8 eliminating a periodic monitoring fee or a similar fee payable by the Obligors, or both. Each
9 loans to an Obligor shall be secured by a first lien position deed of trust, in form and content
10 acceptable to the OED Director, against the property being acquired and improved with such
11 loan. The loans to the Goodman Entities shall also be secured by an unconditional guaranty of
12 payment and performance from John A. Goodman in form and content acceptable to the OED
13 Director. Moreover, the Loan Agreements shall provide, consistent with HUD regulations, that
14 the Obligors shall take affirmative steps to assure that minority and women's business enterprises
15 are used when possible, and shall maintain records of those steps, and that nothing in the
16 agreement shall be construed to require or authorize any discrimination or preferential treatment
17 contrary to applicable law. Disbursement of such loan proceeds for the costs of renovation of
18 each Obligor's project to be funded from proceeds of the Note shall be governed by a
19 construction disbursement agreement for the benefit of the City in form and content acceptable to
20 the OED Director.

21
22 Section 4. The specific terms of the loans to the Goodman Entities, and the use of the
23 BEDI Grant for the Goodman Entities, shall be based on the terms outlined in Exhibit E, with
24 such adjustments as HUD may or the Mayor or OED Director deem necessary or advisable to
25 carry out the purposes of this Ordinance.
26
27
28

1
2 Section 5. The Mayor or OED Director is authorized, on behalf of the City, to
3 negotiate and execute one or more agreements with a financial institution to act as trustee and/or
4 custodian (the "Custodian") to receive and disburse the proceeds of the City's non-recourse Note
5 and to receive, administer and expend such funds as are received from Obligor as repayments or
6 other payments under the Loan Agreements or from realization on the security for the loans.
7 Such agreement shall also authorize the Custodian to receive and disburse BEDI Grant funds to
8 defray in part the debt service obligations of the Obligor, over the term of the Contract, as
9 support for the activities funded from the Note proceeds. Such agreement shall also include
10 establishment by the Custodian of one or more special funds or accounts from which the City's
11 Note shall be repaid, and any other funds or accounts that HUD may require or the Mayor or
12 OED Director may deem necessary or appropriate. Such funds or accounts shall at all times be
13 kept segregated and set apart from all funds and accounts of the City, and into such funds or
14 accounts shall be deposited all money that is pledged as security to HUD in connection with the
15 guaranty that is required under the HUD Contract to be deposited therein. The agreement(s) with
16 the Custodian and all funds or accounts established thereunder shall comply with RCW
17 35.21.735.
18

19 Section 6. The Mayor or OED Director is authorized to cause BEDI Grant funds to
20 be delivered by HUD directly to the Custodian pursuant to the Custodial Agreement, and to
21 direct the Custodian to apply such funds for the purposes of reducing or subsidizing interest
22 obligations on loans to Obligor made from the proceeds of the Note. BEDI Grant funds shall be
23 apportioned pro rata among the loans based on the ratio of the maximum amount of each loan to
24 the total Note proceeds (i.e., \$15,500,000).
25
26
27
28

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

1
2 Section 7. The Mayor or OED Director is further authorized to negotiate and execute
3 such additional agreements as the Mayor or OED Director deem necessary or advisable to carry
4 out the purposes of this Ordinance and to implement the Section 108 loan guaranty. The
5 agreement(s) with the Custodian and the additional agreements authorized by this Section 7 shall
6 be in the form and contain such terms and conditions as the Mayor or OED Director may deem
7 necessary or advisable to carry out the purposes of this Ordinance.

8 Section 8. The Mayor or OED Director may enter into a fiscal agency agreement, for
9 and on behalf of the City, under which JP Morgan Chase, or such other financial institution as
10 may be designated by HUD, shall serve as fiscal agent with respect to the Note, on such terms
11 and conditions as the Mayor or OED Director shall determine are necessary or appropriate to
12 implement the purposes of this Ordinance. The authority granted in this Section shall apply
13 notwithstanding Seattle Municipal Code subsection 5.10.060A, to the extent it might be deemed
14 applicable to the Note. The Fiscal Agent may be the same as the Custodian, or an affiliated
15 entity thereof.
16

17 Section 9. The Mayor or OED Director may require Obligors to pay a loan
18 origination fee of no more than one percent (1%) of the loan amounts, i.e., no more than the
19 cumulative amount of One Hundred Fifty-five Thousand Dollars (\$155,000). Such fee shall be
20 paid directly to the Custodian to be held in trust for the purposes set forth in this Section 9. The
21 OED Director is authorized to cause all or a portion of this fee to be disbursed by the Custodian
22 to pay the National Development Council for consulting services related to the loans authorized
23 hereby, in accordance with the City's existing contract with the National Development Council,
24 and to pay for the City's legal fees and any other costs related to the issuance and placement of
25 the Note and the administration of the transactions authorized by this Ordinance, that are not paid
26



1
2 by Obligors pursuant to the Loan Agreement. The OED Director is authorized to cause (i) any
3 remaining portion of such fee and (ii) any payments received by the Custodian representing any
4 difference between the interest rates charged to Obligors and the lower rates applicable to the
5 Note or representing a periodic monitoring fee or similar fee, to be applied to payment of
6 expenses incurred in the administration of any federally guaranteed or federally funded economic
7 development loan or program administered by the OED Director or to be remitted to the City and
8 deposited in the Housing and Community Development Revenue Sharing Fund.

9 Section 10. The Director of the Human Services Department ("HSD Director") is
10 authorized to (a) amend the City's 2001-2004 Consolidated Plan, including the 2002 Action Plan
11 to reflect the transactions contemplated by this Ordinance and (b) assist OED with technical
12 assistance to ensure compliance with Community Development Block Grant regulations
13 applicable to the Section 108 loan program. The Mayor, OED Director, and the HSD Director
14 are authorized to take such other actions as they shall deem necessary to implement the actions
15 authorized by this Ordinance.
16

17 Section 11. This Ordinance is not intended to create, and shall not be construed to
18 create, any contractual or otherwise binding obligation upon, or commitment by, the City for the
19 benefit of the Goodman Entities or any other party interested in the acquisition or rehabilitation
20 projects of the Goodman Entities. The commitments to the Goodman Entities authorized by this
21 Ordinance, subject to the limitations herein and under applicable law, shall become effective only
22 if and when the agreements authorized hereby are duly executed and delivered by the City and
23 other necessary parties.
24

25 Section 12. Any act pursuant to the authority and prior to the effective date of this
26 Ordinance is hereby ratified and confirmed.
27
28



Section 13. This Ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

Passed by the City Council the 12th day of August, 2002, and signed by me in open session in authentication of its passage this 12th day of August, 2002.

Peter Steinbrunn
President of the City Council

Approved by me this 13 day of August, 2002.

Gregory J. Nickels
Gregory J. Nickels, Mayor

Filed by me this 13th day of August, 2002.

Judith E. Pappier
City Clerk

(Seal)

Exhibits:

- A. Funding Approval/Agreement for Section 108 Loan Guarantee
- B. BEDI Grant Agreement
- C. Form of HUD Contract for Loan Guarantee Assistance
 - Attachment 1: Letter Agreement for Section 108 Loan Guarantee Program Custodial Account
 - Attachment 2: Letter Agreement for Section 108 Loan Guarantee Program Custodial Investment Account
- D. Form of Non-Recourse Note of the City
- E. Project Descriptions
- F. Form of Loan Agreement
 - Attachment A: Real Property Description (Not Included)
 - Attachment B: Renovation Description (Not Included)
 - Attachment C: Form of Obligor Promissory Note

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Exhibit A
Funding Approval/Agreement for Section 108 Loan Guaranty

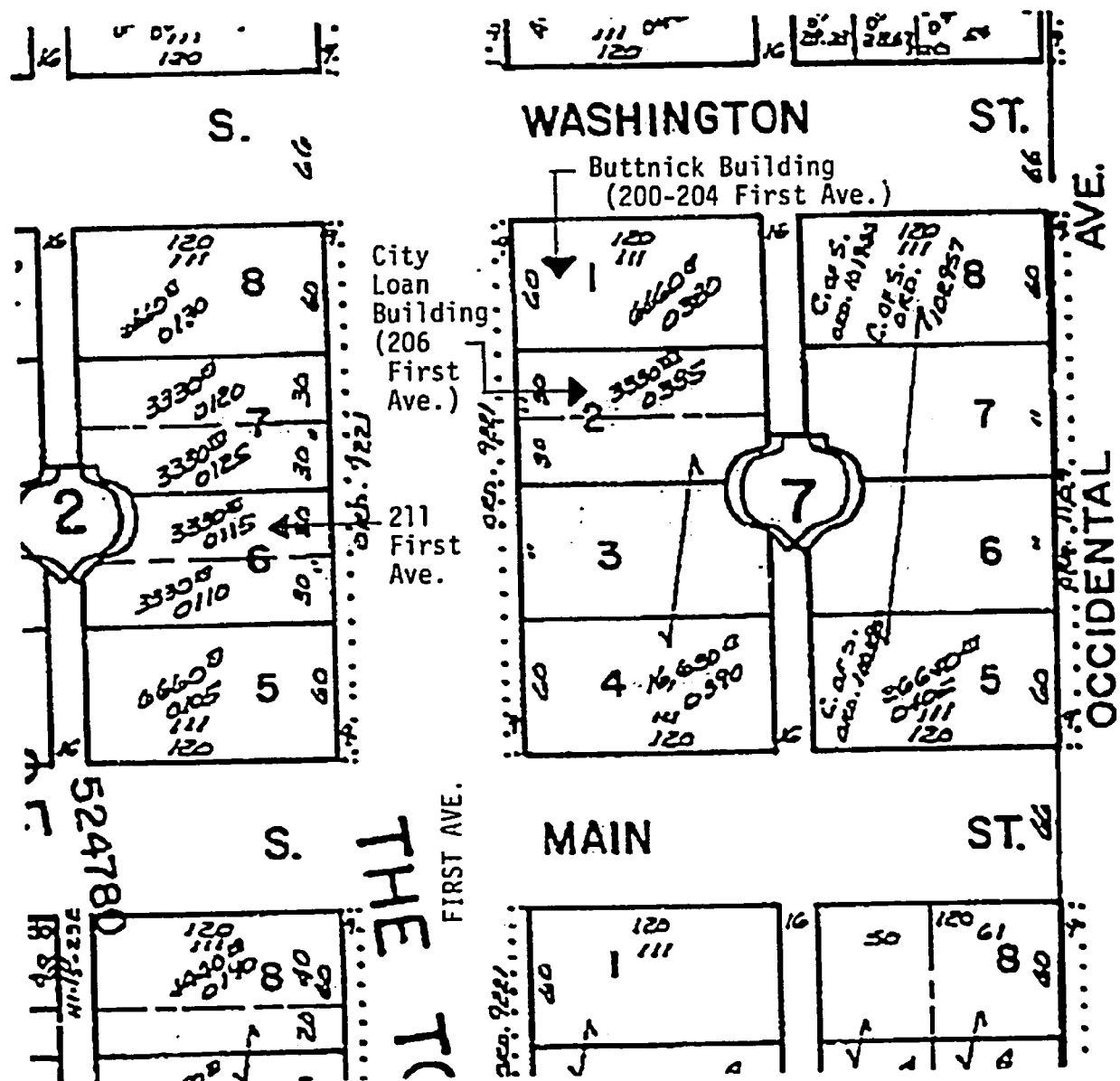
NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

Exhibit B
BEDI Grant Agreement

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Location of Initial Three Projects
for Section 108 Loan Pool



PLAT MAP

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.





City of Seattle

Gregory J. Nickels, Mayor

Office of the Mayor

July 31, 2002

Honorable Peter Steinbrueck
President,
Seattle City Council
Municipal Building, 11th Floor

Dear Council President Steinbrueck:

I am transmitting the attached Ordinance for Council consideration.

This legislation authorizes OED, on behalf of the City, to enter into agreements necessary to accept a \$15,500,000 "Section 108" loan guarantee and a companion \$1,750,000 Brownfields Economic Development Initiative grant (BEDI). OED will then enter into separate agreements to lend the funds to private borrowers.

The goal is to combine the Section 108 loan pool with the BEDI, to make economically feasible the acquisition and rehabilitation of certain brownfields properties in Pioneer Square and other neighborhoods in the City's Brownfields Showcase and Enterprise Communities. Such public financing will assist in the economic recovery of Pioneer Square and other neighborhoods within the City's Brownfields Showcase and Enterprise Communities - still suffering from the lingering effects of the Nisqually Earthquake of February 28, 2001 and an economic recession. Moreover, such public financing will benefit low and moderate income individuals including the creation or retention of jobs, will help preserve certain historic buildings and will also address slums or blight on a spot basis.

This legislation authorizes the initial three projects for the Section 108 loan pool - 211 First Avenue, the Buttnick Building and the City Loan Building - that are ready to proceed. An entity controlled by John A. Goodman, a private developer, will be the borrower for these three projects. Public financing for these three projects will create new or retain existing jobs for low to moderate income individuals and will help preserve such historic buildings. Two other projects - the Cadillac Hotel and the Compass Center - are currently being evaluated. After the evaluation is complete, these other two projects will be presented to Council for inclusion into the Section 108 loan pool. Based on the analysis thus far, public financing will help preserve a historic building and address slums or blight on a spot basis, in the case of the Cadillac Hotel, and benefit low income individuals, in the case of the Compass Center.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

600 Fourth Avenue, 12th Floor, Seattle, WA 98104-1873

Tel: (206) 684-4000, TDD: (206) 684-8811 Fax: (206) 684-5360, E-mail: mayors.office@ci.seattle.wa.us

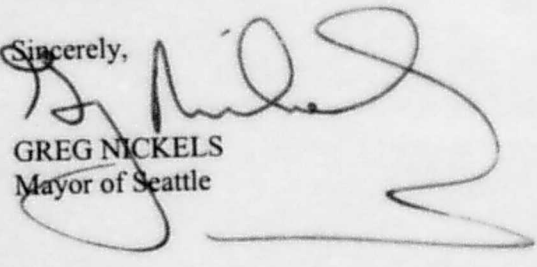
An equal employment opportunity, affirmative action employer. Accommodations for people with disabilities provided upon request.



Greg Nickels/Honorable Peter Steinbrueck
July 23, 2002
Page 2

Thank you for your consideration of this legislation. Should you have questions please contact Ken Takahashi, in the Office of Economic Development, at 684-8378.

Sincerely,


GREG NICKELS
Mayor of Seattle

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



KT
Ordinance5.doc
July 31, 2002
(Version 2)

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

Exhibit C
Form of HUD Contract

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Exhibit D
Form of Non-Recourse Note

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

KT
Ordinance5.doc
July 31, 2002
(Version 2)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Exhibit E
Description for 3 Initial Projects

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

Exhibit F
Form of Loan Agreement

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



KT
July 31 2002
Section 108/BEDI.fisc

FISCAL NOTE

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Office of Economic Development	Ken Takahashi 684-8378	Janet Credo 684-8687

Legislation Title:

AN ORDINANCE relating to economic and community development; authorizing and providing for the issuance by the City of a note for the purpose of supporting eligible activities under the federal Section 108 program, including the acquisition and rehabilitation of certain brownfields properties within the City of Seattle's Brownfields Showcase and Enterprise Communities; authorizing a Funding Approval/Agreement and a contract with the United States Department of Housing and Urban Development for a Section 108 guaranty of the note; authorizing agreements with a custodian to establish separate accounts or funds; authorizing loans of a portion of the note proceeds; authorizing acceptance of a Brownfields Economic Development Initiative Grant for use to reduce debt service obligations on such loans; authorizing related agreements; and ratifying and confirming prior acts.

Summary of the Legislation:

This legislation authorizes OED, on behalf of the City, to accept a "Section 108" loan guarantee in the amount of \$15,500,000 and a Brownfields Economic Development Initiative grant in the amount of \$1,750,000 ("BEDI Grant"). The proposed Section 108 loan pool and BEDI Grant are for the acquisition and rehabilitation of brownfields properties within the City's Brownfields Showcase and Enterprise Communities.

Background (Include justification for the legislation and funding history, if applicable):

The City's Brownfields Showcase and Enterprise Communities contain abandoned or under-used properties, where expansion or redevelopment is hindered by real or perceived environmental contamination, and which are generally known as "brownfields" properties. Moreover, the Nisqually Earthquake on February 28, 2001 further destabilized brownfields properties, including damage to several historic and environmentally contaminated buildings in Pioneer Square and the International District. As a result, there is now an immediate need to rehabilitate such brownfields properties.

The goal is to combine the Section 108 loan pool with a previously awarded HUD Brownfields Economic Development Initiative grant, to make economically feasible the acquisition and rehabilitation of brownfields properties in the Brownfields Showcase and Enterprise Communities.

The loan application includes three initial projects - 211 First Avenue, the Buttnick Building and the City Loan Building - that are ready to proceed. Two other projects - the Cadillac Hotel and the Compass Center - are currently being evaluated. After the evaluation is complete, these other two projects will be presented to Council for inclusion into the Section 108 loan pool.

Public Private Partnership Review Status:

Is the project referenced in the legislation subject to P4 review? If yes, identify P4 review to date.

No.

Is the legislation subject to public hearing requirements? If yes, what public hearings have been held to date?

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

KT
July 31 2002
Section 108/BEDI.fisc

Yes. A public hearing will be held before Council committee consideration of this Ordinance and application to HUD for approval. In addition, after HUD approval of the application, a second public hearing will be held before Council committee consideration of an ordinance.

Fiscal Sustainability Issues (related to grant awards):

N/A.

Estimated Expenditure Impacts:

FUND (List # and/or Account)	2002	2003	2004
211 First Avenue South	\$1,592,000 (108 funds)* \$179,742 (BEDI funds)		
Buttnick Building	\$3,616,000 (108 funds) \$408,258 (BEDI funds)		
City Loan Building	\$2,808,000 (108 funds) \$317,032 (BEDI funds)		
TOTAL	\$8,921,032*		

One-time \$8,921,032

On-going \$ _____

Proceeds from the HUD Section 108 loan in the amount of \$15,500,000 and proceeds from the Brownfields Economic Development Initiative (BEDI) grant in the amount of \$1,750,000 will be deposited with a trustee/custodian or "Custodian". The Custodian will receive and disburse these funds according to an agreement with the City. The Custodian will also be authorized to receive repayments from the Loan Agreements of individual loans made out of the HUD Section 108 loan pool of \$15,500,000.

Currently, as reflected in the table above, a total of \$8,016,000 of loan proceeds from the HUD Section 108 loan have been identified for use as loans for the following buildings: 211 First Avenue South, Buttnick Building and City Loan Building. The remaining HUD Section 108 loan proceeds of \$7,484,000 will be set aside for more projects yet to be identified. A transaction fee in the cumulative amount of \$74,840 will be returned to the City in connection with such additional projects.

Similarly, as reflected in the table above, a total of \$905,032 of grant proceeds from the HUD BEDI grant have been identified for use as interest rate buydown for the loans on the following buildings: 211 First Avenue South, Buttnick Building and City Loan Building. The remaining HUD BEDI grant proceeds of \$844,968 will be set aside for more projects yet to be identified.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

KT
July 31 2002
Section 108/BED1.fisc

Estimated Revenue Impacts:

FUND (List # and/or Account)	2002	2003	2004
CDBG (Transaction Fee Returned to City)	\$80,160		
TOTAL	\$80,160		

One-time \$80,160

On-going \$ _____

Estimated FTE Impacts:

FUND	2002	2003	2004
N/A	\$0.00		
TOTAL	\$0.00		

Full Time _____ # Part Time _____ # TES _____

Do positions sunset in the future? If yes, identify sunset date?

N/A

Other Issues (including long-term implications of the legislation):

N/A

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

EXHIBIT A TO ORDINANCE

Funding Approval/Agreement
Title I of the Housing and Community
Development Act (Public Law 930383)U.S. Department of Housing and Urban Development
Office of Community Planning and Development
Community Development Block Grant Program

HI-00515R of 20515R

1. Name of Grantee (as shown in item 5 of Standard Form 424) City of Seattle, Washington	3. Grantee's 9-digit Tax ID Number	4. Date use of funds may begin (mm/dd/yyyy)
2. Grantee's Complete Address (as shown in item 5 of Standard Form 424) 600 Fourth Avenue, 12 th Floor Seattle, WA 98104-1873	5a. Project/Grant No. 1 B-02-MC-53-0005	6a. Amount Approved
	5b. Project/Grant No. 2	6b. Amount Approved
	5c. Project/Grant No. 3	6c. Amount Approved

Grant Agreement: This Grant Agreement between the Department of Housing and Urban Development (HUD) and the above named Grantee is made pursuant to the authority of Title I of the Housing and Community Development Act of 1974, as amended, (42 USC 5301 et seq.). The Grantee's submissions for Title I assistance, the HUD regulations at 24 CFR Part 570 (as now in effect and as may be amended from time to time), and this Funding Approval, including any special conditions, constitute part of the Agreement. Subject to the provisions of this Grant Agreement, HUD will make the funding assistance specified here available to the Grantee upon execution of the Agreement by the parties. The funding assistance specified in the Funding Approval may be used to pay costs incurred after the date specified in item 4 above provided the activities to which such costs are related are carried out in compliance with all applicable requirements. Pre-agreement costs may not be paid with funding assistance specified here unless they are authorized in HUD regulations or approved by waiver and listed in the special conditions to the Funding Approval. The Grantee agrees to assume all of the responsibilities for environmental review, decision making, and actions, as specified and required in regulations issued by the Secretary pursuant to Section 104(g) of Title I and published in 24 CFR Part 58. The Grantee further acknowledges its responsibility for adherence to the Agreement by sub-recipient entities to which it makes funding assistance hereunder available.

U.S. Department of Housing and Urban Development (By Name) Nelson R. Bregon	Grantee Name City of Seattle, Washington
Title Deputy Assistant Secretary for Grant Programs	Title

7. Category of Title I Assistance for this Funding Action (check only one) <input type="checkbox"/> a. Entitlement, Sec 106(b) <input type="checkbox"/> b. State-Administered, Sec 106(d)(1) <input type="checkbox"/> c. HUD-Administered Small Cities, Sec 106(d)(2)(B) <input type="checkbox"/> d. Indian CDBG Programs, Sec 106(a)(1) <input type="checkbox"/> e. Surplus Urban Renewal Funds, Sec 112(b) <input type="checkbox"/> f. Special Purpose Grants, Sec 107 <input checked="" type="checkbox"/> g. Loan Guarantee, Sec 108	8. Special Conditions (check one) <input type="checkbox"/> None <input checked="" type="checkbox"/> Attached	9a. Date HUD Received Submission (mm/dd/yyyy)	10. check one <input type="checkbox"/> a. Orig. Funding Approval <input checked="" type="checkbox"/> b. Amendment Amendment Number
		9b. Date Grantee Notified (mm/dd/yyyy)	
11. Amount of Community Development Block Grant			
a. Funds Reserved for this Grantee		FY ()	FY ()
b. Funds now being Approved			
c. Reservation to be Cancelled (11a minus 11b)			

12a. Amount of Loan Guarantee Commitment now being Approved \$15,500,000	12b. Name and complete Address of Public Agency
Loan Guarantee Acceptance Provisions for Designated Agencies: The public agency hereby accepts the Grant Agreement executed by the Department of Housing and Urban Development on the above date with respect to the above grant number(s) as Grantee designated to receive loan guarantee assistance, and agrees to comply with the terms and conditions of the Agreement, applicable regulations, and other requirements of HUD now or hereafter in effect, pertaining to the assistance provided it.	12c. Name of Authorized Official for Designated Public Agency
	Title
	Signature

HUD Accounting use Only												
Batch	TAC	Program	Y	A	Reg	Area	Document No	Project Number	Category	Amount	Effective Date (mm/dd/yyyy)	F
	153											
	176											
			Y									
			Y									
Date Entered PAS (mm/dd/yyyy)												
Date Entered LOCCS (mm/dd/yyyy)												
Batch Number												
Transaction Code												
Entered By												
Verified By												

24 CFR 570

form HUD-7082 (9-89)

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

8. Special Conditions.

- (a) In the event the public entity fails to submit notes or other obligations for inspection and guarantee by the Secretary of Housing and Urban Development (the "Secretary") before December 31, 2004, the commitment will terminate and expire as of such date.
- (b) The repayment schedule for the guaranteed loan must be acceptable to the Secretary.
- (c) Pursuant to 24 CFR § 570.705(b)(3), the public entity shall provide additional security for the guaranteed loan and such additional security must be acceptable to the Secretary. The additional security shall be identified in the Contract for Loan Guarantee Assistance specified by 24 CFR § 570.705(b)(1), which will be executed at the time the guaranteed obligations are issued.
- (d) Prior to submitting notes or other obligations for inspection and guarantee by the Secretary, the public entity shall submit information required under Section 102(b) of the Department of Housing and Urban Development Reform Act of 1989 (42 U.S.C. 3531). This information shall be submitted on Form HUD-2880 to HUD's Washington State Office
- (e) The public entity shall not incur any obligations to be paid with guaranteed loan funds prior to the receipt of a written determination from the HUD Washington State Office that either: (i) each individual activity to be undertaken or supported with loan guarantee funds will meet the eligibility requirements at 24 CFR § 570.703(i)(1) and the national objective requirements of 24 CFR Section § 570.208, or (ii) the public entity's procedures for assuring compliance with the national objective requirements are acceptable.



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

begin

uant to the
stance, the
conditions,
antee upon
ed in item
paid with
Approval.
ued by the
reement by

ymmm)

umber

)

B F
[] []

by 82
(1062 / 138)
-15

EXHIBIT B TO ORDINANCE

Grant No. B-99-BD-53-0015

BROWNFIELDS ECONOMIC DEVELOPMENT (BEDI) GRANT AGREEMENT
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

This Agreement is made and entered into by and between THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT, acting by and through the Assistant Secretary for Community Planning and Development, ("HUD"), and the City of Seattle, Washington (the "Recipient").

1. Background; Purpose. This Agreement is authorized by section 108(q) of the Housing and Community Development Act of 1974, as amended by section 232(a) of the Multifamily Housing Property Disposition Reform Act of 1994, codified at 42 U.S.C. 5308(q) (collectively, "the Act"). Pursuant to the Act, on February 26, 1999, at 64 FR 9799, HUD published a Notice of Funding Availability and Program Guidelines for the Brownfields Economic Development Initiative (the "NOFA"), which set forth the terms and conditions under which units of general local government could apply for and receive grants under section 108(q) of the Act ("BEDI Grants") and related section 108 loan guarantees from HUD for Brownfields Economic Development Projects ("BEDI Projects"), as defined in the NOFA. Pursuant to the NOFA, the Recipient has applied for, and HUD has approved, a BEDI Grant for the Recipient. The purpose of this Agreement is to set forth the terms and conditions under which HUD will provide BEDI Grant funds to the Recipient in connection with the Approved BEDI Projects described in the Recipient's Approved Application, as further defined herein. The terms and conditions of the related Section 108 Guarantee (as defined in par. 3 hereof) are, or will be, set forth in the Recipient's separate Section 108 loan guarantee application, Funding Approval, and Contract for Loan Guarantee Assistance.

2. Approved Grant Amount, Projects, and Uses of Funds.

a. By execution of this Agreement on behalf of the Secretary in the space provided below, HUD agrees, subject to the terms of this Agreement, to provide BEDI Grant funds in the amount of \$1,750,000 ("BEDI Grant").

b. This grant is approved for the following Approved BEDI Projects described in the Approved Application: Brownfields Redevelopment Loan Pool ("Approved Project").

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



c. The grant funds shall be used by the borrower in connection with the Approved Projects for the following specifically Approved Uses ("Approved Uses") pursuant to the following:

Section 24 CFR §570.703(i)(1) and §570.203.

3. Relationship to Section 108 Loan Guarantee Application. This approved BEDI Grant is based upon Section 108 loan guarantees, or additional guarantees, for the Approved Projects in an amount not less than \$15,500,000 (the "Section 108 Guarantee"). The BEDI Grant funds shall be deposited directly with the Custodian (as that term is more fully described in paragraph 15(d) the Contract for Loan Guarantee Assistance for the Section 108 Guarantee).

BEDI Grant funds may be disbursed by the Custodian at the direction of the Recipient for Approved Uses in a ratio not to exceed \$1.00 of EDI Grant funds to \$8.85 of Section 108 loan proceeds disbursed for approved activities.

4. Regulations; Approved Application. This Agreement will be governed and controlled by the following in effect as of the date of notification to the Recipient of award of this grant: the Act, the NOFA, and HUD regulations codified at 24 CFR Part 570 or incorporated therein (provisions for use of CDBG funds, to the extent applicable) (hereafter collectively referred to as the "Regulations"). The Recipient's application submissions, including the certifications and assurances and any documentation required to meet any grant award conditions, and including any amendments made in accordance with this Agreement, are hereby incorporated in this Agreement as finally approved by HUD (herein referred to as the "Approved Application"). Unless the context otherwise requires, a reference to "this Agreement" herein shall be deemed to include the Act, the Regulations, and the Approved Application.

5. Performance Agreement of Recipient. By execution of this Agreement on its behalf in the space provided below, the Recipient agrees to carry out the Approved Project(s) on a timely basis and otherwise in compliance with this Agreement (including the Act, the NOFA, the Regulations, and the Approved Application, except as otherwise specifically provided in this Agreement). The Recipient agrees to assure, and to accept responsibility for, such compliance by any other entities to which it makes grant funds available for, or which it otherwise allows to participate in, the Approved Project(s) covered by this Agreement.

6. Release, Deposit, and Timing of Expenditure of Grant Funds and Program Income.

a. The Recipient agrees to comply with environmental review procedures under 24 CFR 570.200(a)(4) and 24 CFR Part 58 in order

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



to obtain releases of grant funds under this Agreement. In particular, the Recipient must not commit local or Federal funds for the approved activities prior to obtaining HUD approval of its request for release of funds, except as provided in 24 CFR 58.22(c), 58.34 or 58.35(b).

b. Notwithstanding any other provision of the Regulations or this Agreement, the Recipient may not withdraw grant funds from the U.S. Treasury on account of the BEDI Grant under this Agreement until after execution on behalf of HUD of the Guarantee and Contract for Loan Guarantee Assistance for the applicable Approved Project described in paragraph 2 of this Agreement.

c. This BEDI Grant must be entirely withdrawn and expended for Approved Uses for the applicable Approved Project(s) on or before December 31, 2004.

d. All program income from this BEDI Grant is deemed to be program income of the Approved Project(s), which are jointly financed by the Section 108 Guarantee. The Recipient agrees that all such program income constitutes security for the repayment of the Section 108 Guarantee, and shall be initially deposited in, the Loan Repayment Account established by the Recipient, or its designated public agency, under paragraph 6 of the Contract(s) for Loan Guarantee Assistance for the Section 108 Guarantee, and shall be disbursed for the purposes and within the time period specified in said paragraph 6 of such Contract. Upon full and complete repayment of the Section 108 Guarantee, all such program income shall be used in accordance with 24 CFR 570.504.

7. Pre-Award Costs. Notwithstanding any other provision of the Regulations, the BEDI Grant funds provided hereunder may be used to pay for costs incurred on or after the date of HUD execution of the Funding Approval committing funds for the applicable Approved Project under the Section 108 Guarantee, provided such costs otherwise comply with this Agreement. However, use of the BEDI Grant funds to actually pay for such costs is subject to paragraph 6 of this Agreement.

8. Amendment; Record-Keeping.

a. This Agreement or the Approved Application may be amended only with the prior written approval of HUD. To request approval of an amendment, the Recipient shall attach the proposed revisions to the applicable pages of this Agreement or the Approved Application to a cover letter addressed as required below (see par. 11) for notices to HUD and signed by the Recipient's official representative for this grant. For any amendment other than an increase in the amount of the approved BEDI Grant (par. 2.a.), HUD may approve or disapprove the proposed amendment by letter from the Director of the CPD Division (or higher level official) in the applicable HUD office. In considering proposed amendments to this Agreement or the

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



Approved Application, HUD shall review, among other things, whether the amendment would have affected the ranking of the application in the year it was approved sufficiently to have resulted in the application not ranking high enough for funding, and whether the amendment is otherwise consistent with the Act, the Regulations, and the NOFA. Any increase in the amount of the approved BEDI Grant represents a new grant obligation by HUD and must be documented by a formal amendment to this Agreement, or a new BEDI Grant Agreement, executed on behalf of the parties by officials with the authority to execute the original Agreement.

b. The Recipient shall at all times maintain an up-to-date copy of its Approved Application, including all amendments approved in writing by HUD, and all drawdowns, deposits, and expenditures of grant funds and program income under this Agreement, in its files and available for audit or inspection by duly authorized representatives of HUD or the Comptroller General of the United States.

9. Default; Remedies. A default under this Agreement shall consist of any use of grant funds other than as authorized by this Agreement, any other noncompliance with this Agreement deemed material by HUD, or any misrepresentation or omission in the application submissions which, if known to HUD, would have resulted in this grant not being provided. If HUD determines that the Recipient is in default, HUD will give the Recipient written notice of this determination and the corrective or remedial actions proposed by HUD to cure the default or mitigate its effects, to the extent possible, and to prevent a continuation or recurrence of the default (the "initial notice of default"). Further description of the processes of audit, performance monitoring, and the corrective and remedial actions available to HUD which apply to grants under the Act, including this BEDI Grant, is provided in 24 CFR 570, particularly Subpart O. No delay or omission by HUD in exercising any right or remedy under this Agreement shall impair HUD's ability to exercise such right or remedy or constitute a waiver of, or acquiescence in, any Recipient default.

10. Close-out. Except as may be otherwise specifically provided, close-out of this grant shall be subject to 24 CFR 570.509, or such close-out instructions as may hereafter be issued by HUD specifically for BEDI Grants.

11. Notices. HUD notifications to the Recipient under this Agreement may be addressed to the Recipient's address as stated in the Approved Application, unless the Recipient otherwise notifies HUD in writing. Recipient notifications to HUD shall be to the Director of Community Planning and Development in the HUD Office having responsibility for CDBG programs of the Recipient, unless the Recipient is otherwise notified in writing by HUD. The Recipient's right, under this Agreement may not be assigned without the prior written approval of HUD. This Agreement constitutes the entire Agreement between the Recipient and HUD,

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

and it may not be amended except in writing and executed by authorized officials of both HUD and the Recipient, as provided in paragraph 8.

12. Binding Agreement. This Agreement is binding with respect to HUD in accordance with its terms upon execution by HUD in the space provided below, subject to execution on behalf of the Recipient.

13. Special Condition(s).

There are no special conditions.

[Rest of Page Intentionally Left Blank]

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



This Agreement is hereby executed on behalf of the parties as follows:

ATTEST:

(Signature)

(Name)

(Title)

City of Seattle, Washington
RECIPIENT

BY: _____
(Signature)

(Name)

(Title)

(Date)

Employer Identification Number
(EIN) of Recipient

SECRETARY OF HOUSING AND URBAN
DEVELOPMENT

BY: _____
(Signature)

(Name)

(Title)

(Date)

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



EXHIBIT C TO ORDINANCE

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CONTRACT FOR LOAN GUARANTEE ASSISTANCE UNDER
SECTION 108 OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT
OF 1974, AS AMENDED, 42 U.S.C. §5308

Date of Contract _____

This Contract for Loan Guarantee Assistance ("Contract") is entered into between City of Seattle, Washington, as Borrower (the "Borrower"), and the Secretary of Housing and Urban Development ("Secretary"), as guarantor for the Guarantee made pursuant to section 108 ("Section 108") of title I of the Housing and Community Development Act of 1974, as amended (the "Act") and 24 CFR Part 570, Subpart M, of the promissory note executed contemporaneously herewith and numbered B-01-MC-53-0005, in the Maximum Commitment Amount of \$15,500,000, and any amended note or note issued in substitution for such note and having the same note number (the "Note"). The funds paid or credited to the account of the Borrower pursuant to the Note are referred to herein as the "Guaranteed Loan Funds." The Note (including the Fiscal Agency Agreement and the Trust Agreement as defined in Section I.A. of the Note and incorporated therein) is hereby incorporated into the Contract. Terms used in the Contract with initial capital letters and not otherwise defined in the text hereof shall have the respective meanings given thereto in the Note. The Fiscal Agency Agreement and the Trust Agreement are sometimes collectively referred to herein as the "Fiscal Agency/Trust Agreements," and the Fiscal Agent and the Trustee respectively are sometimes collectively referred to as the "Fiscal Agent/Trustee."

PART I

- A. The Note: Advances and Records. The Note provides that Advances and Conversion Date Advances shall be made thereunder upon the written request of the Borrower and the approval of the Secretary, pursuant to this Contract and the Fiscal Agency Agreement. The Commitment Schedule attached to the Note represents the principal repayment schedule for the Maximum Commitment Amount of the Note. At all times, the total amount of all Advances and Conversion Date Advances under the Note for all Principal Due Dates shall not exceed the Maximum Commitment Amount of the Note. Prior to the Conversion Date (as defined in the Note, Section I.A.), the total amount of Advances made by the Holder for each Principal Due Date under the Note shall not exceed the applicable Commitment Amount for such Principal Due Date set forth in the Commitment Schedule of the Note. Prior to the Conversion Date, the Borrower agrees that the Fiscal Agent

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



pursuant to the Fiscal Agency Agreement shall record the date and amount of each payment and Advance under the Note and shall maintain the books and records of all Advances and Conversion Date Advances for each Principal Due Date, interest rates on Advances, payments, and Principal Amounts outstanding for each Principal Due Date. On and after the Conversion Date, the Borrower agrees that the Trustee pursuant to the Trust Agreement will maintain the books and records of all payments on the Note and all Principal Amounts and interest rates on such Principal Amounts (each as to be set forth on Schedule P&I to the Note). No advances of any kind may be made on the Note after its Conversion Date.

- B. **Borrower's Requests for Advances.** All requests for Advances or Conversion Date Advances by the Borrower under the Note shall: be in writing; specify the amount of the Advance requested; identify the Note by Borrower, number and Maximum Commitment Amount; be addressed to the Secretary at the address for notices specified in paragraph 12(f) of this Contract; be signed by an authorized official of the Borrower; and otherwise be in the form prescribed by HUD. Advances and Conversion Date Advances shall be requested and will only be approved and made in increments of not less than \$1,000 for any Principal Due Date. A request for an initial Advance under a Note, or a request for a Conversion Date Advance, shall be received by the Secretary at least ten Business Days prior to the Borrower's proposed Funding Date or Conversion Date, as applicable. All other requests for Advances shall be received by the Secretary not less than five Business Days prior to the proposed Funding Date. The Borrower may not deliver a Note or a request for an Advance or Conversion Date Advance to the Secretary more than two calendar months prior to the Borrower's proposed Funding Date. At least two Business Days prior to the proposed Funding Date or Conversion Date if the Borrower's request was timely received, or the next available Funding Date for which the request was timely received, the Secretary shall, except as otherwise provided in paragraph 11(c) or 12 hereof, deliver a corresponding Authorization Order or Advance Order (as applicable) to the Fiscal Agent in accordance with Section 2.03 or 2.04 of the Fiscal Agency Agreement for the applicable Funding Date or Conversion Date. If the Borrower requests an Advance or Conversion Date Advance of less than the outstanding Maximum Commitment Amount under the Note, the Borrower may also specify in its written request the amount of the Advance or Conversion Date Advance to be allocated to each Commitment Amount or Principal Amount per Principal Due Date under the Note. If the Borrower does not specify how the Advance or Conversion Date Advance should be allocated among Commitment Amounts/Principal Due Dates, the Borrower hereby authorizes the Secretary to direct the Fiscal Agent to allocate the Advance to the respective Commitment Amounts or Principal Amounts in order of the earliest Principal Due

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



Date(s).

- C. **Conversion; Public Offering.** On the Conversion Date (if any), trust certificates backed by the Note (and similar notes issued by other Section 108 borrowers) will be purchased for a purchase price of the full principal amount thereof by underwriters selected by the Secretary (the "Underwriters") pursuant to an Underwriting Agreement between the Underwriters and the Secretary, at a closing on such Conversion Date as determined by the Secretary and the Underwriters. The Borrower agrees that the interest rate at which the trust certificate of a specified maturity is sold to the Underwriters shall govern the interest rate inserted on the Conversion Date in Schedule P&I of the Note for the Principal Amount of corresponding maturity.
- D. **Consents.** By execution of this Contract, the Borrower ratifies and consents to the Secretary's selection of the Underwriters and authorizes the Secretary to negotiate with the Underwriters the terms of the Underwriting Agreement and of the public offering of interests in the trust certificates to investors (including the applicable interest rates). In addition, by execution hereof the Borrower ratifies and consents to the Secretary's selection of the Fiscal Agent/Trustee and agrees to the respective terms of the Fiscal Agency/Trust Agreements. If Advances have been made in the Maximum Commitment Amount of the Note not less than ten Business Days prior to the proposed Conversion Date, or if the Borrower requests a Conversion Date Advance, the Borrower authorizes the Secretary to deliver Schedule P&I to the Note completed in accordance herewith to the Fiscal Agent/Trustee on the Conversion Date in accordance with the Fiscal Agency/Trust Agreements, concurrent with delivery of the Secretary's Guarantee of the trust certificates at the closing on the Conversion Date, and thereafter the Note shall be enforceable in accordance with its terms including Schedule P&I. In addition, the Secretary reserves the right to notify the Borrower not less than one calendar month in advance of a specified Conversion Date that the Note will be sold to the Underwriters on such date, if the Secretary in his sole discretion determines that market conditions or program needs require the participation in the proposed public offering of all or substantially all Borrowers with outstanding Advances.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



PART II

1. Receipt, Deposit and Use of Guaranteed Loan Funds.

(a) Except for funds deducted on the Conversion Date pursuant to paragraph 4(b) and fees and charges deducted by the Fiscal Agent/Trustee pursuant to paragraph 4(a), the Guaranteed Loan Funds shall be electronically transferred in accordance with the Borrower's instructions for deposit in a separate, identifiable custodial account (the "Guaranteed Loan Funds Account") with a financial institution whose deposits or accounts are Federally insured. The Guaranteed Loan Funds Account shall be established and designated as prescribed in the attached form document entitled "Letter Agreement for Section 108 Loan Guarantee Program Custodial Account" (**Attachment 1**) and shall be continuously maintained for the Guaranteed Loan Funds. Such Letter Agreement must be executed when the Guaranteed Loan Funds Account is established. (A fully executed copy of such Letter Agreement shall be submitted to the Secretary within thirty days of its execution.)

The Borrower shall make withdrawals from said account only for payment of the costs of approved Section 108 activities, for transfer to the Loan Repayment Account or for the temporary investment of funds pursuant to this paragraph 1(a). Such temporary investment of funds into the Guaranteed Loan Funds Investment Account shall be required within three Business Days after the balance of deposited funds exceeds the amount of the Federal deposit insurance on the Guaranteed Loan Funds Account. At that time, any balance of funds in the Guaranteed Loan Funds Account exceeding such insurance coverage shall be fully (100%) and continuously invested in Government Obligations, as defined in paragraph 10 hereof, held in the Guaranteed Loan Funds Investment Account.

All temporary investments, whether or not required as above, shall be limited to Government Obligations having maturities that are consistent with the cash requirements of the approved activities. In no event shall the investments mature on or after December 31, 2004, or have maturities which exceed one year. All such investments shall be held in trust for the benefit of the Secretary by the above financial institution in an account (the "Guaranteed Loan Funds Investment Account") established and designated as prescribed in the attached form document entitled "Letter Agreement for Section 108 Loan Guarantee Program Custodial Investment Account" (**Attachment 2**), which account shall be maintained for all Government Obligations purchased with funds from the Guaranteed Loan Funds Account. The Guaranteed Loan Funds Investment Account need only be established if and when the Borrower is required to invest, or otherwise invests, the

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

Guaranteed Loan Funds in Government Obligations. Such Letter Agreement must be executed when the Guaranteed Loan Funds Investment Account is established. (A fully executed copy of such Letter Agreement shall be submitted to the Secretary within thirty days of its execution.) All proceeds and income derived from such investments shall be returned to the Guaranteed Loan Funds Account.

All funds in the Guaranteed Loan Funds Account or the Guaranteed Loan Funds Investment Account must be withdrawn and disbursed by the Borrower for approved activities by December 31, 2004. Any funds remaining in either Account after this date shall be immediately transferred to the Loan Repayment Account established pursuant to paragraph 6 of this Contract.

(b) The Borrower shall by the fifteenth day of each month provide the Secretary with a written statement showing the balance of funds in the Guaranteed Loan Funds Account and the withdrawals from such account during the preceding calendar month, and a statement identifying the obligations and their assignments in the Guaranteed Loan Funds Investment Account.

(c) Upon the Secretary giving notice that the Borrower is in Default under this Contract or the Note, all right, title, and interest of the Borrower in and to the Guaranteed Loan Funds and Guaranteed Loan Funds Investment Accounts shall immediately vest in the Secretary for use in making payment on the Note, purchase of Government Obligations in accordance with paragraph 10, or payment of any other obligations of the Borrower under this Contract or the Fiscal Agency/Trust Agreements.

2. **Payments Due on Note; Final Payment and Discharge.** The Borrower shall pay to the Fiscal Agent/Trustee, as collection agent for the Note, all amounts due pursuant to the terms of the Note. In accordance with the Note and the Fiscal Agency/Trust Agreements, payment shall be made by 3:00 P.M. (New York City time) on the seventh Business Day (the "Note Payment Date") preceding the relevant Interest Due Date or Principal Due Date (each as defined in the Note). If any Note Payment Date falls on a day that is not a Business Day, then the required payment shall be made on the next Business Day. Payment may be made by check or wire transfer.

Upon final payment of all amounts due to Holders under the Note, including any payment made by the Secretary pursuant to the Guarantee, the Fiscal Agent/Trustee is required by the Fiscal Agency/Trust Agreements to return the Note to the Secretary. Upon final payment to the Secretary of any amounts due as a result of Guarantee Payments or otherwise due under this Contract, the Secretary will cancel and return the Note to the Borrower in discharge of the Borrower's obligations



under the Note.

3. **Selection of New Fiscal Agent or Trustee.** The Secretary shall select a new Fiscal Agent or Trustee if the Fiscal Agent or Trustee resigns or is removed by the Secretary. The Borrower hereby consents in advance to any such selection and to any changes in the Fiscal Agency/Trust Agreements agreed to by any Fiscal Agent or Trustee and the Secretary, subject to paragraph 4(e) of this Contract.

4. **Payments Due Fiscal Agent or Trustee; Documents to the Secretary.**

(a) The Borrower agrees to pay the fees of the Fiscal Agent as required by Exhibit G to the Fiscal Agency Agreement, and any additional amounts that may be due pursuant to Section 6.01 of the Fiscal Agency Agreement. If not paid by the Borrower by any other means prior thereto, the Borrower agrees that any such fees or additional amounts that have been incurred prior to an Advance or a Conversion Date Advance may be deducted by the Fiscal Agent/Trustee from the proceeds of the Advance or Conversion Date Advance, as applicable.

(b) The Borrower agrees to pay the Borrower's share, as determined by the Secretary, of the customary and usual issuance, underwriting, and other costs related to the public offering and future administration of the Note and the trust certificates, as approved by the Secretary, including the cost of reimbursement and/or compensation of the Trustee pursuant to the Trust Agreement, including Sections 3.11 and 7.01 thereof. In connection with the public offering on the Conversion Date, such payment shall either be made by wire transfer to the Trustee on the day prior to the Conversion Date or shall be deducted from the Guaranteed Loan Funds on the Conversion Date.

(c) The Borrower shall submit to the Secretary not later than ten Business Days prior to the Funding Date for the initial Advance hereunder, or if not submitted earlier, prior to any Conversion Date or Public Offering Date applicable to the Note, this executed Contract, the executed Note, a request for an Advance or a Conversion Date Advance (as applicable) in proper form, and an opinion acceptable to the Secretary from the Borrower's counsel to the effect that: (i) the governing body of the Borrower has authorized by resolution or ordinance, in accordance with applicable State and local law, the issuance of the Note and the execution of this Contract; (ii) the Note and this Contract are valid, binding, and enforceable obligations of the Borrower; (iii) the pledge of funds pursuant to 24 CFR 570.705(b)(2) and paragraph 5(a) of this Contract is valid and binding; and (iv) there is no outstanding litigation that will affect the validity of the

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.

Note or this Contract. In addition, the Borrower shall submit any other additional documents or opinions specifically required by this Contract (e.g., paragraph 5(c), or paragraph 15, et seq.), at the time required thereby.

(d) The Borrower agrees to reimburse the Underwriters upon demand by the Secretary for the Borrower's share, as determined by the Secretary, of all reasonable out-of-pocket expenses (including reasonable fees and disbursements of counsel) incurred in connection with a proposed public offering, if the Underwriters incur such additional costs for the public offering because of any refusal, inability, or failure on the part of the Borrower timely to submit in acceptable form any document required by this Contract (including paragraph 4(c)), or because of any withdrawal by the Borrower from the public offering, after the Borrower has submitted a request for a Conversion Date Advance hereunder. By execution and delivery of this Contract to the Secretary, the Borrower hereby expressly authorizes the Secretary to pay amounts due under this paragraph from funds pledged under paragraph 5(a) of this Contract.

(e) The undertakings in paragraphs 3 and 4 of this Contract are expressly subject to the requirement that the Fiscal Agency/Trust Agreements shall in no event require payment of fees or charges, reimbursement of expenses, or any indemnification by the Borrower from any source other than funds pledged pursuant to paragraphs 5 or 15 et seq. of this Contract.

5. **Security.** The Borrower hereby pledges as security for repayment of the Note, and such other charges as may be authorized in this Contract, the following:

(a) All allocations or grants which have been made or for which the Borrower may become eligible under Section 106 of the Act, as well as any grants which are or may become available to the Borrower pursuant to Section 108(q).

(b) Program income, as defined at 24 CFR 570.500(a) (or any successor regulation), directly generated from the use of the Guaranteed Loan Funds.

(c) Other security as described in paragraph 15, et seq.

(d) All proceeds (including insurance and condemnation proceeds) from any of the foregoing.

(e) All funds or investments in the accounts established pursuant to paragraphs 1 and 6 of this Contract.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



6. **Loan Repayment Account.**

(a) All amounts pledged pursuant to paragraphs 5(b), 5(c), and 5(d) of this Contract shall be deposited immediately on receipt in a separate identifiable custodial account (the "Loan Repayment Account") with a financial institution whose deposits or accounts are Federally insured. The Loan Repayment Account shall be established and designated as prescribed in the attached form document entitled "Letter Agreement for Section 108 Loan Guarantee Program Custodial Account" (**Attachment 1**) and shall be maintained for such pledged funds. The Loan Repayment Account need only be established if and when the Borrower receives amounts pledged pursuant to paragraph 5(b), 5(c) or 5(d). Such Letter Agreement must be executed when the Loan Repayment Account is established. (A fully executed copy of such Letter Agreement shall be submitted to the Secretary within thirty days of its execution.) Borrower shall make withdrawals from said account only for the purpose of paying interest and principal due on the Note (including the purchase of Government Obligations in accordance with paragraph 10 hereof), for payment of any other obligation of the Borrower under this Contract or the Fiscal Agency/Trust Agreements, or for the temporary investment of funds pursuant to this paragraph, until final payment and discharge of the indebtedness evidenced by the Note, unless otherwise expressly authorized by the Secretary in writing. Such temporary investment of funds shall be required within three Business Days after the balance of deposited funds exceeds the amount of the Federal deposit insurance on the Loan Repayment Account. At that time, the balance of funds in the Loan Repayment Account exceeding such insurance coverage shall be fully (100%) and continuously invested in Government Obligations, as defined in paragraph 10 hereof.

All temporary investments, whether or not required as above, shall be limited to Government Obligations having maturities that are consistent with cash requirements for payment of principal and interest as required under the Note. In no event shall the maturities of such investments exceed one year. All such investments shall be held in trust for the benefit of the Secretary by the above financial institution in an account (the "Loan Repayment Investment Account") established and designated as prescribed in the attached form document entitled "Letter Agreement for Section 108 Loan Guarantee Program Custodial Investment Account" (**Attachment 2**), which account shall be maintained for all Government Obligations purchased with funds from the Loan Repayment Account. Such Letter Agreement must be executed when the Loan Repayment Investment Account is established. (A fully executed copy of such Letter Agreement shall be submitted to the Secretary within thirty days of its execution.) All proceeds and income derived from such investments shall be

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



returned to the Loan Repayment Account.

(b) Borrower shall by the fifteenth day of each month, provide the Secretary with a written statement showing the balance of funds in the Loan Repayment Account and the deposits and withdrawals of all funds in such account during the preceding calendar month and a statement identifying the obligations and their assignments in the Loan Repayment Investment Account.

(c) Upon the Secretary giving notice that the Borrower is in Default under this Contract or the Note, all right, title, and interest of the Borrower in and to the Loan Repayment and Loan Repayment Investment Accounts shall immediately vest in the Secretary for use in making payment on the Note, purchase of Government Obligations in accordance with paragraph 10, or payment of any other obligation of the Borrower under this Contract or the Fiscal Agency/Trust Agreements.

7. **Use of CDBG or EDI Funds for Repayment.** Any funds available to the Borrower under Section 106 of the Act (including program income derived therefrom) are authorized to be used by the Borrower for payments due on the Note, Optional Redemption (as defined in the Note), payment of any other obligation of the Borrower under this Contract or the Fiscal Agency/Trust Agreements, or the purchase of Government Obligations in accordance with paragraph 10. Any funds specifically available to the Borrower for such payments or as a debt service reserve under an EDI Grant Agreement pursuant to Section 108(q) of the Act which supports the eligible project(s) and activities financed by the Note may also be used therefor; any other use of Section 108(q) funds for such purposes shall require the prior written approval of the Secretary. Unless otherwise specifically provided herein or unless otherwise expressly authorized by the Secretary in writing, the Borrower shall substantially disburse funds available in the Loan Repayment or the Loan Repayment Investment Accounts before funds from grants under Section 106 of the Act are withdrawn from the U.S. Treasury for such purposes.

8. **Secretary's Right to Restrict Use of CDBG Funds to Repayment.** Upon a determination by the Secretary that payments required by paragraph 2 and/or paragraph 4 of this Contract are unlikely to be made as specified, the Secretary may give the Borrower notice that the availability to the Borrower of funds pledged under paragraph 5(a) of this Contract for purposes other than satisfaction of the pledge is being restricted. This restriction shall be in an amount estimated by the Secretary to be sufficient to ensure that the payments referred to in paragraph 2 and/or paragraph 4 hereof are made when due. This restriction may be given effect by conditioning the restricted amounts to prohibit disbursement for purposes other than satisfaction of the pledge at the time such restricted funds are

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



approved as grants, by limiting the Borrower's ability to draw down or expend the restricted funds for other purposes, and by disapproving payment requests submitted with respect to such grants for purposes other than satisfaction of the pledge.

9. **Secretary's Right to Use Pledged Funds for Repayment.** The Secretary may use funds pledged under paragraph 5(a) of this Contract or funds restricted under grants pursuant to paragraph 8 of this Contract to make any payment required of the Borrower under paragraph 2 and/or paragraph 4, if such payment has not been timely made by the Borrower.
10. **Defeasance.** For purposes of this Contract, after the Conversion Date the Note shall be deemed to have been paid (defeased) if there shall have been deposited with the Trustee either moneys or Government Obligations (as defined below), which in the sole determination of the Secretary, mature and bear interest at times and in amounts sufficient, together with any other moneys on deposit with the Trustee for such purpose, to pay when due the principal and interest to become due on the Note. The Aggregate Principal Amount of the Note or any unpaid Principal Amount may be so defeased, in whole or in part, as of any Principal Due Date. In accordance with the Note and the Trust Agreement, the Borrower shall give timely notice and written instructions to the Secretary and the Trustee concerning any principal amounts proposed to be defeased, including any Optional Redemptions proposed, which instructions shall be approved by the Secretary. If the unpaid Aggregate Principal Amount of the Note guaranteed pursuant to this Contract shall be defeased and deemed to have been paid in full, then the Borrower shall be released from all agreements, covenants, and further obligations under the Note.

"Government Obligation" means a direct obligation of, or any obligation for which the full and timely payment of principal and interest is guaranteed by, the United States of America, including but not limited to, United States Treasury Certificates of Indebtedness, Notes and Bonds - State and Local Government Series or certificates of ownership of the principal of or interest on direct obligations of, or obligations unconditionally guaranteed by, the United States of America, which obligations are held in trust by a commercial bank which is a member of the Federal Reserve System and has capital and surplus (exclusive of undivided profits) in excess of \$100,000,000.

11. **Default.** (a) A Default under the Note and this Contract shall occur upon failure by the Borrower to:

(i) pay when due an installment of principal or interest on the Note; or (ii) punctually and properly perform, observe, and comply with any covenant, agreement, or condition contained in: (A) this Contract, (B) any

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



security agreement, deed of trust, mortgage, assignment, guarantee, or other contract securing payment of indebtedness evidenced by the Note, or (C) any future amendments, modifications, restatements, renewals, or extensions of any such documents.

(b) The Borrower waives notice of Default and opportunity for hearing with respect to a Default under paragraph 11(a).

(c) In addition to Defaults under paragraph 11(a), the Secretary may declare the Note in Default if the Secretary makes a final decision in accordance with the provisions of section 111 of the Act and 24 CFR 570.913 (or any successor provisions), including requirements for reasonable notice and opportunity for hearing, that the Borrower has failed to comply substantially with title I of the Act. Notwithstanding any other provision, following the giving of such reasonable notice, the Secretary may, in the Secretary's sole discretion pending the Secretary's final decision, withhold the guarantee of any or all obligations not yet guaranteed on behalf of the Borrower under outstanding commitments, suspend approval of any further Advances or Conversion Date Advances under the Note, and/or direct the Borrower's financial institution to: refuse to honor any instruments drawn upon, or withdrawals from, the Guaranteed Loan Funds Account or the Loan Repayment Account initiated by the Borrower, and/or refuse to release obligations and assignments by the Borrower from the Guaranteed Loan Funds Investment Account or the Loan Repayment Investment Account.

12. **Remedial Actions.** Upon a Default or declaration of Default under this Contract, the Secretary may, in the Secretary's sole discretion, take any or all of the following remedial actions:

(a) With any funds or security pledged under this Contract, the Secretary may: (i) continue to make payments due on the Note, (ii) make a prepayment under Section I.D. of the Note or make an acceleration payment with respect to the principal amount of the Note subject to Optional Redemption as provided in Section III of the Note, (iii) purchase Government Obligations in accordance with paragraph 10 of this Contract, (iv) pay any interest due for late payment as provided in the Note, this Contract, or the Fiscal Agency/Trust Agreements, (v) pay any other obligation of the Borrower under this Contract or the Fiscal Agency/Trust Agreements, and/or (vi) pay any reasonable expenses incurred by the Secretary or the Fiscal Agent/Trustee as result of the Borrower's Default.

(b) The Secretary may withhold the guarantee of any or all obligations not yet guaranteed or the disbursement of any or all grants not yet disbursed in full under outstanding guarantee commitments or grant approvals for the Borrower under Sections 108 and/or 106 of the Act.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



(c) The Secretary may withhold approval of any or all further Advances or Conversion Date Advances under the Note (if applicable); direct the Borrower's financial institution to refuse to: honor any instruments drawn upon, or withdrawals from, the Guaranteed Loan Funds Account or the Loan Repayment Account by the Borrower, and/or to release obligations and assignments by the Borrower from the Guaranteed Loan Funds Investment Account or the Loan Repayment Investment Account; and/or direct the Borrower and/or the Borrower's financial institution to transfer remaining balances from the Guaranteed Loan Funds Account to the Loan Repayment Account.

(d) Until the Conversion Date, or with respect to amounts subject to Optional Redemption, the Secretary may accelerate the Note.

(e) The Secretary may exercise any other appropriate remedies or sanctions available by law or regulation applicable to the assistance provided under this Contract, or may institute any other action available under law to recover Guaranteed Loan Funds or to reimburse the Secretary for any payment under the Secretary's Guarantee or any reasonable expenses incurred by the Secretary as a result of the Default.

(f) All notices and submissions provided for hereunder shall be in writing (including by telex, telecopier or any other form of facsimile communication) and mailed or sent or delivered, as to each party hereto, at its address set forth below or at such other address as shall be designated by such party in a written notice to the other party hereto. All such notices and other communications shall be effective when received as follows: (i) if sent by hand delivery, upon delivery; (ii) if sent by mail, upon the earlier of the date of receipt or five Business Days after deposit in the mail, postage prepaid; (iii) if sent by telex, upon receipt by the sender of an answer back; and (iv) if sent by telecopier, upon receipt.

The Secretary:

U.S. Dept. of Housing and Urban Development
 Attention: Paul Webster, Director
 Financial Management Division
 451 7th Street, SW, Room 7180
 Washington, DC 20410

Borrower:

City of Seattle, Washington
 Director,
 Office of Economic Development
 600 Fourth Avenue, 12th Floor
 Seattle, WA 98104

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
 IT IS DUE TO THE QUALITY OF THE DOCUMENT.



13. **Limited Liability.** Notwithstanding any other provision of this Contract, the Fiscal Agency/Trust Agreements or the Note, any recovery against the Borrower for any liability for amounts due pursuant to the Note, the Fiscal Agency/Trust Agreements or this Contract shall be limited to the sources of security pledged in paragraph 5 or any Special Conditions of this Contract. Neither the general credit nor the taxing power of the Borrower, or of the State in which the Borrower is located, is pledged for any payment due under the Note, the Contract, or the Fiscal Agency/Trust Agreements. IN ACCORDANCE WITH RCW 35.21.735, THE NOTE SHALL BE REPAYED SOLELY FROM ONE OR MORE SPECIAL FUNDS HELD BY ONE OR MORE CUSTODIANS APPOINTED PURSUANT TO SUCH STATUTE AND FROM THE SECURITY PLEDGED UNDER THE CONTRACT. THE NOTE IS NOT AN OBLIGATION OF THE CITY OF SEATTLE OR THE STATE OF WASHINGTON, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY MUNICIPAL CORPORATION OR SUBDIVISION OF THE STATE, OR ANY AGENCY OF ANY OF THE FOREGOING, IS PLEDGED TO THE PAYMENT OF PRINCIPAL, INTEREST, OR PREMIUM, IF ANY, ON THE NOTE. NOTHING HEREIN SHALL CONSTITUTE A DEBT OR INDEBTEDNESS OF THE BORROWER PAYABLE FROM PUBLIC FUNDS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION ON THE INCURRING OF DEBT. ANY OBLIGATIONS OF BORROWER UNDER DOCUMENTS INCORPORATED HEREIN ARE SUBJECT TO THE LIMITATION OF LIABILITY SET FORTH IN THE CONTRACT.

14. **Incorporated Grant Agreement.** The Contract and the Note are hereby incorporated in and made a part of the Grant Agreement authorized by the Secretary on January 1, 2001, under the Funding Approval for grant number B-01-MC-53-0005 to the Borrower. In carrying out activities with the Guaranteed Loan Funds hereunder, the Borrower agrees to comply with the Act and 24 CFR Part 570, as provided in Subpart M thereof.

15. **Special Conditions and Modifications:**

(a) Paragraph 5(c) of the Contract is amended by deleting the paragraph as written in its entirety and substituting therefor the following:

"(c) Other security, including, but not limited to, all rights of the Borrower (but none of the obligations of the Borrower) in and to the 'Security Documents' (as defined in paragraph 15(d) hereof) and to the collateral described therein. If necessary to provide the Secretary with a valid security interest in such other security, the Borrower shall execute a security agreement (the 'Borrower Security Agreement'), which Borrower Security Agreement shall be in a form acceptable to the Secretary."

(b) Guaranteed Loan Funds shall be used by the Borrower to

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



finance loans (individually, a "Business Loan") to one or more for-profit businesses (individually, a "Business Borrower") pursuant to 24 CFR §570.703(i) and §570.203.

- (c) Each Business Loan shall be evidenced by a promissory note (individually, the "Business Note" and, collectively, the "Business Notes") and a loan agreement (the "Business Loan Agreement"). The Business Note and Business Loan Agreement shall contain such provisions as the Secretary deems necessary. The amount of principal and/or interest payable under the Business Notes during the twelve-month period beginning July 1 of each year and ending on June 30 of the next succeeding year shall be equal to or greater than the amount of principal and/or interest payable under the Note for the corresponding period. No Business Note shall be subject to redemption or prepayment earlier than the earliest possible redemption date under the terms of the Note. The Business Loan shall be fully secured by one or more of the following forms of collateral (collectively, the "Collateral").
- (i) A lien on real property (the "Real Property"), established through an appropriate and properly recorded mortgage (the "Business Mortgage"). The Business Mortgage shall contain such provisions as the Secretary deems necessary. The Business Mortgage may be subordinated to another lien on the property; provided, however, that the principal amount of the Business Loan secured by the Real Property shall not exceed an amount equal to 80 percent of the "as improved" appraised market value, less the outstanding balance on other indebtedness secured by a mortgage lien of senior or equal priority on the Real Property.
- (ii) A security interest (collectively referred to as the "Security Interests") in machinery and equipment ("M&E"), accounts receivable, inventory, and other items of personal property collectively, the "Personal Property"). The Security Interests may be subordinated to another lien; provided, however, that the principal amount of the Business Loan secured by the Personal Property shall not exceed an amount determined as follows:
- (A) in the case of used M&E, not more than 90 percent of the appraised net liquidation value, less the outstanding balance of other indebtedness secured by a senior security interest in such M&E; and
- (B) in the case of new M&E, not more than 80

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



percent of the cost thereof (including installation), less the outstanding balance of other indebtedness secured by a senior security interest in such M&E; and

(C) in the case of accounts receivable, not more than 80 percent of the average of the ending balances of the last three (3) years of accounts receivable, less the outstanding balance of other indebtedness secured by a senior security interest in said accounts receivable; and

(D) in the case of inventory, not more than 50 percent of the average of the ending inventory balances of the last three (3) years, less the outstanding balance of other indebtedness secured by a senior security interest in said inventory.

The Security Interests shall be granted pursuant to an appropriate security agreement (the "Security Agreement"), which Security Agreement also shall be referenced in appropriate Uniform Commercial Code Financing Statements filed in accordance with the Uniform Commercial Code. The Security Agreement and such Uniform Commercial Code Financing Statements shall contain such provisions as the Secretary deems necessary.

- (iii) Any and all rights, titles, and interests of the Business Borrower to any leases covering the Real Property. Such rights, titles, and interests shall be the subject of an appropriate and properly recorded collateral assignment of leases and rents (the "Collateral Assignment of Leases and Rents"). The Collateral Assignment of Leases and Rents shall be in a form acceptable to the Secretary.
- (iv) Any and all rights, titles, and interests of the Business Borrower in any loan or debt service reserve accounts established for the purpose of securing the Business Loan. Such rights, titles, and interests shall be the subject of a collateral assignment of interest in loan or debt service reserve accounts (the "Collateral Assignment of Interest in Loan or Debt Service Reserve Accounts"). The Collateral Assignment of Interest in Loan or Debt Service Reserve Accounts shall be in a form acceptable to the Secretary.
- (v) Such other alternative collateral or security arrangements as may be requested by the Borrower and approved by the Secretary in writing.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



- (d) The Borrower shall select a financial institution acceptable to the Secretary (the "Custodian") to act as custodian for the documents specified in paragraph 15(e) below (the "Security Documents"). The Borrower and the Custodian shall enter into a written agreement containing such provisions as the Secretary deems necessary. A fully executed copy of such agreement, with original signatures, shall be forwarded to the Secretary contemporaneously with the delivery of documents pursuant to paragraph 15(e) below.
- (e) Not later than five (5) business days after disbursement by the Borrower of Guaranteed Loan Funds to a Business Borrower, the Borrower shall deliver to the Custodian the following (as applicable to that activity):
- (i) The original Business Note endorsed in blank and without recourse.
 - (ii) The original Business Loan Agreement, and an assignment thereof to the Secretary, which assignment shall be in a form acceptable to the Secretary.
 - (iii) The original recorded Business Mortgage signed by the Business Borrower and an assignment thereof to the Secretary, in a recordable form but unrecorded, which assignment shall be in a form acceptable to the Secretary.
 - (iv) The original Collateral Assignment of Leases and Rents and an assignment thereof to the Secretary, in a recordable form but unrecorded, which assignment shall be in a form acceptable to the Secretary.
 - (v) The original Security Agreement and an assignment thereof to the Secretary, which assignment shall be in a form acceptable to the Secretary.
 - (vi) The original Collateral Assignment of Interest in Loan or Debt Service Reserve Accounts.
 - (vii) If Guaranteed Loan Funds are used to acquire real property, an appraisal of the fee simple ownership interest in the Property. The appraisal shall be completed by an appraiser who is certified by the state and has a professional designation (such as "SRA" or "MAI"), and shall conform to the standards of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA").
 - (viii) If Guaranteed Loan Funds are used to acquire used

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



M&E, an appraisal of its net liquidation value.

(ix) A mortgagee title policy, issued by a company and in a form acceptable to the Secretary, naming the Borrower as the insured party. The policy must either include in the definition of the "insured" each successor in ownership of the indebtedness secured by the Mortgage or be accompanied by an endorsement of the policy to the Secretary.

(x) A certified survey with a legal description conforming to the title policy and the Business Mortgage.

(xi) An opinion of Borrower's counsel on its letterhead, addressed and satisfactory to the Secretary, that:

(A) the Business Borrower is duly organized and validly existing as a **[corporation, partnership, etc.]** under the laws of the State of _____ and is **[existing, qualified to do business, in good standing, as applicable]** in and under the laws of the State of Washington;

(B) the Business Note has been duly executed and delivered by an authorized party and is a valid and binding obligation of the Business Borrower, enforceable in accordance with its terms, except as limited by bankruptcy and similar laws affecting creditors generally; and

(C) the appropriate instruments specified in (ii) through (viii) above are valid and legally binding obligations, enforceable in accordance with their respective terms.

To the extent that the foregoing opinion deals with matters customarily within the due diligence of counsel to the Business Borrower, Borrower's counsel may attach and expressly rely on an opinion of Business Borrower's counsel satisfactory to the Secretary.

(xii) Any instruments, documents, agreements, and legal opinions required pursuant to paragraph 15(c)(v).

(f) The Borrower covenants that it shall:

(i) ensure the diligent performance of the usual and customary functions related to the servicing of

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



the Business Notes; and

- (ii) promptly perfect the Security Interests by filing a financing statement in accordance with the requirements of the Uniform Commercial Code and shall file such additional statements as are necessary to maintain the perfected Security Interests.
- (g) The Borrower shall promptly notify the Secretary in writing whenever an event which constitutes a default (an "Event of Default") under (and as defined in) any of the Security Documents pertaining to a Business Loan has occurred and has continued unremedied for a period of 90 days after such occurrence. Such Business Loan shall be hereinafter referred to as the "Nonperforming Business Loan." However, if a Debt Service Reserve Fund has been established by the Borrower in an amount sufficient to satisfy at least one year's debt service to HUD on the Nonperforming Business Loan(s) at the date that the loan(s) become nonperforming, the Borrower shall have an additional year prior to the required notification to remedy the default. Notification of a Nonperforming Business Loan shall be delivered to the Secretary as directed in paragraph 12(f) above.

The Borrower shall within 60 days of such notification take one of the following actions:

- (i) The Borrower may replace the Nonperforming Business Loan with another, performing loan (the "Replacement Loan") which meets the security requirements specified in paragraph 15(c). Such replacement shall be effected by delivery to the Custodian of the Security Documents that would be delivered if the Replacement Loan were made from Guaranteed Loan Funds. If the payments of principal and interest on the Replacement Loan are insufficient to satisfy the payments that are due on the Nonperforming Business Loan, the Borrower shall purchase Government Obligations that mature and bear interest at times and in amounts sufficient, together with payments due on the Replacement Loan, to pay when due the principal and interest to become due on the Nonperforming Business Loan. Such Government Obligations shall be deposited in the Loan Repayment Investment Account.
- (ii) If the Borrower elects not to replace a Nonperforming Business Loan, the Borrower shall purchase Government Obligations that mature and bear interest at times and in amounts sufficient

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



to pay when due the principal and interest to become due on the Nonperforming Business Loan. (This action shall be required only with respect to Nonperforming Business Loans that have not been replaced as provided under (i) above.) Such Government Obligations shall be deposited in the Loan Repayment Investment Account.

- (h) Paragraph 12 is amended by adding at the end thereof the following language:

"(g) The Secretary may complete the endorsement of the Business Notes and record the assignments referred to in paragraph 15(e), and thereby effectuate the transfer of the documents referenced and underlying indebtedness from the Borrower to the Secretary or the Secretary's assignee.

"(h) The Secretary may exercise or enforce any and all other rights or remedies (including any and all rights and remedies available to a secured party under the Uniform Commercial Code) available by law or agreement (including any of the Security Documents, as defined in paragraph 15(d)) against the Borrower, against the Business Borrower, or against any other person or property."

- (i) (i) The Borrower acknowledges and agrees that the Secretary's guarantee of the Note is made in reliance upon the availability of grants pledged pursuant to paragraph 5(a) (individually, a "Pledged Grant" and, collectively, the "Pledged Grants") in any Federal fiscal year subsequent to the Federal fiscal year ending September 30, 2001 to: (i) pay when due the payments to become due on the Notes, or (ii) defease (or, if permitted, prepay) the outstanding Note. The Borrower further acknowledges and agrees that if the Secretary (in the Secretary's sole discretion) determines that Pledged Grants are unlikely to be available for either of such purposes, such determination shall be a permissible basis for any of the actions specified in paragraphs 15(ii) and (iii) below.

(ii) Upon written notice from the Secretary to the Borrower at the address specified in paragraph 12(f) above that the Secretary (in the Secretary's sole discretion) has determined that Pledged Grants are unlikely to be available for either of the purposes specified in (i) and (ii) of paragraph 15(i) above (such notice being hereinafter referred to as the "Notice of Impaired Security"), the Secretary may limit the availability of Pledged Grants by withholding

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



amounts at the time a Pledged Grant is approved or by disapproving payment requests submitted with respect to Pledged Grants.

(iii) If after 60 days from the Notice of Impaired Security the Secretary (in the Secretary's sole discretion) determines that Pledged Grants are still unlikely to be available for either of the purposes specified in (i) and (ii) of paragraph 15(i) above, the Secretary may declare the Notes in Default (without additional notice or hearing, which Borrower hereby expressly waives) and exercise any and all remedies available under paragraph 12. This paragraph 15(i) shall not affect the right of the Secretary to declare the Note in Default pursuant to paragraph 11 and to exercise in connection therewith any and all remedies available under paragraph 12.

(iv) All notices and submissions provided for hereunder shall be submitted as directed in paragraph 12(f) above.

[Rest of Page Intentionally Left Blank]

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



IN WITNESS WHEREOF, the undersigned, as authorized officials on behalf of the Borrower or the Secretary, have executed this Contract for Loan Guarantee Assistance, which shall be effective as of the date of execution hereof on behalf of the Secretary.

ATTEST:

(Signature)

(Name)

(Title)

BORROWER

BY: _____
(Signature)

(Name)

(Title)

(Date)

SECRETARY OF HOUSING AND URBAN
DEVELOPMENT

BY: _____
(Signature)

(Name)

(Title)

(Date)

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



ATTACHMENT 1

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

LETTER AGREEMENT FOR
SECTION 108 LOAN GUARANTEE PROGRAM
CUSTODIAL ACCOUNT_____
Name of Institution (and Branch)_____
Street_____
City, State, Zip Code_____
Date:

☐ This account is established for funds received by the Borrower under Note(s) guaranteed by the United States Department of Housing and Urban Development (HUD) under the Section 108 Loan Guarantee Program. (Guaranteed Loan Funds Account)

☐ This account is established for repayment of the Note guaranteed by HUD under the Section 108 Loan Guarantee Program. (Loan Repayment Account)

☐ This account is established as a debt service reserve under the Section 108 Loan Guarantee Program. (Debt Service Reserve Account)

You are hereby authorized and requested to establish a custodial account to be specifically designated:

"
Trustee of United States Department of Housing and Urban Development." All deposits made in such account shall be subject to withdrawal therefrom by the Borrower named below and shall also be subject to withdrawal therefrom by HUD. No agent of the Borrower shall be authorized to withdraw funds from the account. You are also authorized to pay HUD at any time, upon its written demand, which need not name a specific amount, the entire amount in such account subject only to notice requirements contained in applicable regulations governing this institution, but in no event to exceed seven business days.

You are further authorized, upon the request of HUD, to refuse to honor any instrument drawn upon or withdrawals from such account by parties other than HUD and to change the name of the aforesaid account to the "United States Department of Housing and Urban Development." In no instance shall the funds in the custodial account be used to offset funds which may have been

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



advanced to, or on behalf of, the Borrower by the custodian institution.

This letter is submitted to you in duplicate. Please execute the duplicate copy of the certification below, acknowledging the existence of such account, so that we may present the copy signed by you to HUD.

Name of Borrower

By: [Signature]

Title

The undersigned institution certifies to the United States Department of Housing and Urban Development (HUD) that the account identified is in existence in this institution under Account Number: _____, and agrees with the Borrower named above and HUD to honor demands on such account in the manner provided in the above letter, subject only to notice requirements contained in applicable regulations governing this institution, but in no event to exceed seven business days. The undersigned institution further agrees, upon the written request of HUD, to refuse to honor any instruments drawn upon or withdrawals from such account by parties other than HUD and to change the name of the aforesaid account to "United States Department of Housing and Urban Development." In no instance shall the funds in the custodial account be used to offset funds which may have been advanced to, or on behalf of, the Borrower by the custodian institution. Deposits in this institution are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or the National Credit Union Administration.

Name of Institution

By (Signature and Title)

Date:

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



ATTACHMENT 2

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

LETTER AGREEMENT FOR
SECTION 108 LOAN GUARANTEE PROGRAM
CUSTODIAL INVESTMENT ACCOUNT

Name of Institution (and Branch)

Street

City, State, Zip Code

Date:

☐ This account is established to hold obligations and their assignments, such obligations having been purchased with funds from the Guaranteed Loan Funds Account. (Guaranteed Loan Funds Investment Account)

☐ This account is established to hold obligations and their assignments, such obligations having been purchased with funds from the Loan Repayment Account. (Loan Repayment Investment Account)

☐ This account is established to hold obligations and their assignments, such obligations having been purchased with funds from the Debt Service Reserve Account. (Debt Service Reserve Investment Account)

You are hereby authorized and requested to hold obligations and assignments of those obligations in trust for the United States Department of Housing and Urban Development (HUD) in an account specifically designated:

"
Trustee of United States Department of Housing and Urban Development." All obligations and assignments shall be subject to release to the Borrower named below and shall also be subject to release to HUD. No agent of the Borrower shall be authorized to release the obligations or assignments. You are also authorized to release the obligations and assignments to HUD at any time, upon its written demand, which need not name specific obligations and assignments, all obligations and assignments being held in such account subject only to notice requirements contained in applicable regulations governing this institution, but in no event to exceed seven business days.

You are further authorized, upon the request of HUD, to

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



EXHIBIT D TO ORDINANCE

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
SECTION 108 LOAN GUARANTEE PROGRAM

VARIABLE/FIXED RATE NOTE

NOTE NUMBER:
BORROWER: Seattle, WA

DATE OF NOTE: _____
PRINCIPAL DUE DATES AND PRINCIPAL
AMOUNT: Before the Conversion Date, the
aggregate of Advances made for each
applicable Principal Due Date specified in the
Commitment Schedule to this Note; on or after
the Conversion Date, the Principal Amount (if
any) listed for each Principal Due Date in
Schedule P & I hereto.

MAXIMUM COMMITMENT
AMOUNT: \$15,500,000

COMMITMENT AMOUNTS: See
Commitment Schedule attached hereto

VARIABLE INTEREST RATE: As set forth below.

REGISTERED HOLDER: AFTERWATCH & CO
As Nominee for
Money Market Obligations Trust
on behalf of its Government Obligations Fund

I. Terms Applicable Before the Conversion Date

A. Advances

For value received, the undersigned, the City of Seattle (the "Borrower", which term includes any successors and assigns), a public entity organized and existing under the laws of the State of (or Commonwealth were applicable) Washington promises to pay to the Registered

Note VFR 2021 12-54-01

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

Holder (the "Holder", which term includes any successors or assigns), at the time, in the manner, and with interest at the rate or rates hereinafter provided, such amounts as may be advanced under this Note from time to time by the Holder for disbursement to, or on behalf of, the Borrower (individually, an "Advance", and collectively, "Advances"). The Holder shall make Advances upon the written request of the Borrower and the approval of the Secretary of Housing and Urban Development or his designee (the "Secretary"), pursuant to the Contract for Loan Guarantee Assistance (as further defined in Section IV.A. of this Note, the "Contract"), and the Amended and Restated Master Fiscal Agency Agreement (the "Fiscal Agency Agreement") dated as of May 17, 2000, between The Chase Manhattan Bank (now known as JPMorgan Chase Bank), as Fiscal Agent (the "Fiscal Agent"), and the Secretary. The total amount of Advances made for each Principal Due Date under this Note shall not exceed the applicable Commitment Amount for such Principal Due Date set forth on the Commitment Schedule attached hereto. The aggregate of all Advances under this Note for all Principal Due Dates shall not exceed the Maximum Commitment Amount specified on the attached Commitment Schedule. The Fiscal Agent shall record the date and amount of all payments and Advances on this Note and maintain the books and records of all such Advances and Commitment Amounts for each corresponding Principal Due Date, and all payments. No Advances shall be made on this Note after its Conversion Date.

As used herein, "Conversion Date" means the date (if any) upon which this Note is (i) delivered by the Holder to the Fiscal Agent against payment therefor by the purchasers selected by the Secretary to make such payment; and (ii) assigned to JPMorgan Chase Bank (or any successor thereto) acting in its capacity as Trustee (the "Trustee") pursuant to a Trust Agreement between the Secretary and the Trustee, dated as of January 1, 1995, as such agreement may be amended or supplemented (the "Trust Agreement"). Upon the occurrence of both (i) and (ii) in the previous sentence, Section III of this Note applies, thereby converting this Note to a fixed rate obligation.

B. Variable Rate of Interest

From and including the date of each Advance to but excluding the earlier of (i) the Conversion Date, and (ii) the date of redemption or prepayment of such Advance pursuant to Section I.D. below (each such date of redemption or prepayment, a "Prepayment Date") interest shall be paid quarterly at a variable interest rate (as set forth below) on the unpaid principal balance of each Advance on the first day of each February, May, August and November (each, an "Interim Payment Date"), commencing on the first Interim Payment Date after the initial Advance is made under this Note. Interest also shall be paid on each applicable Conversion Date, Prepayment Date or Principal Due Date. The amount of interest payable on each Interim Payment Date will represent interest accrued during the three-month period ending immediately prior to such Interim Payment Date, or in the case of the first Interim Payment Date following each Advance that is not made on an Interim Payment Date, the period from and including the date of such Advance to but excluding the first Interim Payment Date following such Advance. The amount of interest payable on this Note's Conversion Date, Prepayment Date, or on any

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

Principal Due Date that precedes such Conversion Date will represent interest accrued during the period from the last Interim Payment Date to such Conversion Date, Prepayment Date, or Principal Due Date, respectively.

The initial variable interest rate for each Advance will be set on the date of such Advance and will be equal to 20 basis points (0.2%) above the Applicable LIBO Rate (as hereinafter defined) and thereafter will be adjusted monthly on the first day of each month (each, a "Reset Date") to a variable interest rate equal to 20 basis points (0.2%) above the Applicable LIBO Rate (such interest rate, as reset from time to time, the "Standard Note Rate"). If the Conversion Date for this Note has not occurred by the March 1 following the initial Advance under this Note, then the terms of Appendix A shall be used to set the variable interest rate. If the Fiscal Agent does not receive notice of either a Negotiated Special Interest Rate or Holder Determined Special Interest Rate (as defined in Appendix A attached hereto) from the Secretary or Holder, respectively, by the times specified in Appendix A to this Note, then the Standard Note Rate shall apply for the period to which such Negotiated Special Interest Rate or Holder Determined Special Interest Rate would otherwise apply. The Fiscal Agent may conclusively rely on any such notice as to the correctness of any matters set forth therein. Appendix A shall be inapplicable to this Note on or after the Conversion Date.

"LIBO Rate" for any given Business Day means, except in the case of manifest error, the interest rate per annum published on that day in the Eastern Edition of The Wall Street Journal or any successor publication ("WSJ"), published by Dow Jones & Company, Inc., in the section titled "Money Rates" (or any successor section) and opposite the caption "London Interbank Offered Rates (LIBOR) -- three months" (or any successor caption). If such rate does not appear in WSJ on a given Business Day, for each interest period, the LIBO Rate shall be the interest rate, converted to a bond-equivalent yield basis, for deposits in U.S. dollars for three months which appears on Telerate Page 3750 or such other page as may replace Page 3750 on that service or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying such rate (together, "Telerate Page 3750") as of 11:00 a.m., London time, on the day (the "Determination Date") that is two London Banking Days preceding the relevant Reset Date or Advance. If such rate does not appear on Telerate Page 3750 on such Determination Date, such rate shall be obtained from the Reuters Screen ISDA Page as of 11:00 a.m., London time, on such Determination Date. If, in turn, such rate does not appear on the Reuters Screen ISDA Page on such Determination Date, the offered quotation from each of four reference banks (expressed as a percentage per annum) as of approximately 11:00 a.m., London time, on such Determination Date for deposits in U.S. dollars to prime banks on the London interbank market for a 3-month period, commencing on the Reset Date or date of such Advance, shall be obtained. If at least two such quotations are provided, the LIBO Rate for such Reset Date or date of such Advance will be the arithmetic mean of the quotations, rounded to five decimal places. If fewer than two such quotations are provided as requested, the LIBO Rate for that Determination Date shall be the rate for the most recent day preceding such Determination Date for which the LIBO Rate shall have been displayed on Telerate Page 3750. The LIBO Rate for

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

any interest period shall be converted to a bond-equivalent yield basis by multiplying such rate by the actual number of days in such interest period and dividing that number by 180.

"Applicable LIBO Rate" means: (1) with respect to the initial interest rate for the first Advance hereunder, the LIBO Rate two London Banking Days before the date of such first Advance; (2) with respect to the initial interest rate for any subsequent Advance made before the first Reset Date, the interest rate borne by the first Advance; (3) with respect to the initial interest rate for any subsequent Advance made after the first Reset Date, the LIBO Rate two London Banking Days before the immediately preceding Reset Date; and (4) with respect to the subsequent interest rate at any Reset Date for any Advance, the LIBO Rate two London Banking Days before such Reset Date.

"London Banking Day" means any day in which dealings in deposits in United States dollars are transacted in the London interbank market. Interest payable on or before the Conversion Date shall be calculated on the basis of a 360-day year and the actual number of days lapsed.

C. Principal Amount

Prior to the Conversion Date, the aggregate amount of Advances under this Note for each specified Principal Due Date shall be the Principal Amount paid by the Borrower on such Principal Due Date (as assigned to such Advances by the Secretary's instructions to the Fiscal Agent in accordance with the Contract and the Fiscal Agency Agreement), except to the extent such Principal Amount shall have been reduced by redemption before such Principal Due Date as provided below.

D. Redemption before Conversion Date

At any time on or before the Conversion Date, the Borrower, with the consent of the Secretary, may redeem this Note, in whole or in part, upon fourteen calendar days notice to the Fiscal Agent and the Secretary, at the purchase price of one hundred percent (100%) of the unpaid Principal Amount to be redeemed, plus accrued interest thereon to the date of redemption. Partial redemptions shall be credited against the applicable Principal Amount(s). The related Commitment Amounts and the Maximum Commitment Amount shall be adjusted concurrently with any such redemptions in accordance with the Secretary's instructions to the Fiscal Agent pursuant to the Contract and the Fiscal Agency Agreement.

II. Conversion

The following events shall occur on the Conversion Date:



A. Schedule P&I

On the Conversion Date all Advances owed by the Borrower under this Note with the same Principal Due Date shall be aggregated into a single Principal Amount which will accrue interest at the fixed rate applicable to such Principal Due Date. Such Principal Amount may be adjusted by the Fiscal Agent in accordance with the following paragraph or paragraph IV.H, as applicable. Whether or not adjusted, each Principal Amount, the fixed rate applicable to each Principal Amount, and the applicable Principal Due Date, shall be listed by the Secretary in Schedule P&I. Schedule P&I will be provided by the Secretary to the Fiscal Agent and attached to this Note by the Fiscal Agent upon the Fiscal Agent's receipt of this Note on the Conversion Date.

B. Conversion Date Advances

If, on or prior to the Conversion Date, the Borrower has not utilized the entire Commitment Amount indicated on the Commitment Schedule attached hereto for a given Principal Due Date, the Borrower may, in accordance with the Fiscal Agency Agreement and the Contract, and with the approval of the Secretary, utilize such Commitment Amount on the Conversion Date to obtain a Conversion Date Advance. A "Conversion Date Advance" shall mean any amount by which the Secretary instructs the Fiscal Agent to increase a Principal Amount on Schedule P&I for a given Principal Due Date, effective as of the Conversion Date of this Note. Conversion Date Advances shall be funded by the sale of this Note to the purchaser selected by the Secretary. The proceeds of a Conversion Date Advance (net of any applicable fees) shall be distributed to or on behalf of the Borrower on the Conversion Date. The total amount of Conversion Date Advances hereunder shall not exceed the sum of any unused Commitment Amounts for all Principal Due Dates.

III. Terms Applicable Upon Conversion

The following terms shall apply to this Note from the Conversion Date (if any) until this Note is canceled, or matured and paid in full:

Commencing on the Conversion Date, the Borrower promises to pay to the Holder on the applicable Principal Due Date each Principal Amount set forth on the attached Schedule P&I, together with interest on each such Principal Amount at the rate applicable thereto specified on the Schedule P&I. Interest shall be calculated and payments shall be made in the manner set forth below.

Interest on each scheduled Principal Amount of this Note due as of a given date specified on Schedule P&I hereto shall accrue at the related per annum rate specified on Schedule P&I from (and including) the Conversion Date to (but excluding) such Principal Due Date or, if applicable, to the applicable Interest Due Date on which an Optional Redemption (as defined below) occurs. Each interest amount accrued on each unpaid Principal Amount of this Note shall be due semiannually as of February 1 and August 1 of each year (each such February 1 and



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

August 1, an "Interest Due Date") commencing on the first such date after the Conversion Date, until each Principal Amount listed on Schedule P&I to this Note is paid in full. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Certain Principal Amounts that are indicated as being eligible for Optional Redemption on Schedule P&I may be paid, in whole or in part, at the option of the Borrower as of any Interest Due Date on or after the date specified in such schedule (an "Optional Redemption"). In order to elect an Optional Redemption of such a Principal Amount, the Borrower shall give notice of its intention to prepay a Principal Amount to the Trustee and the Secretary not less than 60 days and not more than 90 days prior to the Interest Due Date as of which the Borrower intends to prepay the Principal Amount. The Trustee shall apply any payments received in respect of Optional Redemptions in accordance with written instructions of the Borrower, as approved by the Secretary. Principal Amounts that are not indicated as being eligible for Optional Redemption on Schedule P&I may not be prepaid.

IV. General Terms

A. Additional Definitions

For purposes of this Note, the following terms shall be defined as follows:

"Business Day" shall mean a day on which banking institutions in New York City are not required or authorized to remain closed and on which the Federal Reserve Bank and the New York Stock Exchange are not closed. If any payment (including a payment by the Secretary) is required to be made on a day that is not a Business Day, then payment shall be made on the next Business Day.

"Contract" shall mean the Contract for Loan Guarantee Assistance, and any amendments thereto, among the Secretary and the Borrower, the designated public entity named therein (if applicable), and the State named therein (if applicable), that refers to and incorporates this Note by the number hereof.

"Principal Amount" shall mean: (i) before the Conversion Date for this Note, the aggregate amount of Advances made for each Principal Due Date specified in the Commitment Schedule attached to this Note, less the amount of any redemptions pursuant to Section I.D. hereof, and any principal repayment; and (ii) on or after the Conversion Date, the principal amount (if any) stated for each Principal Due Date in Schedule P&I attached hereto, less the amount of any principal repayment and any Optional Redemptions made pursuant to Section III hereof and the Trust Agreement.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

B. Timely Payment to Fiscal Agent or Trustee

Notwithstanding anything contained in Section I, Section II, or Section III, the Borrower, in accordance with the Contract, shall be required to make all payments of interest and principal, including any Optional Redemption payment, directly to the Fiscal Agent or the Trustee (as applicable) on the seventh Business Day prior to the appropriate Interim Payment Date, Interest Due Date, Principal Due Date, Prepayment Date, or date of Optional Redemption, as applicable.

C. Interest on Late Payments

If a payment of principal or interest herein provided for shall not be made by either (i) 2:30 p.m. on an Interest Due Date or Principal Due Date; or (ii) 2:30 p.m. on the second Business Day (as herein defined) next succeeding an Interim Payment Date, then interest shall accrue on the amount of such payment at the then applicable interest rate or rates payable on this Note, from the relevant due date, as the case may be, until the date such payment is made. Nothing in the immediately preceding sentence shall be construed as permitting or implying that the Borrower may, without the written consent of the Holder and the Secretary, modify, extend, alter or affect in any manner whatsoever the right of the Holder timely to receive any and all payments of principal and interest specified in this Note.

D. Applicability of Fiscal Agency Agreement or Trust Agreement

Prior to the Conversion Date, this Note and Advances and payments made hereunder shall be administered pursuant to the terms of the Fiscal Agency Agreement and are subject to such agreement. On or after the Conversion Date, this Note and Advances and payments made hereunder shall be administered pursuant to the Trust Agreement and are subject to such agreement. The terms and provisions of the Fiscal Agency Agreement or the Trust Agreement, insofar as they affect the rights, duties and obligations of the Holder and/or the Borrower, are hereby incorporated herein and form a part of this Note. The Borrower hereby agrees to be bound by all obligations of the Borrower to the Fiscal Agent set forth in the Fiscal Agency Agreement. Capitalized terms not defined in this Note shall have the meanings ascribed to them in the Fiscal Agency Agreement or Trust Agreement, as applicable. The Fiscal Agency Agreement provides for the Fiscal Agent to perform certain duties, including the duties of (i) paying agent and calculation agent for this Note until its Conversion Date, and (ii) registrar for this Note until this Note is canceled or a new registrar appointed, each in accordance with the Fiscal Agency Agreement. The Trust Agreement provides for the Trustee to perform certain duties, including the duties of collection agent for this Note after its Conversion Date until a new Trustee is appointed in accordance with the Trust Agreement. This Note may be surrendered to the Fiscal Agent for registration of transfer or exchange, as provided in the Fiscal Agency Agreement. The Fiscal Agent and Trustee each shall permit reasonable inspection to be made of a copy of the Fiscal Agency Agreement or Trust Agreement kept on file at its respective corporate trust office. Neither the Fiscal Agency Agreement nor the Trust Agreement shall change the Borrower's payment obligations under this Note.



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.

E. Applicability of Contract and Secretary's Guarantee

This Note evidences indebtedness incurred pursuant to and in accordance with the Contract and pursuant to Section 108 of Title I of the Housing and Community Development Act of 1974, as amended (42 U.S.C. § 5308) (the "HCD Act"). This Note is subject to the terms and provisions of the Contract, to which Contract reference is hereby made for a statement of said terms and provisions and for a description of the collateral security for this Note. The payment of principal on the applicable Principal Due Dates and interest on the applicable Interim Payment Dates or Interest Due Dates under this Note is unconditionally guaranteed by the Secretary to the Holder through a guarantee (the "Guarantee"). Execution of the Secretary's Guarantee is required before this Note is effective, and such Guarantee shall be issued pursuant to and in accordance with the terms of the Contract and Section 108 of the HCD Act.

F. Default

A default under this Note shall occur upon failure by the Borrower to pay principal or interest on this Note when due hereunder. If a Borrower defaults on the payment of any interest or Principal Amounts when due, or if the Secretary gives notice of a final decision to declare the Borrower in default pursuant to the following paragraph of this Section IV.F., the Secretary may, but is not obligated to, make on any date on or prior to the Conversion Date with fourteen calendar days prior notice to the Fiscal Agent, or on the seventh Business Day preceding any Interest Due Date on or after the first permissible Optional Redemption date with seven Business Days prior notice to the Trustee, an acceleration payment to the Fiscal Agent or the Trustee, as applicable, equal to the Aggregate Principal Amount of the Note, together with accrued and unpaid interest thereon to such acceleration payment date or Interest Due Date, as applicable. In the event that any such acceleration payment is made from sources other than funds pledged by the Borrower as security under the Contract (or other Borrower funds), the amounts paid on behalf of the Borrower shall be deemed to be immediately due and payable to the Secretary. Nothing in this paragraph shall be construed as permitting or implying that the Borrower may, without the written consent of the Holder and the Secretary, modify, extend, alter or affect in any manner whatsoever the right of the Holder timely to receive any and all payments of principal and interest specified in this Note.

In addition, the Secretary may declare the Borrower in default under this Note if the Secretary makes a final decision in accordance with the provisions of 24 C.F.R. § 570.913 (or any successor regulation thereof), including requirements for reasonable notice and opportunity for hearing, that the Borrower has failed to comply substantially with Title I of the HCD Act. Following the giving of such reasonable notice, the Secretary may take the remedial actions specified as available in the relevant provisions of the Contract pending the Secretary's final decision.



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

G. Holder's Reliance on Guarantee

Following a default by the Borrower under the terms of this Note, the Holder agrees to rely wholly and exclusively for repayment of this Note upon the Guarantee. The enforcement of any instruments or agreements securing or otherwise related to this Note shall be the sole responsibility of the Secretary, and the Holder shall not be responsible for the preparation, contents or administration of such instruments and agreements, or for any actions taken in connection with such instruments and agreement. The Holder, to the extent it is legally able to do so, shall bind or cause to be bound its successors and assigns to all limitations imposed upon the Holder by this Note.

H. Amendment

This Note may only be amended with the prior written consent of the Secretary and the Borrower. No such amendment shall reduce, without the prior written consent of the Holder of this Note, in any manner the amount of, or delay the timing of, payments required to be received on this Note by the Holder, Fiscal Agent or Trustee, including Guarantee Payments; provided that prior to the Conversion Date, the Commitment Amounts on the Commitment Schedule attached hereto, and the Principal Amounts due on the corresponding Principal Due Dates may be rescheduled pursuant to written instructions given to the Fiscal Agent by the Secretary with the written agreement of the Borrower and the Secretary absent the consent of the Holder.

I. Waivers

The Borrower hereby waives any requirement for presentment, protest or other demand or notice with respect to this Note. The Borrower hereby waives notice of default and opportunity for hearing for any failure to make a payment when due.

J. Delivery and Effective Date

This Note is deemed issued, executed, and delivered on behalf of the Borrower by its authorized official as an obligation guaranteed by the Secretary pursuant to Section 108 of the HCD Act, effective as of the date of the Secretary's Guarantee.

V. Borrower-Specific Provisions

IN ACCORDANCE WITH RCW 35.21.735, THIS NOTE SHALL BE REPAYED SOLELY FROM ONE OR MORE SPECIAL FUNDS HELD BY ONE OR MORE CUSTODIANS APPOINTED PURSUANT TO SUCH STATUTE AND FROM THE SECURITY PLEDGED UNDER THE CONTRACT. THIS NOTE IS NOT AN OBLIGATION OF THE CITY OF SEATTLE OR THE STATE OF WASHINGTON, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY MUNICIPAL CORPORATION OR SUBDIVISION OF THE STATE, OR ANY AGENCY OF ANY OF THE FOREGOING, IS PLEDGED TO THE PAYMENT OF PRINCIPAL, INTEREST, OR PREMIUM, IF ANY, ON

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

THIS NOTE. NOTHING HEREIN SHALL CONSTITUTE A DEBT OR INDEBTEDNESS OF THE BORROWER PAYABLE FROM PUBLIC FUNDS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION ON THE INCURRING OF DEBT. ANY OBLIGATIONS OF BORROWER UNDER DOCUMENTS INCORPORATED HEREIN ARE SUBJECT TO THE LIMITATION OF LIABILITY SET FORTH IN THE CONTRACT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



IN WITNESS WHEREOF, the undersigned, as an authorized official of the Borrower,
has executed and delivered this Note.

BORROWER

By: _____
(Signature)

(Name)

(Title)

ATTEST: _____
(Signature)

(Name)

(Title)

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



ASSIGNMENT AND TRANSFER

For value received, the undersigned assigns and transfers this Note to

(Name and Address of Assignee)

(Social Security or Other Identifying Number of Assignee)

and irrevocably appoints _____
attorney-in-fact to transfer it on the books kept for registration of the Note, with full power of
substitution.

Dated: _____

Note: The signature to this assignment
must correspond with the name as written on
the face of the Note without alteration or
enlargement or other change.

Signature Guaranteed:

Qualified Financial Institution

By: _____
Authorized Signature

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



APPENDIX A

Special Pre-Conversion Interest Rates.

- (a) The Holder and the Secretary contemplate that the majority of the outstanding Variable/Fixed Rate Notes will be purchased by underwriters selected by the Secretary for sale in public offerings to occur each year. If a public offering including this Note has not occurred by each March 1 following the initial Advance under this Note, the Secretary shall, upon request, advise the Holder as to when a public offering including this Note is expected to occur, and the Holder and the Secretary agree to consult with each other as to what the interest rate on this Note will be after May 1 of that year if a public offering has not occurred by such May 1. The Holder shall notify the Secretary if such consultation has not occurred by April 1 of that year. If no public offering including this Note has occurred on or before such May 1, the applicable interest rate on this Note from such May 1 shall be the rate (if any) negotiated and agreed upon by the Secretary and the Holder. Such rate may be the Standard Note Rate or some other rate agreed upon by the Holder and the Secretary at least two Business Days before such May 1 (such other rate, the "Negotiated Special Interest Rate"). The Secretary shall notify the Fiscal Agent and the Holder in writing of any Negotiated Special Interest Rate within two Business Days of the determination thereof.
- (b) If the Secretary and the Holder do not, by the April 15th preceding such May 1, negotiate and agree under Section (a) of this Appendix on an interest rate applicable to this Note, then the Holder may, on or before the April 20th preceding such May 1, give written notice to the Secretary of its intent to change the interest rate on this Note and, if such notice was given during such period, the Holder may, on such May 1, unilaterally determine (subject to the terms of this paragraph) the interest rate that this Note will bear (such rate, the "Holder Determined Interest Rate") from and including such May 1 to but excluding the earliest of: (i) the Conversion Date; (ii) the date that this Note is purchased by a new Holder (as described in Section (c) below) or (iii) a Monthly Special Reset Date (as defined below). Interest from and including such May 1 to but excluding the Public Offering Date shall be paid on the unpaid principal balance of all outstanding Advances under this Note at the rate(s) to be determined by the Holder which, based upon then prevailing market conditions and taking into account all the circumstances, will enable the Holder to sell this Note at one hundred percent (100%) of the aggregate amount of all Advances hereunder prior to the date of such sale. Such interest rate shall be determined as of such May 1 and shall be determined again on the foregoing basis on the first of each month thereafter (the first of each month after such May 1, a "Monthly Special Reset Date"). The Holder shall notify the Fiscal Agent and the Secretary in writing within two Business Days following such dates of the determination of the Holder



Determined Interest Rate and each applicable interest rate determined on a Monthly Special Reset Date.

- (c) If the Secretary and the Holder have failed to agree upon an interest rate pursuant to Section (a) of this Appendix A, the Secretary, upon seven calendar days notice to the Holder, may arrange for the purchase of this Note in full by another entity on the following May 1 or any Business Day thereafter. If such a purchase occurs, the Holder shall sell and assign this Note to the purchaser thereof without recourse to the Holder and deliver this Note and its Guarantee to the Fiscal Agent for registration in the name of the purchaser thereof in accordance with the Secretary's written instructions. The purchase price for this Note shall be 100% of the aggregate amount of all Advances owing hereunder plus accrued interest to the date of purchase. Payment to the Holder of the purchase price for this Note shall be made by the purchaser thereof in Federal funds at the offices of the Holder, or at such other place as shall be agreed upon by the Holder and the Secretary, at 10:00 a.m., New York time, on the date of purchase. After such purchase date this Note shall bear a rate of interest negotiated between the Secretary and the new interim Holder (the "New Purchaser Special Interest Rate"). The Secretary shall notify the Fiscal Agent and the new purchaser in writing of any New Purchaser Special Interest Rate within two Business Days following the date of determination thereof.
- (d) Notwithstanding Sections (a) through (c) (inclusive) of this Appendix, no Borrower is obligated to pay interest at a variable rate exceeding the maximum rate permitted by generally applicable law of the Borrower's state (such rate, the "Maximum Rate"). If the Borrower receives notice of a variable interest payment that exceeds the Maximum Rate, then the Borrower shall timely pay such amount as does not exceed the Maximum Rate, and concurrently shall notify the Secretary and the Fiscal Agent of the reason for any interest non-payment.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



COMMITMENT SCHEDULE

Note No. B-01-MC-53-0005

Principal Due Date

Commitment Amount

August 1, 2003	\$0
August 1, 2004	\$0
August 1, 2005	\$280,000
August 1, 2006	\$310,000
August 1, 2007	\$345,000
August 1, 2008	\$380,000
August 1, 2009	\$435,000
August 1, 2010	\$500,000
August 1, 2011	\$560,000
August 1, 2012	\$635,000
August 1, 2013	\$715,000
August 1, 2014	\$820,000
August 1, 2015	\$915,000
August 1, 2016	\$1,045,000
August 1, 2017	\$1,160,000
August 1, 2018	\$1,260,000
August 1, 2019	\$1,350,000
August 1, 2020	\$1,460,000
August 1, 2021	\$1,580,000
August 1, 2022	\$1,750,000
Maximum Commitment Amount	\$15,500,000

Note VFR 2021 12-04-01



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

SCHEDULE P&I

Note No. Note No. B-01-MC-53-0005

Principal Amount	Principal Due Date	Interest Rate	Optional Redemption Available	
			YES	NO
\$	August 1, 2003			X
	August 1, 2004			X
	August 1, 2005			X
	August 1, 2006			X
	August 1, 2007			X
	August 1, 2008			X
	August 1, 2009			X
	August 1, 2010			X
	August 1, 2011			X
	August 1, 2012			X
	August 1, 2013		X	
	August 1, 2014		X	
	August 1, 2015		X	
	August 1, 2016		X	
	August 1, 2017		X	
	August 1, 2018		X	
	August 1, 2019		X	
	August 1, 2020		X	
	August 1, 2021		X	
	August 1, 2022		X	
\$	= Aggregate Principal Amount			

Principal Amounts for which Optional Redemption is available may be redeemed, subject to the terms contained herein and in the Trust Agreement, on any Interest Due Date on or after August 1, 2011.



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.

EXHIBIT E TO ORDINANCE

Project Description

1. 211 First Avenue

Obligor 211 First Avenue Building, L.P., a Washington limited partnership controlled by John A. Goodman, has a ground lease on property located at 211 First Avenue, in the Pioneer Square neighborhood. This Obligor now seeks to acquire the ownership interest and rehabilitate the property. The property consists of a three-story plus basement, masonry brick and wood frame building, originally constructed in 1900. The building has a gross building area of 13,620 square feet and rentable area of 11,603 square feet.

The building suffered extensive damage from the February 28, 2001 Nisqually Earthquake and is in need of immediate rehabilitation. Renovation costs including related soft costs totals \$810,000. The purchase price of the subject property is \$1,180,000. Borrower requests Section 108 loan funds in the principal amount of \$1,592,000 to finance acquisition and rehabilitation costs.

The loan terms generally will be as follows (exact terms will be in the definitive loan documents): The loan initially will be made on a floating rate, which will be converted to a fixed rate when the City Note is included in a public offering arranged by HUD ("Conversion Date"). Prior to the Conversion Date (if any) under the HUD Contract, interest on the loan will be the greater of 4% per annum or the applicable floating rate under the City Note, currently expected to be 20 basis points above the London Interbank Offered Rate (LIBOR) -- three months ("LIBOR Rate") as adjusted monthly. From and after the Conversion Date, the rates applicable to each installment of principal owed by Obligor shall bear interest at the same rate as the installment of principal on the City Note that is due in the same year but with a 4% floor on the blended rate. Nonetheless, the City will attempt to provide for an effective interest rate to the Obligor of 4% to the extent possible. To the extent that the initial floating rate, or the blended rate on all installments after the Conversion Date, rises above the target rate of 4%, the Custodian will apply BEDI Grant Funds, in the cumulative amount of up to \$179,742, as a grant to Obligor in each payment period to stabilize the rate of interest actually paid by Obligor at the target rate. In addition, if Obligor shall pay any interest at a rate higher than paid by on the City Note during the same period (i.e., the City Note rate was less than 4%), the difference shall be accumulated by the Custodian for use in the same manner as the BEDI funds.

Obligor will make principal payments on the loan according to the following schedule:

<u>Date of principal payment</u>	<u>Amount</u>
August 1, 2003	\$0 (interest only)
August 1, 2004	\$0 (interest only)
August 1, 2005	\$12,000

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

August 1, 2006	\$18,000
August 1, 2007	\$24,000
August 1, 2008	\$30,000
August 1, 2009	\$36,000
August 1, 2010	\$42,000
August 1, 2011	\$48,000
August 1, 2012	\$54,000
August 1, 2013	\$60,000
August 1, 2014	\$84,000
August 1, 2015	\$102,000
August 1, 2016	\$126,000
August 1, 2017	\$144,000
August 1, 2018	\$150,000
August 1, 2019	\$150,000
August 1, 2020	\$160,000
August 1, 2021	\$170,000
August 1, 2022	<u>\$182,000</u>
Total:	\$1,592,000

Security for the loan will be from two sources. The City will take a first position lien on the property. Also, the City will obtain an unconditional guaranty of payment and performance of the loan from John A. Goodman.

Acquisition will be completed in September 2002. Rehabilitation of the building will commence in September 2002 and will be completed in January 2003.

As a result of the loan, the project will create 46 new jobs for low and moderate income individuals.

2. Buttnick Building – 200-204 First Avenue

Obligor Buttnick Building L.P., a Washington limited partnership controlled by John A. Goodman, has a ground lease on property located at 200-204 First Avenue, in the Pioneer Square neighborhood. This Obligor now seeks to acquire the ownership interest and rehabilitate the property. The property consists of a three-story plus basement, masonry brick and wood frame building, originally constructed in 1909. The building has a gross building area of 29,328 square feet and rentable area of 25,600 square feet.

The building suffered extensive damage from the February 28, 2001 Nisqually Earthquake and is in need of immediate rehabilitation. Renovation costs including related soft costs totals \$1,740,00. The purchase price of the subject property is \$2,780,000. Borrower requests Section 108 loan funds in the principal amount of \$3,616,000 to finance acquisition and rehabilitation costs.

The loan terms generally will be as follows (exact terms will be in the definitive loan documents): The loan initially will be made on a floating rate, which will be converted to a fixed rate when the City Note is included in a public offering arranged by HUD ("Conversion Date"). Prior to the Conversion Date (if any) under the HUD

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.

Contract, interest on the loan will be the greater of 4% per annum or the applicable floating rate under the City Note, currently expected to be 20 basis points above the London Interbank Offered Rate (LIBOR) -- three months ("LIBOR Rate") as adjusted monthly. From and after the Conversion Date, the rates applicable to each installment of principal owed by Obligor shall bear interest at the same rate as the installment of principal on the City Note that is due in the same year but with a 4% floor on the blended rate. Nonetheless, the City will attempt to provide for an effective interest rate to the Obligor of 4% to the extent possible. To the extent that the initial floating rate, or the blended rate on all installments after the Conversion Date, rises above the target rate of 4%, the Custodian will apply BEDI Grant Funds, in the cumulative amount of up to \$408,258, as a grant to Obligor in each payment period to stabilize the rate of interest actually paid by Obligor at the target rate. In addition, if Obligor shall pay any interest at a rate higher than paid by on the City Note during the same period (i.e., the City Note rate was less than 4%), the difference shall be accumulated by the Custodian for use in the same manner as the BEDI funds.

Obligor will make principal payments on the loan according to the following schedule:

<u>Date of principal payment</u>	<u>Amount</u>
August 1, 2003	\$0 (interest only)
August 1, 2004	\$0 (interest only)
August 1, 2005	\$12,000
August 1, 2006	\$18,000
August 1, 2007	\$24,000
August 1, 2008	\$30,000
August 1, 2009	\$54,000
August 1, 2010	\$78,000
August 1, 2011	\$102,000
August 1, 2012	\$126,000
August 1, 2013	\$156,000
August 1, 2014	\$186,000
August 1, 2015	\$216,000
August 1, 2016	\$246,000
August 1, 2017	\$282,000
August 1, 2018	\$318,000
August 1, 2019	\$354,000
August 1, 2020	\$402,000
August 1, 2021	\$450,000
August 1, 2022	\$562,000
Total:	\$3,616,000

Security for the loan will be from two sources. The City will take a first position lien on the property. Also, the City will obtain an unconditional guaranty of payment and performance of the loan from John A. Goodman.

Acquisition will be completed in September 2002. Rehabilitation of the building will commence in September 2002 and will be completed in January 2003.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.

As a result of the loan, the project will create 81 new jobs for low and moderate income individuals.

3. City Loan Building – 206 First Avenue

Obligor Triad City Loan L.L.C., a Washington limited liability company controlled by John A. Goodman, has a ground lease on property located at 206 First Avenue, in the Pioneer Square neighborhood. This Obligor now seeks to acquire the ownership interest and rehabilitate the property. The property consists of a five-story plus basement, masonry brick and wood frame building, originally constructed in 1903. The building has a gross building area of 22,355 square feet and rentable area of 20,170 square feet.

The building suffered extensive damage from the February 28, 2001 Nisqually Earthquake and is in need of immediate rehabilitation. Renovation costs including related soft costs totals \$1,980,000. The purchase price of the subject property is \$1,499,000. Borrower requests Section 108 loan funds in the principal amount of \$2,808,000 to finance acquisition and rehabilitation costs.

The loan terms generally will be as follows (exact terms will be in the definitive loan documents): The loan initially will be made on a floating rate, which will be converted to a fixed rate when the City Note is included in a public offering arranged by HUD ("Conversion Date"). Prior to the Conversion Date (if any) under the HUD Contract, interest on the loan will be the greater of 4% per annum or the applicable floating rate under the City Note, currently expected to be 20 basis points above the London Interbank Offered Rate (LIBOR) -- three months ("LIBOR Rate") as adjusted monthly. From and after the Conversion Date, the rates applicable to each installment of principal owed by Obligor shall bear interest at the same rate as the installment of principal on the City Note that is due in the same year but with a 4% floor on the blended rate. Nonetheless, the City will attempt to provide for an effective interest rate to the Obligor of 4% to the extent possible. To the extent that the initial floating rate, or the blended rate on all installments after the Conversion Date, rises above the target rate of 4%, the Custodian will apply BEDI Grant Funds, in the cumulative amount of up to \$317,032, as a grant to Obligor in each payment period to stabilize the rate of interest actually paid by Obligor at the target rate. In addition, if Obligor shall pay any interest at a rate higher than paid by on the City Note during the same period (i.e., the City Note rate was less than 4%), the difference shall be accumulated by the Custodian for use in the same manner as the BEDI funds.

Obligor will make principal payments on the loan according to the following schedule:

<u>Date of principal payment</u>	<u>Amount</u>
August 1, 2003	\$0 (interest only)
August 1, 2004	\$0 (interest only)
August 1, 2005	\$12,000



August 1, 2006	\$18,000
August 1, 2007	\$24,000
August 1, 2008	\$30,000
August 1, 2009	\$42,000
August 1, 2010	\$54,000
August 1, 2011	\$66,000
August 1, 2012	\$90,000
August 1, 2013	\$114,000
August 1, 2014	\$138,000
August 1, 2015	\$162,000
August 1, 2016	\$214,000
August 1, 2017	\$246,000
August 1, 2018	\$270,000
August 1, 2019	\$294,000
August 1, 2020	\$318,000
August 1, 2021	\$342,000
August 1, 2022	<u>\$374,000</u>
Total:	\$2,808,000

Security for the loan will be from two sources. The City will take a first position lien on the property. Also, the City will obtain an unconditional guaranty of payment and performance of the loan from John A. Goodman.

Acquisition will be completed in September 2002. Rehabilitation of the building will commence in September 2002 and will be completed in January 2003.

As a result of the loan, the project will create 66 new jobs for low and moderate income individuals.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



EXHIBIT F TO ORDINANCE

LOAN AGREEMENT

between

and

THE CITY OF SEATTLE

**NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.**



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

LOAN AGREEMENT

THIS LOAN AGREEMENT (as supplemented or amended from time to time, and including all documents and terms incorporated herein by reference, the "Agreement"), dated as of _____, 2002, is entered into by and between _____, a Washington _____, hereinafter called "Obligor" and THE CITY OF SEATTLE, a Washington municipal corporation, hereinafter called "City" or "the City."

RECITALS

This Agreement is entered into upon the basis of the following facts and circumstances:

A. Obligor is the purchaser of the real property described in Attachment A, attached hereto and made a part hereof by this reference (the "Property"). Obligor intends to rehabilitate the Property (the "Renovation") in accordance with plans described in Attachment B, attached hereto and incorporated herein by this reference. The Obligor's acquisition of the Property and its Renovation, together constitute the rehabilitation project to be funded, in part, with proceeds of the Loan (defined in Section 1.1 below) to be made pursuant to this Agreement, and are referred to herein collectively as the "Project."

B. City has applied for and received a commitment from the United States Department of Housing and Urban Development ("HUD") to guarantee a non-recourse note or notes (as supplemented or amended from time to time, and together with any replacements thereof issued by the City and guaranteed by HUD pursuant to the HUD Contract described below, the "City Note") to be issued by City to fund the Loan, in accordance with Section 108 of the Housing and Community Development Act of 1974, as amended (such Act and the federal regulations promulgated thereunder are hereinafter collectively called the "Act"). The City Note is the subject of a Contract for Loan Guarantee Assistance between the City and HUD (as supplemented or amended from time to time, the "HUD Contract") and certain Letter Agreements for Section 108 Guarantee Program Custodial Account (as supplemented or amended from time to time, the "Letter Agreements") among the City, HUD and JPMorgan Chase Bank (hereinafter referred to, with any successors under such agreement or successor agreement, and its capacity as trustee in connection with the BEDI Grant Reserve Account as "Custodian"). City has also entered into an Indenture of Trust and Custodial Agreement with the Custodian (as supplemented or amended from time to time, together with any substitute therefor in accordance with Section 7.2 below, the "Custodial Agreement"), which provides for, among other things, the Custodian to hold certain security for the City Note on behalf of HUD and for the establishment and management of certain accounts pursuant to the HUD Contract and Letter Agreements. The HUD Contract is entered into pursuant to an application submitted to HUD by the City dated June 18, 2002, a copy of which Obligor has received and reviewed (as supplemented or

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

amended from time to time, the "Application"). The Application, HUD Contract, Letter Agreements and Custodial Agreement are incorporated herein by this reference. Unless the context otherwise provides, capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the HUD Contract or City Note, as applicable.

C. The Office of Economic Development of the City ("OED") is responsible within The City of Seattle for making, subject to City Council approval, loans of funds obtained from HUD by pledges of Community Development Block Grant ("CDBG") funds to be made available to the City by HUD, pursuant to the Act. Unless the City otherwise notifies Obligor, in writing, the OED shall be responsible for performance of the obligations of the City under this Agreement and the other Loan Documents, and for oversight of performance of such agreements by Obligor, and references hereinafter made to the City shall be deemed to mean the City, acting through OED.

D. The Loan shall be evidenced by this Agreement and by Obligor's Promissory Note ("Obligor Note") in the form attached hereto as Attachment C and hereby incorporated by reference, and together with Obligor's other obligations under the Loan Documents, secured by a Deed of Trust, Assignment of Leases and Rents and Security Agreement with Fixture Filing in the form and content acceptable to the City (as supplemented or amended from time to time, and together with any other assignments of leases, tenant estoppels, subordination and attornment agreements delivered in accordance with this Agreement, the "Deed of Trust") on the Property, dated on or about the date hereof. The Obligor Note, this Agreement (including the Construction Disbursement Agreement between the City and Obligor, in form and content acceptable to the City (as supplemented or amended from time to time, the "Construction Disbursement Agreement"), the Deed of Trust, and any other documents or instruments executed by Obligor in favor of City pursuant hereto with the sole exception of the Certificate and Indemnity (defined in Section 3.1 of this Agreement), are collectively referred to herein as the "Loan Documents". Where the context so requires, to the extent that the Loan Documents provide that Obligor's obligations or duties thereunder are determined by reference to any terms or provisions of documents incorporated by reference in any of the Loan Documents, any reference to the "Loan Documents" shall include such terms or provisions.

E. The Obligor's obligations under this Agreement, the other Loan Documents and the Certificate and Indemnity shall be further secured by the assignment of certain additional collateral as required by HUD and security interests in certain Reserves.

[F. Obligor's obligations under this Agreement, the other Loan Documents and under the Certificate and Indemnity shall be unconditionally guaranteed under a Guaranty (defined in Section 1.4(b) of this Agreement), executed by the Guarantor thereunder and delivered to the City as a material inducement to the City's agreement to make the Loan in accordance with this Agreement.]¹

¹ All bracketed provisions will be included only if applicable to the particular transaction



[G. In order to stabilize to the extent feasible, Obligor's interest obligation with respect to the Loan at a rate equal to _____ percent (____%) per annum, the City has transferred funds in the maximum aggregate amount of _____ Dollars (\$ _____), derived solely from a BEDI Grant made by HUD for such purposes, to the Custodian, for deposit into a reserve account (the "BEDI Grant Reserve Account") to be established at Closing and held so long as the Loan remains outstanding as a pledged account securing repayment of the Loan and City Note, subject to application as an interest subsidy on the Loan from time to time.]

NOTICE: ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT, ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

NOW, THEREFORE, in consideration of the foregoing Recitals and the covenants, conditions, representations and warranties contained herein, the parties hereto agree as follows:

ARTICLE I – THE LOAN

1.1 The Loan. In reliance upon Obligor's representations and warranties, and subject to the terms and conditions contained in this Agreement, the other Loan Documents (including without limitation, the HUD Contract, the Letter Agreements and the Custodial Agreement), and the Certificate and Indemnity, the City hereby agrees to cause funds to be advanced to Obligor through the Custodian (which advances collectively shall constitute the "Loan") in a maximum aggregate principal amount equal to _____ Dollars (\$ _____), solely for the purposes set forth in Section 1.2 below. Loan disbursements shall be made only to the extent of available funds received by the Custodian for such purposes through issuance by the City of the City Note, [and except with respect to the payment of interest from BEDI Grant funds allocated for such purpose as more particularly described in Section 4.6(b) of this Agreement and the Custodial Agreement], the City shall have no obligation to make disbursements to or for the benefit of Obligor for the Project or otherwise, from any other source. Obligor shall have the right to receive Loan funds only pursuant to the terms and conditions of this Agreement and in accordance with the Act.

1.2 Purpose of Loan. Loan proceeds shall be used by Obligor solely for the costs of the Project and related financing costs in accordance with this Agreement.



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE, IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

1.3 Loan Documentation: Interest.

(a) Loan Documentation. The Loan shall be evidenced by this Agreement and by the Obligor Note, and together with Obligor's other obligations under the Loan Documents (but not the Certificate and Indemnity), shall be secured by the Deed of Trust. The principal of and interest on this Loan shall be due and payable in accordance with the terms set forth in the Obligor Note.

(b) Obligor acknowledges and agrees that, as provided in the Obligor Note, interest shall accrue on each advance of Loan funds from the date of the correlative Advance under the City Note until repayment in full, at a rate or rates equal to the correlative interest rate or rates on the City Note, as the same may change from time to time under the terms of the City Note and HUD Contract. Initially and continuing to the Conversion Date, such interest shall accrue at a rate equal to () basis points (%) over the Applicable LIBO Rate. From and after the Conversion Date (whether conversion to a fixed rate or rates is effected with the consent of Obligor or otherwise), each principal amount scheduled to become due on a particular date pursuant to the City Note shall bear interest at a separate, stated rate, and the corresponding Obligor Principal Amount (as defined by the Obligor Note) under the Obligor Note shall bear interest at the same rate. Any principal of the Loan or interest thereon which is unpaid after the date when payment is due shall bear interest at the rate stated for amounts past due in the Obligor Note.

(c) Consent to Conversion. So long as no default shall have occurred under this Agreement and the other Loan Documents which has not been cured or waived in accordance with the terms hereof and thereof, the City shall not request or consent to conversion of the interest rate on the City Note to a fixed rate or rates, without the prior written consent of the Obligor. However, Obligor acknowledges and agrees that under the HUD Contract, HUD will have the unilateral right (with or without notice to or consent of the City and/or Obligor) to fix the interest payable on the City Note.

1.4 Security.

(a) Deed of Trust. The obligations of Obligor under the Loan Documents (but not the Certificate and Indemnity) at all times shall be secured by the Deed of Trust, which shall be a first lien on the Property and security interest in all personal property associated with the Property, subject only to encumbrances permitted in accordance with Section 2.4 below. The liens and security interests granted pursuant to the Deed of Trust shall be perfected, to the extent possible, by recording in the real property records of King County, Washington, and by filing with the Department of Licensing of the State of Washington, and Obligor agrees to take all action reasonably requested by the City or Custodian, and to pay all fees and costs reasonably required to continue such perfection so long as the Loan or any of Obligor's other obligations under the Loan Documents



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

remain outstanding. The Deed of Trust shall include an assignment of leases and rents; however, upon request by the City, the Obligor agrees to obtain execute and deliver such additional assignments of leases, and consents to assignment and subordination and attornment agreements from individual tenants of the Property as the City may reasonably request prior or subsequent to Closing (defined in Section 4.1 of this Agreement). Obligor understands and agrees that City may assign the Deed of Trust to HUD as security for HUD's rights in connection with its guarantee of the City Note. Additional security may be provided for payment and performance of Obligor's obligations under cross-collateralization agreements in form and substance acceptable to the City (as supplemented and amended, the "Cross-Collateralization Agreements").

[(b) Personal Guaranty. The obligations of Obligor under the Loan Documents and the Certificate and Indemnity, at all times shall be secured by an unconditional guaranty of payment and performance (as supplemented or amended from time to time, the "Guaranty") from in form and content acceptable to the City.]

(c) Reserve Accounts. Obligor's obligations under the Loan Documents and Certificate and Indemnity also shall be secured by all funds and investments in all of the accounts now or hereafter established under the Loan Documents, including without limitation, the Custodial Agreement, and specifically including without limitation, the Debt Service Reserve Account and the Loan Repayment Account (all accounts collectively referred to herein as the "Reserve Accounts"). Obligor hereby pledges to the City, and grants the City a security interest in, all right, title and interest of Obligor in and to the funds and investments now or hereafter in the Reserve Accounts, and all earnings thereon and proceeds thereof. Obligor agrees that such funds and other assets shall constitute "cash collateral" as described in the United States Bankruptcy Code. Obligor shall promptly take such actions as shall be reasonably requested by the City of Custodian, and pay all fees and costs reasonably required in order to perfect and continue perfection as a first priority lien and security interest, so long as the Loan remains outstanding, the City's security interest in such accounts, the funds and investments therein, and the proceeds thereof. Obligor agrees that, in addition to all other rights and remedies with respect to Reserve Accounts and otherwise under the Loan Documents, immediately upon acceleration of the balance owing on the Loan, whether upon an Event of Default or any other circumstance permitting acceleration, the City shall have the absolute right, without notice or demand, to apply all funds and assets pledged under this Section to amounts owing under the Loan Documents, and for such purpose to liquidate or cause to be liquidated any investments in any commercially reasonable manner, and irrevocably authorizes any Custodian, upon notice from the City of an Event of Default or any other circumstance permitting acceleration, to comply with the City's directions to so apply any or all such funds and assets and to liquidate investments for such purpose.

(d) Rights of City With Respect to Security. Obligor irrevocably agrees that, to the full extent permitted by applicable law, the City may realize upon any security for the Loan either

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

before, concurrently with, or after either (1) any action to realize upon any other form of security (including without limitation the Deed of Trust and/or Guaranty), or (2) any suit or other proceeding on the Obligor Note, in each case without affecting the status of or waiving any rights or remedies under the Loan Documents or with respect to any security. Obligor consents to any and all actions that the City or Custodian may take to release, subordinate, accept substitution for, modify, compromise or waive any or all security with respect to the Loan, and Obligor agrees that no such action shall impair any rights or remedies of the City or Custodian under the Loan Documents.

(e) The Loan shall be further secured under a Collateral Assignment of Interest in Loan and Debt Service Reserve Accounts and a Collateral Assignment of Leases and Rents in form and substance required by HUD and acceptable to the City (the "Collateral Assignments").

1.5 Loan Fee. Obligor shall pay to City a loan fee of _____ Dollars (\$_____), representing one percent (1%) of the amount of the Loan, payable directly to City upon and from the first disbursement of Loan funds hereunder, payment of which loan in addition to Obligor's duty to pay City's costs and fees pursuant to Section 1.6 of this Agreement.

1.6 Obligor's Payment of Costs and Fees. Obligor shall pay to City or at City's direction, as and when due, all other costs and fees of whatever nature incurred by City (whether or not with recourse to the City) in connection with the Loan, including without limitation, fees and costs incurred by the City pursuant to the HUD Contract and City Note (to be allocated on a pro rata basis according to the total principal amount outstanding on the Obligor Note and the City Note at the time fees or costs are incurred from time to time). The costs and fees payable by Obligor shall include, without limitation, (i) any and all charges and costs billed by the Fiscal Agent in respect of the City Note under the Amended and Restated Master Fiscal Agency Agreement among HUD and The Chase Manhattan Bank (now known as JPMorgan Chase Bank) as Fiscal Agent dated as of May 17, 2000, (ii) on and after the Conversion Date, any charges and costs in respect of the City Note billed by the trustee under that certain Trust Agreement by and between HUD and Chemical Bank, as Trustee, dated as of January 1, 1995, as now and hereafter amended and supplemented, and under any other trust agreement or similar instrument that may be executed by HUD in connection with a public offering conducted with respect to notes guaranteed by HUD under the Section 108 program (each such offering is referred to herein as a "Public Offering") that involves the City Note, (iii) fees and costs of the Custodian in connection with the Custodial Agreement, Letter Agreements [and BEDI Grant Reserve Account]; (iv) fees and costs of any independent inspector (the "Construction Monitor") retained by the City, in connection with its review and periodic reports upon the construction documents and applications for disbursement of Loan proceeds in accordance with this Agreement (including the Disbursement Agreement); (v) fees and costs of the City's outside counsel and the Custodian's outside counsel; title insurance and escrow fees and costs in connection with Closing. Such fees and costs as of the date of Closing are estimated (but not guaranteed) to be as follows: Fiscal Agent, Trustee and underwriting fees and costs: _____; Custodian's initial

fee: \$ _____; City's outside counsel fees and costs, \$ _____; Custodian's outside counsel fees and costs: \$ _____; Construction Monitor initial fees: \$ _____; title insurance: _____; and escrow and other costs: _____. These estimates do not include the following, which shall also be paid by Obligor: the fees described in Section 1.5; fees and costs of the Custodian and Construction Monitor, if any, other than the initial set-up fee; and any fees or costs of the City's Outside Counsel or Custodian's Outside Counsel incurred after the date of closing, including without limitation, in connection with a Public Offering, and as may be incurred in case of breach or failure to perform by Obligor or in case of any litigation arising in connection with this Agreement.

1.7 City Funds Not Obligated. The Loan will be made only from non-City funds that the Custodian receives under the HUD Contract and City Note, and interest subsidy payments in accordance with Section 4.6(b) hereof will be made only from available funds under the BEDI Grant Agreement. In accordance with RCW 35.21.735, the City Note, and any payments or obligations under the HUD Contract and any documents or agreements relating thereto, including without limitation this Loan Agreement shall be a valid claim only against and payable solely from, the Accounts held by the Custodian and from the security pledged under the HUD Contract, and shall not be an obligation of The City of Seattle or the State of Washington, and neither the faith and credit nor the taxing power of the City or State or any municipal corporation or subdivision of the State or any agency of any of the foregoing is pledged to the payment of principal, interest or premium, if any, on the City Note or for any amounts due under the HUD Contract or any documents or agreements relating thereto including without limitation this Agreement. Nothing herein shall constitute a debt or indebtedness of the City payable from public funds within the meaning of any constitutional or statutory limitation on the incurrence of debt. Obligor agrees and acknowledges that this Agreement does not create any recourse to or claim upon the City's general fund, or any other funds of the City, and Obligor hereby disclaims any such claim.

1.8 Application of Payments. So long as the City or the Custodian shall have received, in immediately available funds, timely payments of interest and principal on the Obligor Note in the amounts required thereunder, the City shall apply such payments to payment of interest on and the principal of the City Note, as such interest and principal shall become due.

1.9 Acceleration on Certain Events. The City shall have the absolute right, in its discretion, to declare all or any part of the principal balance owing on the Loan immediately due and payable in the event that:

(a) HUD or any court of competent jurisdiction shall determine that the Loan or the issuance of the City Note must be terminated, canceled or rescinded for failure to comply with the Act or other applicable law, or that for any reason any City Note cannot be issued or cannot be guaranteed by HUD; or



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

(b) HUD shall notify the City that any or all of the City Note cannot be included in the pool of notes for purposes of a scheduled Public Offering for any reason, and that HUD or the holder of the City Note is not willing to allow the interim terms of the City Note to remain in effect pending a later public offering,

provided, that unless otherwise required by HUD or by the effect of a court order, Obligor shall be allowed a period of ninety (90) days after notice to Obligor thereof to seek to have such determination reversed or rescinded, or the effect thereof stayed, prior to acceleration of all or any part of the principal balance. If any such stay is obtained, then the City shall have the right to accelerate all or part of the principal balance immediately upon the lifting or termination of such stay.

ARTICLE II - OBLIGOR'S REPRESENTATIONS AND WARRANTIES

In order to induce City to make the Loan and enter into the HUD Contract, Obligor represents and warrants as set forth below in this Article II as of the date hereof, as of the date of Closing, and at all times any of the principal of or interest on the Loan remain outstanding. These representations and warranties shall survive the execution, delivery and performance of the Loan Documents and the Certificate and Guaranty but shall terminate upon the satisfaction of all of the obligations of Obligor under this Agreement, the other Loan Documents and the Certificate and Indemnity, subject to revival after such satisfaction if any amount paid under the Loan Documents or Certificate and Indemnity is recaptured in bankruptcy or similar proceedings.

2.1 Organization of Obligor: Authority to Enter into Agreement. Obligor is a _____, duly organized and validly existing pursuant to the laws of the State of Washington. Obligor has the right and power to purchase, own, develop and lease the Property and to undertake the Project, and Obligor has full power and authority to enter into this Agreement, to borrow money as contemplated herein and to execute and perform the provisions of the Loan Documents and the Certificate and Guaranty. The execution, delivery and performance of this Agreement, the other Loan Documents and the Certificate and Indemnity have been duly authorized by all necessary corporate action, and no other action of Obligor or any other party is required for the execution, delivery and performance of this Agreement, the other Loan Documents, or the Certificate and Indemnity. This Agreement, the other Loan Documents and the Certificate and Indemnity constitute valid and binding obligations of Obligor, each enforceable in accordance with their respective terms.

2.2 Nondiscrimination, Fair Contracting Practices, WMBE.

(a) During the performance of this Loan Agreement, neither Obligor nor any party contracting with Obligor who would be paid with Loan funds under this Loan Agreement shall



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

discriminate on the basis of race, color, sex, religion, national origin, creed, marital status, sexual orientation, gender identity, age or the presence of any sensory, mental or physical handicap in employment or application for employment or in the administration or delivery of services or any other benefits under this Loan Agreement. The Obligor shall comply fully with all applicable federal, state and local laws, ordinances, executive orders and regulations which prohibit such discrimination. These laws include, but are not limited to, Chapter 49.60 of the Revised Code of Washington, Titles VI and VII of the Civil Rights Act of 1964 and Chapter 14.04 of the Seattle Municipal Code.

(b) Each party is required to comply with the Fair Contracting Practices Ordinance of The City of Seattle (Ordinance 119601), as amended. Conduct made unlawful by that ordinance constitutes a breach of contract. Engaging in an unfair contracting practice may also result in the imposition of a civil fine or forfeiture under the Seattle Criminal Code as well as various civil remedies.

(c) Affirmative Efforts to Utilize WMBEs. The City encourages the utilization of minority owned businesses ("MBEs") and women-owned businesses ("WBEs") (collectively, "WMBEs"), in contracts funded by the City. The City encourages, and Obligor shall encourage with respect to the Project, the following practices to open competitive opportunities for WMBEs:

(1) Attending a pre-bid or pre-solicitation conference, if scheduled by the City or Obligor, to provide project information and to inform WMBEs of contracting and subcontracting opportunities.

(2) Placing all qualified WMBEs attempting to do business in the City on solicitation lists, and providing written notice of subcontracting opportunities to WMBEs capable of performing the work, including without limitation all businesses on any list provided by the City, in sufficient time to allow such businesses to respond to the written solicitations.

(3) Breaking down total requirements into smaller tasks or quantities, where economically feasible, in order to permit maximum participation by small businesses including WMBEs.

(4) Establishing delivery schedules, where the requirements of this contract permit, that encourage participation by WMBEs.

(5) Providing WMBEs that express interest with adequate and timely information about plans, specifications, and requirements of the contract.



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

(6) Utilizing the services of available minority community organizations, minority contractor groups, local minority assistance offices, the City, and other organizations that provide assistance in the recruitment and placement of WMBEs.

Obligor shall maintain, for at least twelve (12) months after completion of the Project, all bids or proposals from general contractors for the Project, and relevant records and information necessary to document level of utilization of WMBEs and other businesses as subcontractors and suppliers on the Project. Obligor shall require that its general contractor maintain and provide to the City on request all written quotes, bids, estimates, or proposals submitted to the contractor by all businesses seeking to participate as subcontractors or suppliers on the Project. The City shall have the right to inspect and copy such records. Obligor and its general contractor shall comply with all record-keeping requirements set forth in any federal rules, regulations or statutes included or referenced in this Agreement or the contract documents. Nothing in this Section shall be construed to require or authorize any discrimination or preferential treatment contrary to applicable law.

2.3 No Litigation. There are no actions, suits or proceedings pending, or to the knowledge of Obligor threatened against or affecting Obligor or the Property in any court of law or in equity, or before or by any governmental or municipal authority.

2.4 Title. Obligor is the owner in fee simple absolute of the Property and the Property shall be subject to no liens or encumbrances except:

- (a) The Deed of Trust in favor of City securing the Loan;
- (b) Other deeds of trust, regulatory agreements and covenants in favor of the City;
- (c) The following leases (collectively, the "Leases"): _____

and other leases hereafter approved by the City, in writing. The tenants under the Leases are referred to collectively herein as the "Lessees". Each of the Leases shall be subordinated to the Deed of Trust pursuant to a Subordination, Attornment, Non-disturbance and Estoppel Agreement, in form and substance reasonably acceptable to the City, and the respective Lessee (the "SAND Agreements");

(d) Special Exceptions Nos. _____ as shown on schedule B of the Commitment for Title Insurance issued by Chicago Title Insurance Company dated _____, no. _____ ("Title Commitment");

- (e) Liens for property taxes or assessments on the Property not yet due; and



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

(f) Liens approved by the City and, to extent required by the HUD Contract, HUD, in writing.

2.5 Covenants, Zoning, and Codes and Permits. Except as disclosed to the City in writing, as of the date of Closing the Property and its current and intended uses are in compliance in all material respects with, and Obligor covenants that from and after the date of completion of the Renovation, the Property and its uses will at all times continue to comply in all material respects with, all applicable zoning and land use codes, building and construction codes, fire codes, environmental statutes and regulations, and other laws, ordinances, and regulations applicable to the development and operation of the Property, including without limitation, the Americans with Disabilities Act. All permits, consents, approvals or authorizations by, or registrations, declarations, withholding of objections or filings with any governmental body necessary in connection with the valid execution, delivery and performance of this Agreement, or necessary for the present and intended operations of the Property, have been obtained, are valid, adequate and in full force and effect, and all conditions and requirements of such permits are satisfied, and Obligor covenants that they shall continue to be satisfied. The Property is in compliance with all covenants, conditions, restrictions and reservations affecting the Property and with the provisions of all of the Leases. Obligor has not received notice from any regulatory body or agency of any actual or alleged noncompliance with any applicable law, regulation, code, ordinance or permit affecting the Property, nor any notice of any requirement that any additional permit or approval be obtained for the Property or any operations conducted thereon or therein.

2.6 Description Renovation. The description of the Renovation set forth in Attachment B hereto is accurate and complete in all material respects.

2.7 Compliance With Documents. Obligor is and will remain in full compliance with all of the terms and conditions of this Agreement and the other Loan Documents, and any and all other material agreements, instruments or other documents affecting the Property, and no occurrence has or shall have occurred and be continuing, which, with the passage of time or the giving of notice, or both, would constitute a default under any of the foregoing. Obligor makes no warranty hereunder with respect to compliance with the terms of the Certificate and Indemnity.

2.8 Taxes Are Paid. Obligor has filed all material tax returns which are required and has paid or made provision for the payment prior to the last day on which payment may be made without interest or penalty of all taxes which have or may become due pursuant to said returns or pursuant to any assessments levied against the Obligor or its personal or real property by any taxing agency, federal, state or local, and Obligor has withheld any paid over to proper authorities all withholding taxes required by law. No due or overdue tax liability or lien has been asserted by the Internal Revenue Service or other taxing agency, federal, state or local, and the Obligor knows of no basis for any such deficiency assessment or lien.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

ARTICLE III – CONDITIONS PRECEDENT TO LOAN CLOSING

The City's obligation to perform its duties under this Agreement, including without limitation causing disbursement of any funds, shall be subject to the full and complete satisfaction of the following conditions precedent:

3.1 Documents. City shall have received fully executed originals of each of the following, each of which shall have been duly authorized, executed (and acknowledged where appropriate) and delivered by the parties thereto, and shall be in form required by this Agreement, with such modifications as may be approved by the City in accordance with the Ordinance: this Agreement; the Obligor Note; the Construction Disbursement Agreement; the Deed of Trust; a UCC-1 Financing Statement from Obligor; SAND Agreements between Obligor and the respective tenants under all Leases in effect on the date of Closing; the Certificate and Indemnity Regarding Building Laws and Hazardous Substances from Obligor, in form and content acceptable to the City (as supplemented or amended from time to time, the "Certificate and Indemnity"); the Collateral Assignments; [the Guaranty]; [the Cross-Collateralization Agreements] and such other documents as City shall reasonably request.

3.2 Survey. If requested by the City in its sole discretion or the title insurer identified in Section 3.8, below, the City and such title insurer shall have received a recent survey of the Property by a registered surveyor, in form and substance acceptable to the City and title insurer, respectively;

3.3 Appraisal. The City shall have received an ; an MAI appraisal for the Property, dated within six months of the date of initial disbursement and otherwise in form and content reasonably acceptable to the City and establishing a value for the Property acceptable to the City in its sole discretion;

3.4 Environmental Reports. The City shall have received a Phase I Environmental Report (and such additional environmental reports as the City may reasonably request), establishing that the Property is free from contamination by Hazardous Substances, except contamination that is to be remediated, either in connection with the Renovation or in connection with a written remediation plan satisfactory to the City in its sole discretion (and receipt of a true and complete, fully executed copy of which shall also be a condition to disbursement hereunder) In addition, if there is an underground storage tank on the Property, the City shall have received evidence of compliance with all applicable requirements of federal, state and local laws, rules, regulations and ordinances including without limitation the financial responsibility requirements of applicable state and/or federal law and/or regulations, together with a certificate of completion approved by the City from



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

the engineering firm responsible for the removal of any storage tanks from the Property if it is to be removed.

3.5 Evidence of Availability of Required Equity [and Establishment of BEDI Grant Reserve Account]. The Obligor shall provide evidence satisfactory to the City of that the "Required Equity" for the Project, as projected by the City as of Closing, based upon the Budget (defined in the Construction Disbursement Agreement) and in accordance with the Plans and Specifications (defined in the Construction Disbursement Agreement), will be continuously available as required to complete the Project. [Further, the City shall have received evidence satisfactory to it that the BEDI Grant Reserve Account has been established as an irrevocable reserve for the payment of interest on the Loan and City Note, under terms consistent with the provisions of Section 4.6 of this Agreement and otherwise satisfactory to the City in form and substance.]

3.6 Evidence of Authority; Officer's Certificate. City shall have received evidence satisfactory to it that Obligor and the persons signing on behalf of Obligor have the capacity and authority to execute and deliver Loan Documents and the Certificate and Indemnity on behalf of Obligor, including, but not limited to, a copy of Obligor's charter, bylaws, partnership or other operating agreement, and appropriate resolutions authorizing the transactions contemplated hereby, all as certified by an officer of Obligor as true, complete and in full force and effect. City shall have received a Certificate of Obligor, executed by Obligor's general partner by its _____, in form and content acceptable to the City.

3.7 Insurance. The Obligor shall have provided to the City evidence of insurance coverage as required by the Deed of Trust.

3.8 Title Insurance; Other Confirmation of No Liens. Obligor shall have caused to be furnished to the City, at Obligor's expense, from Chicago Title Insurance Company ("Title Company"), an ALTA 1970 Form Extended Coverage lender's policy of title insurance in the amount of the maximum principal of the Loan, showing City as an insured mortgagee, that fee title to the Property is vested in Obligor and that the Deed of Trust is a valid lien upon Obligor's interest in the Property, subject only to such encumbrances and exceptions as may be explicitly permitted by the Loan Documents, including Section 2.4 of this Agreement, and any others that may be acceptable to City in its sole discretion. The title policy shall be in form, and shall include the endorsements, satisfactory to the City, shall limit exceptions for taxes limited to those not yet due and payable, shall identify the specific Leases for purposes of the form 119.2 endorsement, and shall show no additional exceptions or encumbrances, whether senior or junior to the Deed of Trust. In addition, the City shall have received form UCC-11R dated within five days of the date of Closing, showing no liens against the Property or the Obligor, other than liens permitted in accordance with Section 2.4. Finally, the City shall have received such other evidence reasonably requested and satisfactory to the City that all



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

security instruments, guaranties and assignments contemplated by this Agreement are in full force and effect and have the priority contemplated hereby.

3.9 Legal Opinions.

(a) City shall have received a legal opinion, containing reasonable and customary exclusions and qualifications, and in form and content reasonably satisfactory to City and the City's outside counsel, from Obligor's counsel, who shall be satisfactory to City, to the effect that:

(1) Obligor is duly organized and validly existing and in good standing as a _____ in the State of Washington, and has full power and authority to execute and deliver the Loan Documents and to perform all of its obligations thereunder;

(2) The execution and delivery of the Loan Documents by Obligor do not, and the transactions contemplated by the Loan Documents will not, violate any laws or regulations applicable to Obligor and will not conflict with and will not cause a default under (i) any provisions of the Obligor's charter, bylaws or other governing documents, or (ii) any other material agreements, instruments, judgments, decrees, orders or undertakings known to such counsel after reasonable inquiry by which Obligor is bound or to which the Property is subject; and

(3) The Loan Documents have been duly authorized, executed and delivered by Obligor and constitute the legal, valid, binding obligations of Obligor, enforceable in accordance with their terms.

(b) The City shall have received such additional items as may be required pursuant to the HUD Contract, including without limitation, an opinion of outside counsel to the City.

3.10 Additional Conditions Precedent to Each Advance of Funds.

(a) The City shall have received such additional documents and further assurances as it may reasonably request or which are required by HUD or any federal, state or county regulatory agency.

(b) Obligor shall be in full compliance and shall not be in breach or default under this Agreement, any of the other Loan Documents, or the Certificate and Indemnity; provided, however, that City may, in its discretion, elect to make advances notwithstanding the existence of Obligor's noncompliance or default, and any advance so made shall be deemed to have been made pursuant to this Agreement and secured by the Deed of Trust.



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

(c) Neither the Property nor any part thereof shall have been materially damaged, destroyed, condemned or threatened with condemnation.

(d) No order or notice shall have been made by, or received from, any governmental agency having jurisdiction stating that the Property, its current or intended uses, or the Renovation, is or will be in violation of any law, ordinance, code or regulation affecting the Property.

(e) The representations and warranties of Obligor contained herein shall remain accurate in all material respects as of the date of the requested disbursement.

(f) Neither HUD nor any court of competent jurisdiction shall have determined that the issuance of the City Note or the making of the Loan must be terminated, canceled or rescinded for failure to comply with the Act or other applicable law, or that for any reason any City Note cannot be issued or cannot be guaranteed by HUD.

ARTICLE IV - LOAN DISBURSEMENTS AND REPAYMENTS: RESERVE ACCOUNTS

4.1 Initial Disbursement to Finance Property Acquisition. Conditioned upon receipt of proceeds of the City Note and satisfaction of all other applicable conditions to Loan disbursements under this Agreement, Loan funds in the amount of _____ Dollars (\$ _____) shall be disbursed on the date (the "Closing Date") of closing of the acquisition of the Property (the "Closing"), to be applied to the costs of acquisition of the Property, related Closing costs, the Loan fee payable to the City in accordance with Section 1.5 of this Agreement, and other fees and costs due and payable at Closing pursuant to Section 1.6 of this Agreement. To the extent that final information as to any costs payable by Obligor hereunder is not available at the time of Closing, additional disbursements made pursuant to Section 4.2 hereof may include disbursement for such costs associated with Closing.

4.2 Additional Disbursements to Finance Renovation Costs. Conditioned upon receipt of proceeds of the City Note and satisfaction of all other conditions precedent under this Agreement in connection with such disbursement, Loan funds shall be disbursed for financing Renovation costs, only at the times and in the amounts set forth in a schedule consistent with the Construction Schedule (defined in the Construction Disbursement Agreement) and approved by the City ("Disbursement Schedule"). The City may, in its sole discretion, condition further disbursement of Loan proceeds from time to time upon receipt by the City of a report in form and substance acceptable to the City, of the Construction Monitor to the effect that all conditions for such disbursement set forth in the Construction Disbursement Agreement have been satisfied. The representations and warranties of Obligor contained herein shall remain accurate in all material respects as of the date of each requested disbursement.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

4.3 Costs Related to Public Offering. On the Closing Date, the amount of _____ Dollars (\$ _____), out of the City Loan proceeds, shall be held in the Guaranteed Loan Funds Account established by the Custodian under the Letter Agreements ("Guaranteed Loan Funds Account"), for the purpose of paying the costs to be incurred in connection with the Public Offering, including without limitation trustee's fees and underwriters' fees and costs. Such funds shall nonetheless be considered Outstanding under the Obligor Note. After the Conversion Date, upon payment of all of such fees and costs allocable to the City Note, any remaining amount in the Guaranteed Loan Funds Account shall be transferred to the Loan Repayment Account maintained by the Custodian under the Letter Agreements ("Loan Repayment Account"), and the next deposit(s) required to the Debt Service Reserve Account in respect of principal under Section 4.6 below shall be reduced, dollar for dollar, by the amount of such transfer. In any event all amounts remaining in the Guaranteed Loan Funds Account on _____ shall be transferred to the Loan Repayment Account unless otherwise agreed by HUD and the City. If the Obligor Note shall be paid in full prior to the Conversion Date, the amount so withheld, and earnings thereon, shall be applied as part of such prepayment of the Obligor Note and transferred to the Loan Repayment Account to redeem the City Note. The City may elect, in its sole discretion, to waive the foregoing requirement upon receipt of evidence satisfactory to the City that the payment of such costs has otherwise been duly provided for and that funds necessary to pay such costs will be available when needed.

4.4 Request for Interim Funding Advance; Cancellation upon Failure to Satisfy Closing Conditions; Payment of City's Costs. Obligor understands that, pursuant to current HUD procedures, an interim funding advance on the City Note can be made only on a Wednesday and only if a request for such advance is made by the City to HUD consistent with the timing requirements of the Fiscal Agency Agreement and with any additional advance notice that HUD may require, and that after a request has been submitted it may not be possible to cancel the request. The Obligor shall deliver to the City, no later than _____ (_____) Business Days prior to the Wednesday on which Obligor desires an advance of funds hereunder, an "Obligor's Request for Submission of City's Request for Interim Advance of Funds" in form acceptable to the City. The City shall not be required to submit a request for funds to HUD unless the City has received reasonable assurance that all other conditions to closing will be satisfied by the date of disbursement by HUD. If the City does submit a request for funds to HUD, the City shall not be liable or responsible for any failure or delay by HUD, the Fiscal Agent or the interim purchaser of the City Note, or for any delay in the process of transferring funds to the Custodian and to the escrow agent. If Obligor fails to submit a "Request for City's Request for Interim Funding Advance" seeking disbursement of funds no later than _____, 20____, the City shall have the right to cancel this Agreement by notice to Obligor. If Obligor submits such request and funds are disbursed by HUD on the City Note, but the conditions to disbursement of funds to Obligor are not fully satisfied within fifteen (15) days thereafter, then the City shall have the right to cancel this Agreement, and Obligor shall then pay on demand all fees and costs of the Custodian and Fiscal Agent, and shall reimburse the City for all reasonable fees and costs of its



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

outside counsel and consultants incurred in connection with this Loan, but shall not be liable for the Loan fee described in Section 1.5 of this Agreement. In addition, if this Loan Agreement shall be canceled under this Section after proceeds of the City Note shall have been disbursed to the Custodian, then the Obligor shall pay to the Custodian on demand an amount equal to all interest that shall accrue on the City Note from the date of such disbursement to the date of redemption thereof, less net earnings actually received (if any) by the Custodian on the proceeds of the City Note prior to such redemption.

4.5 Delegation of Loan Administration. City may delegate administration of any or all of the matters described in this Article IV to the Custodian and or a Construction Monitor in accordance with the provisions of the HUD Contract, the City Note and the Custodial Agreement. Upon execution of the Custodial Agreement by the parties thereto Obligor shall provide the appropriate requests and information to the Custodian and to the City at such times and in such form as is provided in the Custodial Agreement.

4.6 Debt Service Reserve Account.

(a) Monthly Deposits. Commencing in the first month disbursement of principal of the City Note in respect of the Obligor Note is to be made, Obligor shall make monthly installment payments to the Custodian for deposit in an account maintained by the Custodian for the accumulation of funds for payments on the Obligor Note (the "Debt Service Reserve Account," which term shall include any related Debt Service Reserve Investment Account established under the Custodial Agreement and Letter Agreements), in order that the Custodian shall have sufficient funds to make transfers to the Loan Repayment Account in payment of installments on the Obligor Note as they come due (each such due date being an "Obligor Payment Date"). (Funds in the Loan Repayment Account shall be used to make payments on the City Note as they come due.) Each such monthly payment shall be due and payable, in immediately available funds, on the "Deposit Day," which shall be the fifteenth (15th) day of the month, or if such day is not a Business Day, then on the previous Business Day, subject to adjustment in respect of any Conversion Date. Subject to the provisions of Section 4.6(b) hereof, each such payment shall be in an amount equal to the actual interest accruing on the Obligor Note during the corresponding month, at the rate or blended rate, as the case may be, then in effect (the "Interest Component"), plus one-twelfth (1/12th) of the total principal coming due on the Obligor Note on the next Obligor Payment Date (the "Principal Component"); provided that the monthly payment obligation in respect of the Interest Component shall be adjusted ratably in any month the Loan is not outstanding for the entire month; and provided further, that the monthly payment obligation in respect of the Principal Component shall be adjusted ratably during any period that fewer than twelve (12) Deposit Days are scheduled to occur prior to the corresponding Obligor Payment Date in respect of principal of the Obligor Note. Except as provided in Section 4.6(b) below, Obligor shall not be entitled to any reductions in, or credits against, deposits

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.

to the Debt Service Reserve Account based upon interest or earnings credited to the Debt Service Reserve Account (including any Debt Service Reserve Investment Account).

[(b) Interest Stabilization Payments and Subsidy. Obligor and the City intend, notwithstanding the actual rate of interest payable on the Loan and Obligor Note from time to time, that to the extent feasible, Obligor's monthly interest payment obligations shall be based upon a deemed rate of interest equal to _____ percent (____%) per annum. If the rate or blended rate as the case may be of interest on the Loan and Obligor Note during any month is less than _____ percent (____%) per annum, Obligor shall pay to the Custodian on the corresponding Deposit Day, for deposit into the Debt Service Reserve Account, an amount equal to the interest payment that would have been due on the Loan and Obligor Note on such date had the rate during such period been _____ percent (____%) per annum, notwithstanding that the actual interest accruing on the Obligor Note during such period may be less. If the actual rate of interest on the Loan and Obligor Note during any month exceeds _____ percent (____%) per annum, unless the Custodian shall have delivered to Obligor and City a Shortfall Notice (defined in this Section, below), Obligor shall pay to the Custodian on the corresponding Deposit Day, interest at a rate equal to _____ percent (____%) per annum on the then-Outstanding principal balance of the Loan and Obligor Note, and the Custodian shall look to other funds on deposit in the Debt Service Reserve Account and the BEDI Grant Reserve Account to pay the balance of interest next scheduled to become due on the City Loan; provided, that the Custodian shall exhaust funds on deposit in the Debt Service Reserve Account from time to time prior to making any withdrawals from the BEDI Grant Reserve Account to pay any portion of the Interest Component of any monthly deposit; and provided further, that Custodian is not authorized to and shall not withdraw from the BEDI Grant Reserve Account for such purposes, an aggregate amount greater than _____ Dollars (\$_____) plus the investment earnings thereon, if any. If not less than five (5) Business Days prior to any Deposit Day the Custodian determines that there shall or may be insufficient funds available in the Debt Service Reserve Account and BEDI Grant Reserve Account to pay the full amount of principal and interest to become due on the City Note on the next date such interest is required to be paid, taking into account the expected payment of interest at a deemed rate of _____ percent (____%) per annum required to be made by Obligor on such Deposit Day and each subsequent Deposit Day scheduled to occur prior to the corresponding Obligor Payment Date, the Custodian shall promptly deliver written notice (each, a "Shortfall Notice") to that effect to the Obligor (with a copy to the City). Upon receipt of any such Shortfall Notice, and in any event, on or before the corresponding Deposit Day, the Obligor shall pay to the Custodian, for deposit into the Debt Service Reserve Account, the full amount of interest actually accruing on the Loan and Obligor Note during the corresponding month. Obligor acknowledges and agrees that interest stabilization payments made by Obligor in accordance with this Section 4.6(b) and deposited in the Debt Service Reserve Account, together with the earnings thereon, if any, shall be held, without right of withdrawal or reimbursement.]

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



(c) Transfers Authorized; Crediting Payments on Obligor Note. The Custodian is hereby irrevocably authorized to transfer from the Debt Service Reserve Account and/or BEDI Grant Reserve Account to the Loan Repayment Account on each Obligor Payment Date, funds in the full amount due on the Obligor Note on each such date. The Custodian is then authorized and directed to apply funds in the Loan Repayment Account to the timely payment of amounts due on the City Note. Obligor's monthly installment payments into the Debt Service Reserve Account shall not constitute payments under the Obligor Note. Obligor shall be credited with the payment of interest and principal on the Obligor Note only when and solely to the extent that funds shall be transferred to the Loan Repayment Account under this Section 4.6(c). The Custodian is further irrevocably authorized by Obligor to liquidate investments in the Debt Service Reserve Account and BEDI Grant Reserve Account, in the Custodian's discretion, and without liability for any loss on any such liquidation, for the purposes described in this Section 4.6(c). The authorization by Obligor in this Section 4.6(c) is in addition to, and not in limitation of, the authorization in Section 1.4 above.

(d) Investment of Funds; Earnings Remain on Deposit. Funds in the Debt Service Reserve Account and BEDI Grant Reserve Account shall be invested at the direction of City, but only in instruments that mature (or are redeemable without penalty) within six (6) months and in any event no later than five (5) Business Days before the next Obligor Payment Date, and that are guaranteed as to payment of principal by the United States Government, or in money market funds that invest solely in such instruments. All earnings in the Debt Service Reserve Account and BEDI Grant Reserve Account shall remain therein until applied in accordance with this Agreement or until all amounts owing under the Loan Documents have been paid in full. When all amounts owing under the Loan Documents have been paid in full, then the remaining balance shall be disbursed to or upon the order of the City.

(e) Late Charge. If any deposit required to be made into the Debt Service Reserve Account is not received within ten (10) days after the date when such deposit is due, in addition to additional interest required to be paid in accordance with the Obligor Note, Obligor agrees to pay a late charge equal to five percent (5.0%) of the amount past due, as compensation to the City and Custodian for the staff time and resources required to handle such delinquencies, and not as a penalty. Such late charges shall not be credited to the Debt Service Reserve Account or Loan Repayment Account, but shall be retained by the City and/or Custodian. Late charges under this Section are in addition to, and not in substitution for, the other remedies provided in the Loan Documents.

4.7 Application of Payments. Any amounts transferred into the Loan Repayment Account in accordance with this Agreement shall be applied first to accrued interest on the Obligor Note, next to any premium then due, and the balance, if any, to reduction of principal. Notwithstanding the foregoing, City or Custodian shall have the right, each in its respective discretion, to apply funds available in the Debt Service Reserve Account [and BEDI Grant Reserve

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

Account] to fees, costs, reimbursements and late charges then due under the Loan Documents prior to application of funds against the Obligor Note.

ARTICLE V – OBLIGOR'S LOAN COVENANTS

Obligor covenants and agrees as follows:

5.1 General. From and after the date hereof and so long as any amount remains unpaid on the Obligor Note, or for so long as any commitment exists to extend credit hereunder, Obligor covenants and agrees that it will:

(a) Promptly pay principal, interest and premium (if any) pursuant to the Obligor Note as and when the same becomes due and payable, and make any and all other payments and deposits required by the Loan Documents;

(b) Preserve and keep in full force and effect its existence as a limited partnership under the laws of the State of Washington;

(c) Maintain, preserve and keep the Property and all equipment used in connection with the Property in good repair, working order and condition, ordinary wear and tear excepted, and from time to time make all necessary repairs, renewals, replacements and additions thereto so that at all times the efficiency thereof shall be fully preserved and maintained.

5.2 Reserved

5.3 Compliance with Laws. All use and operation of the Property, and all work performed in connection with the Renovation shall comply in all material respects with all applicable laws, ordinances, rules and regulations and executive orders of federal, state, county or municipal governments or agencies now in force or which may be enacted hereafter.

5.4 Inspections. City and its representatives shall have the right, subject to the rights of tenants on the Property, at all reasonable times after three (3) days' prior written notice during regular business hours (and at any time in the event of an emergency) to enter upon the Property and inspect the Property to determine that the same is in conformity with this Agreement and all laws, ordinances, rules and regulations. City shall have the further right, from time to time, to inspect and copy Obligor's books and records relating to the Property. Without limiting the foregoing, Obligor shall permit City to examine and copy all books, records and other papers relating to Obligor's use of the Loan proceeds and to Obligor's compliance with this Agreement, the Act and applicable provisions of federal, state, and local laws, ordinances, rules and regulations.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

5.5 Notify City of Litigation or Complaints. Obligor shall promptly notify City in writing of all litigation or threatened litigation involving the Property or any part of the Property, and any other litigation that reasonably could have a material adverse affect on the financial condition of Obligor, and of all complaints or charges made by any governmental authority affecting the Property or Obligor which may require changes in the development or use of the Property.

5.6 Waiver of Immunity.

Obligor waives, after mutual negotiation, and with respect to the City only, its immunity under RCW Title 51, Industrial Insurance.

Initials: Obligor: _____ City: _____

5.7 Federal Regulations. Obligor acknowledges that the Loan is to be made with funds received by the Custodian under the Section 108 program of the Act and that such funds are subject to CDBG program regulations of HUD, and certain other federal laws and regulations. Accordingly, Obligor agrees, represents and warrants that Obligor shall comply with all applicable requirements under HUD regulations for the CDBG program and under other laws and regulations applicable to loans of such federal funds, including without limitation:

(a) Benefit to Low- and Moderate Income Individuals. Obligor's Renovation shall benefit low- and moderate-income individuals (as defined by HUD) to the maximum extent feasible. The Project shall result in the creation of at least _____ new permanent jobs (full-time equivalent) at the Property. Obligor shall cause each initial nonresidential tenant to sign a Job Creation Agreement, in a form and content acceptable to the OED Director, under which the tenant will provide reports containing data required by the City on the jobs created and the demographics of persons initially hired and interviewed for such jobs.

(b) Nondiscrimination. No person shall on the grounds of race, color, national origin, religion or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with CDBG funds. Obligor shall comply fully with all requirements of Title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000d et seq., which provides that no person in the United States shall on the ground of race, color or national origin, be excluded from participation in, denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance; and with Department of Housing and Urban Development ("HUD") regulations implementing such requirements, 24 C.F.R. Part 1.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

Obligor shall comply with all applicable requirements and prohibitions of the following: 24 C.F.R. Section 570.602, implementing the nondiscrimination requirements of Section 109 of the Act; HUD regulations under the Rehabilitation Act of 1973, as amended, 24 C.F.R. Part 8; HUD Regulations under the Americans with Disabilities Act; and HUD regulations under the Age Discrimination Act of 1975, 42 U.S.C. Section 6101 *et seq.*, at 24 C.F.R. Part 146.

No otherwise qualified handicapped individual in the United States shall, solely by reason of handicap, be excluded from the participation in, be denied the benefits, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

(c) Conflict of Interest. Obligor shall ensure compliance with the provisions of 24 CFR Section 570.611, which provide generally that no officer, agent, employee, consultant or elected or appointed official of The City of Seattle or of any subrecipient receiving CDBG funds who exercises or has exercised any functions or responsibilities with respect to activities assisted by CDBG funds or who is in a position to participate in a decision-making process or gain inside information with respect to these activities, shall obtain any financial interest or benefit from, or have any financial interest in, the activity funded under this Loan Agreement or any contract or subcontract or agreement with respect thereto or the proceeds thereof, for himself or herself or those with whom he or she has business or immediate family ties; nor shall (s)he for one year after completion of his or her tenure with the City or such subrecipient obtain or have any such financial interest or benefit. Obligor shall incorporate in all such contracts or subcontracts a provision prohibiting any conflict of interest prohibited by this subsection.

(d) Debarred Contractors. No portion of the Loan shall be used directly or indirectly to employ, award contracts to, or otherwise engage the services of, or fund, any contractor or subrecipient during any period of debarment, suspension, or placement in ineligibility status of such contractor or subrecipient under the provisions of 24 C.F.R. Part 24. Obligor represents and warrants that neither Obligor nor its principals is debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in federal assistance programs under such regulations or Executive Order 12549, "Debarment and Suspension." Obligor shall obtain, and shall require contractors and subcontractors to obtain, the certification required by appendix B of 24 CFR part 24 from each prospective contractor or subcontractor on the Project.

(e) Lobbying. Obligor hereby certifies and agrees as follows, in accordance with 31 U.S.C. Section 1352, to the best of its knowledge and belief:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of Obligor, to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any Federal contract, the making of any Federal loan,



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this Federal loan, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and

(3) It will require that the language of this Section be included in the award documents for subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is made a prerequisite for making or entering into this transaction by section 1352, title 31, U. S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

(f) Davis-Bacon and Related Acts. Obligor shall comply with any and all applicable requirements of the Davis-Bacon Act and related acts. These requirements include, but are not limited to: language within each contract for construction work; payment of prevailing wages and fringe benefits; the submittal of various documents as evidence of compliance; withholding of funds; equal employment opportunity; and work hours.

The requirements are defined in the: Davis-Bacon Act, 40 U.S.C. Section 276(a) *et seq.*; Contract Work Hours and Safety Standards Act, 40 U.S.C. Section 328 *et seq.*; Copeland Act (Anti-Kickback Act), 18 U.S.C. Section 874; the Fair Labor Standards Act, and regulations under such Acts, including 29 C.F.R. Parts 3 and 5.

(g) Economic Opportunities for Low- and Very Low-Income Persons. Obligor shall comply, and cause all contractors and subcontractors to comply, with any and all applicable provisions of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701*ii*, the purpose of which is to ensure that employment and other economic opportunities generated by Federal financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing. Obligor shall comply, and shall require all contractors and subcontractors to comply, with all applicable provisions of regulations issued



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

pursuant thereto by the Secretary of HUD and set forth in 24 C.F.R. Part 135, and with all applicable rules and orders of HUD issued thereunder.

(h) Relocation and Acquisition. Obligor represents, warrants and agrees that no residential tenants have been or will be displaced in connection with the Project and the Obligor has taken and shall take all reasonable steps to minimize the displacement of persons (families, individuals, businesses, nonprofit organizations, and farms) in connection with the Project. If the Obligor represents and warrants that Obligor has provided to City a complete and accurate list of all occupants of the Property as of the date that Obligor obtained site control, and Obligor shall provide a complete and accurate list of all persons occupying the Property at any time after site control and through the date of full occupancy after the Renovation. Obligor shall comply fully, at Obligor's sole expense, with the City's Residential Anti-displacement and Relocation Assistance Plan ("RARAP"). If the Project involves the temporary and/or permanent displacement of persons, Obligor represents, warrants and agrees that Obligor has provided and shall provide, at a minimum, all relocation assistance required by 24 CFR Section 42; the federal Uniform Relocation Act and regulations thereunder, 49 CFR Part 24; 24 CFR Section 570.606 and any other applicable federal laws or regulations, and shall maintain complete and accurate records demonstrating such compliance. Obligor agrees that any determination by City of the amount of relocation assistance due to any person shall be final and binding upon Obligor, unless a different determination is made by HUD at the request of such person, in which case the HUD determination shall be final and binding on Obligor. Obligor agrees that the City may, at its option, provide relocation assistance directly to any person in connection with the Project and that any payment by the City for such person shall, at City's option, constitute an advance on the Loan, without any requirement for a draw request by, or consent of, Obligor. If, as a result of any such direct payments, either (i) the amount advanced by City shall exceed the maximum Loan amount stated herein, or (ii) the amount expended on relocation assistance from all Project funding sources exceeds the amount provided in the Project Budget for relocation, then in either such case the excess shall be immediately due and payable by Obligor to City, at City's demand. Obligor represents and warrants that, except as expressly stated in a relocation plan submitted by Obligor to City in connection with this Loan, no residential tenants have been required to vacate or will be required to vacate the Property permanently because of the Project. Obligor shall carry out the terms of any relocation plan approved by City, but the terms of any such plan shall not limit Obligor's obligations under this Loan Agreement or applicable laws or regulations, and no such approval by City shall be construed as a waiver or modification of any requirement of this Agreement or applicable laws or regulations.

(i) Architectural Barriers. Obligor shall ensure that the Property, upon completion of the Renovation funded by the Loan, shall comply with the applicable requirements of the Architectural Barriers Act of 1968 (see 42 U.S.C. Sections 4151-57), and shall comply with the Uniform Federal Accessibility Standards (Appendix A to 24 CFR part 40 for residential structures, and Appendix A to 41 CFR part 101-19, subpart 101-19.6, for general type buildings).



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

(j) Records. Obligor shall maintain and make available to the City and HUD all records reasonably required to demonstrate compliance with all of the requirements of this Agreement, for at least four (4) years after full repayment of the Loan. Such records shall include, without limitation, records establishing the household size of, household income of, unit occupancy by, and rents charged to, all households in occupancy of the Property from immediately after the acquisition thereof, up to and including the date immediately after the completion of the Renovation.

(k) Disclosures. Obligor represents, warrants and agrees that it has provided to OH any and all disclosures required by the HUD Reform Act, 42 U.S.C. Section 3545, and regulations thereunder, 24 CFR Part 4; that it will provide timely updated disclosures to OH to the extent required by such act and regulations; and that all such disclosures are and shall be complete and accurate.

(l) Prior Actions. Obligor represents and warrants that in all actions related to the Project to date Obligor has complied with all requirements referred to in this Section 5.7.

(m) Indemnity. Obligor shall indemnify and hold harmless the City from any loss, damage, expense, claim or demand resulting from Obligor's failure to comply with any federal requirement to be complied with pursuant to this Agreement or failure to maintain adequate records to demonstrate such compliance. This provision shall survive expiration of this Agreement.

5.8 Reports. Obligor shall deliver to the City reports and information as City may require for purposes of monitoring and evaluating the performance of the Obligor, which may include copies of tenant certifications, rent rolls, leases, property management agreements and any other contracts affecting the Property.

5.9 Liens or Claims of Liens. Obligor shall keep the Property free from liens and encumbrances of all kinds, superior or inferior to the Deed of Trust, except for those permitted pursuant to Section 2.4 above and any of the following:

(a) Liens for property taxes on the Property not yet due and payable;

(b) The rights of tenants as tenants only under leases entered into in the ordinary course of Obligor's operation of the Property and in accordance with this Agreement and the other Loan Documents, but only to the extent that such leases are subordinate to the lien of the Deed of Trust, to the Leases (as defined herein), and to any other material leases, which subordinate status shall be insured by endorsement to the City's title insurance policy, at Obligor's expense, within thirty (30) days of request to Obligor by the City; and



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

(c) Liens subordinate to the lien of the Deed of Trust, created after the date of Closing with the prior written consent of the City, which consent shall not be unreasonably withheld.

If any claims of lien shall be asserted against the Property other than as permitted by this Section, Obligor, regardless of any action that City may otherwise be authorized to take, shall obtain a release and satisfaction of such lien claim, bond the lien claim, procure title insurance satisfactory to City protecting City from any loss relating to such lien claim, or otherwise provide to City assurances and security satisfactory to City that the lien claim will be paid or satisfied not later than ten (10) days after a judgment on the lien claim. Provided Obligor complies with the previous sentence, Obligor may in good faith contest any worker's or material supplier's lien in legal proceedings that will prevent enforcement of the lien claim and prevent foreclosure of the Property. If such a lien claim is not released or satisfied or a bond or other security satisfactory to City provided within forty-five (45) days of written request from City to Obligor, then the failure to do so shall allow the City to declare an Event of Default (as defined in Section 6.1 below) regardless of whether such lien claim is or is not superior to the Deed of Trust.

5.10 Political Activity. No portion of the Loan shall be used for any political activity or to further the election or defeat of any candidate for public office or to influence the approval or defeat of any ballot issue or legislation.

5.11 Further Actions. Obligor will at any time and from time to time upon request of City take or cause to be taken any action, execute, acknowledge, deliver or record any further documents, opinions, or other instruments or obtain such additional insurance as City is required to do or obtain by HUD or other federal, state or county regulatory agency.

5.12 Reserved

5.13 Payment of Compensation of Custodian. Obligor shall be responsible for and pay the fees of the Custodian as provided under the Custodial Agreement. The Custodian's acceptance fee, prorated first annual fee and counsel fees and expenses shall be disbursed to Custodian from the Guaranteed Loan Funds Account at the time of initial Loan disbursement. The Custodian is hereby authorized to withdraw from interest and/or investment earnings on the Debt Service Reserve Account established pursuant to such Custodial Agreement up to the amount of its annual fee and any other fees and expenses to which it is entitled thereunder, and if such interest and/or investment earnings are insufficient to pay in full the Custodian's fees and expenses, then upon Custodian's notice thereof to Obligor, Obligor shall promptly pay the remaining amount of the Custodian's fees and expenses directly to the Custodian.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

5.14 Payment of Other Indebtedness. Obligor shall timely pay the principal, interest and all other amounts due on any other indebtedness or liability now or hereafter owing by the Obligor to any person and secured by the Property; provided, that nothing in this Section shall authorize Obligor to make any payment from any funds or assets pledged to the City hereunder.

5.15 Transfer of Property. Obligor shall not cause or permit any transfer of the Property or any interest of Obligor therein, voluntary or involuntary, without the advance written consent of the City, except for the creation of liens, encumbrances or leases that are expressly permitted under the Loan Documents without the City's consent.

ARTICLE VI - DEFAULT AND REMEDIES

6.1 Events of Default. Upon the occurrence of any of the following events and prior to the complete cure thereof by Obligor in a manner satisfactory to the City, the City shall have the right to declare an Event of Default hereunder, without notice or demand by City, except as expressly provided in this Section:

(a) Any failure to pay when due any deposit into the Debt Service Reserve Fund in respect of principal or interest on the Obligor Note;

(b) Any failure to make a payment or deposit of money required by any of the Loan Documents, other than amounts referred to in Section 6.1(a) above, that is not cured within ten (10) days of the due date of such payment or deposit (or within ten (10) days of demand in case of amounts due on demand);

(c) Any transfer of the Property or any interest therein, voluntary or involuntary, contrary to Section 5.15 of this Loan Agreement;

(d) Any failure to comply with the terms of Section 5.9 of this Loan Agreement (relating to lien claims) within the time period permitted by such Section;

(e) Any failure by Obligor to comply with the any of the provisions of Section 5.2 hereof, including without limitation the deadlines therein;

(f) Any breach or nonperformance by Obligor of any provision of any of the Loan Documents not included within any of Subsections (a)-(e) above that is not cured within sixty (60) days after notice to Obligor of such breach or nonperformance, or such longer cure period as may be permitted under the specific terms of the Loan Document; provided, however, that unless HUD shall otherwise require, if (1) such breach or nonperformance is susceptible to cure but cannot reasonably be cured within such cure period, (2) Obligor shall commence to cure such breach or



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

nonperformance within such cure period and shall thereafter diligently and expeditiously proceed to cure the same, and (3) Obligor shall inform the City in writing of the status of the cure at the expiration of such cure period and every thirty days thereafter, then such cure period shall be extended for such time as is reasonably necessary for Obligor in the exercise of due diligence to cure such breach or nonperformance;

(g) A petition in bankruptcy or for reorganization or for an arrangement under any bankruptcy or insolvency law or for a receiver or trustee for any of Obligor's property is filed by Obligor, or is filed against Obligor and is not dismissed within ninety (90) days, or if Obligor makes an assignment for the benefit of creditors or becomes insolvent or unable to pay its debts as they mature or any attachment or execution is levied against a substantial portion of the property of Obligor and is not discharged within ninety (90) days, or if any law or court order shall require the City, Custodian or any other party to refund or otherwise relinquish any portion of any amount paid under the Obligor Note or this Agreement as a preference or for any other reason except refund of duplicative payment;

(h) Any representation, warranty or disclosure made to City by Obligor, or contained in any information submitted by Obligor to City or to any government agency in connection with the Loan or the Property, proves to be materially false or misleading as of the date when made or reaffirmed, whether or not such representation or disclosure appears in this Agreement.

(i) Any default by Obligor of its obligations under the Certificate and Indemnity;

[(j) Any default by Guarantor of its obligations under the Guaranty.]
[(k) Any default under the Cross-Collateralization Agreements.]

6.2 Declaration of Event of Default. City's declaration of an Event of Default hereunder shall be made by notice to Obligor pursuant to Section 7.15 of this Agreement and shall be effective as provided therein.

6.3 Remedies.

(a) Upon declaring an Event of Default, City may, in addition to any other remedies which City may have hereunder or under the Loan Documents or by law, at its option and without prior demand or notice take any or all of the following actions:

(1) Immediately terminate any further advances of Loan funds hereunder and revoke any instructions to any third party holding any such funds;

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

- (2) Declare the Loan immediately due and payable in full;
- (3) Foreclose under the Deed of Trust, judicially or nonjudicially;
- (4) Apply any or all funds in the Reserve Accounts to amounts due under the Loan Documents, whether by reason of acceleration or otherwise, and cause investments in such accounts to be liquidated for such purpose; and
- (5) Seek judicial appointment of a receiver.

(b) All remedies of City provided for herein and in any other Loan Documents are cumulative and shall be in addition to all other rights and remedies provided by law. The exercise of any right or remedy by City hereunder shall not in any way constitute a cure or waiver of default hereunder or under any other Loan Document or invalidate any act done pursuant to any notice of default, or prejudice City in the exercise of any of its rights hereunder or under any other Loan Documents unless, in the exercise of said rights, City realizes all amounts owed to it under such Loan Documents.

6.4 No Default Prior to Declaration. No default or Event of Default shall exist under this Agreement or the Obligor Note until the same shall have been declared by the City or other party authorized to make such declaration; provided, that failure to declare, or delay in declaring, a default hereunder shall not constitute a waiver of any rights or remedies or excuse any failure by Obligor to strictly comply with its obligations under all of the Loan Documents.

ARTICLE VII – MISCELLANEOUS

7.1 No Waiver. No waiver of any noncompliance or breach by Obligor hereunder shall be implied from any failure by City to take action on account of such noncompliance or breach, and no express waiver shall affect any breach or noncompliance other than as specified in the waiver. Any waiver shall be operative only for the time and to the extent therein stated. Waivers of any covenant, term or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. The consent or approval by City to, or of, any act by Obligor requiring further consent or approval shall not be deemed to waive or render unnecessary the consent or approval to, or of, any subsequent similar act.

7.2 Successors and Assigns; Delegation to Custodian; Changes in Custodian and Custodial Agreement. This Agreement is made and entered into for the sole protection and benefit of City, HUD, and Obligor, their successors and assigns, and no other person or persons shall have a right of action hereunder. The terms hereof shall inure to the benefit of the successors and assigns of

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



the parties hereto; provided, however, that the Obligor's interest hereunder cannot be assigned or otherwise transferred without the prior written consent of City. Obligor acknowledges and agrees that City may assign to HUD or any custodian or trustee for HUD any or all of City's rights under this Agreement and any of the Loan Documents and may direct that any payment or performance be provided directly to HUD or such custodian or trustee, whether or not the Obligor Note or this Agreement have been assigned. Obligor agrees that City may delegate to the Custodian the right to make demands and give directions on behalf of City under the Loan Documents, but that the scope of any such delegation shall be strictly limited to the terms of a written instrument duly signed on behalf of the City. Obligor further acknowledges that the Custodial Agreement may be modified or terminated, or a substitute Custodial Agreement executed, or a successor Custodian appointed, in each case without the consent of Obligor so long as the obligations of Obligor are not increased and the rights of the Obligor under the Loan Documents are not adversely affected in any material respect. Except for minor modifications to the Custodial Agreement not affecting Obligor, City agrees to give reasonable advance notice to the Obligor of any action as described in the preceding sentence, and agrees in each case to provide a copy of any modification or substitute Custodial Agreement to Obligor within fifteen (15) days after the execution thereof.

7.3 No Defense Based on City Regulatory Actions. Obligor understands that (a) the operations of Obligor in the Property and elsewhere are subject to numerous laws, regulations, ordinances and permits, including those of City and other governmental bodies relating to land use, environmental hazards, and other regulatory matters, and (b) the modification, interpretation, application, or revocation of such laws, regulations, rules or permits could adversely affect economic return to Obligor from the Property. Obligor has conducted its own investigation and relied on the advice of its own counsel and experts as to all such matters in connection with Obligor's acquisition of the Property. Obligor acknowledges that by entering into this Agreement the City does not make, and that the City expressly disclaims, any representation or assurance whatever as to (1) the present or future status of the Property or the uses thereof under applicable laws or regulations, including those of the City; or (2) the availability, issuance or continuation of any permits, approvals, or interpretations of any kind that may be required or desired by Obligor or any other party in connection with the Property. Obligor agrees that notwithstanding any regulatory action or omission of City affecting Obligor or affecting the use or development of the Property (whether or not such action or omission shall be determined to be consistent with applicable law in any proceeding), no defense, offset or reduction of liability shall be available to Obligor, at law or in equity.

7.4 Time. Time is of the essence of all provisions of the Loan Documents.

7.5 Entire Agreement; Amendments. This Agreement, the other Loan Documents, and the documents, laws and regulations incorporated by reference herein constitute the entire agreement of the parties hereto with respect to the Loan and supersede any prior agreements or understandings, written or oral, with respect to the Loan. Obligor is not relying upon any promises, representations or



understandings, written or oral, in entering into the Loan Documents, other than as expressly set forth in the Loan Documents. The obligations of Obligor under the Loan Documents are not conditioned upon, and shall not be affected by, any other agreement, understanding, performance or nonperformance by the City or any other party, and in any proceeding to enforce any of Obligor's obligations under the Loan Documents, Obligor shall not be entitled to assert, by way of excuse, offset, counterclaim, grounds for equitable relief, or otherwise, any actual or alleged action or inaction by or on behalf of the City except to the extent that any such action or inaction is expressly required of the City by, and is made a condition of Obligor's obligation by, the Loan Documents. No amendment, modification, or termination of any provisions of this Agreement or of any of the Loan Documents shall in any event be effective unless the same shall be in writing and signed by a duly authorized officer of City and by Obligor, and no such writing shall be construed to modify, waive, or affect the terms of the Loan Documents except to the extent that such document expressly so provides.

7.6 Headings. The article and section headings in no way define, limit, extend or interpret the scope of this Agreement or of any particular article or section.

7.7 Number and Gender. When the context in which the words are used in this Agreement indicate that such is the intent, words in the singular number shall include the plural and vice-versa. References to any one gender shall also include the other gender if applicable under the circumstances.

7.8 Validity. In the event that any provision of this Agreement shall be held to be invalid, the same shall not affect in any respect whatsoever the validity of the remainder of this Agreement.

7.9 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington, and The City of Seattle, except to the extent federal law applies.

7.10 Survival. All agreements, representations and warranties made herein and in the Obligor Note shall survive the execution and delivery of this Agreement and of the Loan Documents and the making of the Loan hereunder and continue in full force and effect until the obligations of Obligor hereunder and the indebtedness evidenced by the Obligor Note have been fully paid and satisfied, and thereafter to the extent provided in the Loan Documents, regardless of whether the Obligor Note is surrendered or marked as canceled or paid in full.

7.11 Venue and Forum. In the event that any legal action should be filed by either party against the other, the venue and forum for such action shall be the Superior Court of the State of Washington for the County of King.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

7.12 Attorney's Fees. In the event either party shall bring an action to enforce the terms and conditions of this Agreement, the prevailing party shall be entitled to recover all of its costs and expenses, including, but not limited to, reasonable attorney's fees as determined by the court.

7.13 Duplicate Originals; Counterparts. This Agreement shall be executed in duplicate and each of the parties hereto shall receive an original. Each original shall constitute one and the same agreement. This Agreement may be executed in counterparts, and each such counterpart shall be deemed to be an original.

7.14 Construction. The Loan Documents shall be construed so as to conform to the requirements of the HUD Contract and applicable federal laws and regulations. The Loan Documents are the product of negotiation between the parties and therefore shall not be construed strictly in favor of, or against, either party except as may be specifically provided in the Loan Documents with respect to particular provisions thereof.

7.15 Notices. Any notice, demand or request required hereunder shall be given in writing at the addresses set forth below by personal service, by facsimile transmission, or by first class mail. The addresses may be changed by notice to the other party given in the same manner as provided above. Notices personally served or sent by facsimile shall be effective when actually received during normal business hours, and otherwise on the following Business Day. If notice is given by mail, it shall be deemed received on the earlier of: (i) if by certified mail, the date of receipt as shown on the return receipt, or (ii) three (3) days after its deposit in the U.S. mail.

If to Obligor:

Seattle, Washington _____
Attn: _____
fax: _____

If to City:

OFFICE OF ECONOMIC DEVELOPMENT
City of Seattle
700 Fifth Avenue, Suite 1730
Seattle, Washington 98104
Attn: Director
fax: 684-0379

IN WITNESS WHEREOF, Obligor and City have executed this Agreement as of the date first written above by and through their duly authorized representatives.

City:



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

THE CITY OF SEATTLE, a
Washington municipal corporation

By: _____
Print Name: _____
Director of Office of Economic Development

OBLIGOR:

By: _____
Print Name: _____
Title: _____

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



LIST OF ATTACHMENTS

Attachment A Legal Description for Property
Attachment B Description of Renovation Project
Attachment C Form of Obligor Note

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



ATTACHMENT C TO LOAN AGREEMENT

Form of Obligor Note

VARIABLE/FIXED RATE PROMISSORY NOTE

Seattle, Washington
_____, 2002

\$ _____ .00

FOR VALUE RECEIVED, _____ ("Obligor"), a Washington limited partnership, promises to pay to THE CITY OF SEATTLE, WASHINGTON ("Payee"), a Washington municipal corporation, or order, at _____, Seattle, Washington 98104, at the time or times provided herein, the sum of _____ Dollars (\$ _____ .00), with interest as provided herein.

This Note is given to evidence a loan (the "Loan") made pursuant to the Loan Agreement dated _____, 2002 (as supplemented or amended from time to time, the "Loan Agreement"), between the Obligor and the Payee. The funds used by the Payee to make the Loan have been obtained by Payee exclusively through the sale of a note or notes in the total principal amount of \$15,500,000 issued by the Payee (the "City Note") pursuant to Section 108 of the Housing and Community Development Act of 1974 as amended (42 USC §5308) and 24 CFR 570.700, *et seq.*, pursuant to which the Payee has entered into certain agreements, including, but not limited to, (a) with the United States Department of Housing and Urban Development ("HUD"), a Contract for Loan Guarantee Assistance, (b) with HUD, the Application for Loan Guarantee, Grant Agreement # _____, (c) with HUD and JPMorgan Chase Bank (formerly known as The Chase Manhattan Bank), an Amended and Restated Master Fiscal Agency Agreement, and (d) with JPMorgan Chase Bank, an Indenture of Trust and Custodial Agreement (which documents, as amended or amended from time to time, may be referred to collectively as the "Master Agreement"). The Obligor acknowledges and agrees that the Loan has been made subject to all of the terms and conditions of the Master Agreement and the City Note. Any capitalized terms not defined herein shall have the meanings provided in the City Note, the Loan Agreement or the Master Agreement as applicable.

Loan advances made from time to time in accordance with the terms of this Note and the Loan Agreement shall bear interest from the date and at the rates applicable to the corresponding Advances made under the City Note until repayment is made in full. Initially, such interest shall accrue at a variable interest rate on the unpaid principal balance of each advance. The initial variable interest rate for each advance hereunder will be set on the date of such advance and will be equal to _____ basis points (____%) above the Applicable LIBO Rate (as hereinafter defined) and thereafter will be adjusted monthly on the first day of each month (each, a "Reset Date") to a variable interest rate equal to _____ basis points (____%) above the Applicable LIBO Rate (such interest rate, as reset from time to time, the "Standard Note Rate"). If the Conversion Date for the City Note has not occurred by the March 1 following the initial Advance thereunder,



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.

then the variable interest rate hereunder will be equal to the variable interest rate on the City Note set pursuant to the terms of Appendix A to the City Note. If the Fiscal Agent does not receive notice of either a Negotiated Special Interest Rate or Holder Determined Special Interest Rate (as defined in Appendix A to the City Note) from the Secretary or Holder, respectively, by the times specified in Appendix A to the City Note, then the Standard Note Rate shall apply for the period to which such Negotiated Special Interest Rate or Holder Determined Special Interest Rate would otherwise apply.

"LIBO Rate" for any given Business Day means, except in the case of manifest error, the interest rate per annum published on that day in the Eastern Edition of The Wall Street Journal or any successor publication ("WSJ"), published by Dow Jones & Company, Inc., in the section titled "Money Rates" (or any successor section) and opposite the caption "London Interbank Offered Rates (LIBOR) -- three months" (or any successor caption). If such rate does not appear in WSJ on a given Business Day, for each interest period, the LIBO Rate shall be the interest rate, converted to a bond-equivalent yield basis, for deposits in U.S. dollars for three months which appears on Telerate Page 3750 or such other page as may replace Page 3750 on that service or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying such rate (together, "Telerate Page 3750") as of 11:00 a.m., London time, on the day (the "Determination Date") that is two London Banking Days preceding the relevant Reset Date or Advance. If such rate does not appear on Telerate Page 3750 on such Determination Date, such rate shall be obtained from the Reuters Screen ISDA Page as of 11:00 a.m., London time, on such Determination Date. If, in turn, such rate does not appear on the Reuters Screen ISDA Page on such Determination Date, the offered quotation from each of four reference banks (expressed as a percentage per annum) as of approximately 11:00 a.m., London time, on such Determination Date for deposits in U.S. dollars to prime banks on the London interbank market for a 3-month period, commencing on the Reset Date or date of such Advance, shall be obtained. If at least two such quotations are provided, the LIBO Rate for such Reset Date or date of such Advance will be the arithmetic mean of the quotations, rounded to five decimal places. If fewer than two such quotations are provided as requested, the LIBO Rate for that Determination Date shall be the rate for the most recent day preceding such Determination Date for which the LIBO Rate shall have been displayed on Telerate Page 3750. The LIBO Rate for any interest period shall be converted to a bond-equivalent yield basis by multiplying such rate by the actual number of days in such interest period and dividing that number by 180.

"Applicable LIBO Rate" means: (1) with respect to the initial interest rate for the first advance hereunder, the LIBO Rate two London Banking Days before the date of such first advance; (2) with respect to the initial interest rate for any subsequent advance made before the first Reset Date, the interest rate borne by the first advance; (3) with respect to the initial interest rate for any subsequent advance made after the first Reset Date, the LIBO Rate two London Banking Days before the immediately preceding Reset Date; and (4) with respect to the subsequent interest rate at any Reset Date for any advance, the LIBO Rate two London Banking Days before such Reset Date.

"London Banking Day" means any day in which dealings in deposits in United States dollars are transacted in the London interbank market. Interest payable on or before the

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

Conversion Date shall be calculated on the basis of a 360-day year and the actual number of days lapsed.

Prior to the Conversion Date, the aggregate amount of advances under this Note for each specified Principal Due Date under the City Note shall be the principal amount to be paid by Payee on such Principal Due Date (as assigned in accordance with the Master Agreement), except to the extent such principal amount shall have been reduced by prepayment before such Principal Due Date as provided herein.

On the Conversion Date (whether conversion to a fixed rate or rates is effected with the consent of the Obligor or otherwise), all advances owed by the Obligor under this Note with the same Principal Due Date shall be aggregated into a single principal amount, which will accrue interest at the fixed rate that the underwriters of the City Note determine will enable them to sell the City Note under then prevailing market conditions as of the Conversion Date at one hundred percent (100%) of the aggregate amount thereof. So long as no default shall have occurred under this Note and the other Loan Documents which has not been cured or waived in accordance with the terms hereof and thereof, the City shall not request or consent to conversion of the interest rate on the City Note to a fixed rate or rates, without the prior written consent of the Obligor. However, Obligor acknowledges and agrees that under the HUD Contract, HUD will have the unilateral right (with or without notice to or consent of the City and/or Obligor) to fix the interest payable on the City Note.

Notwithstanding the foregoing, following the occurrence of any default hereunder or under the Loan Agreement, which default is not cured as permitted by the Loan Agreement, the outstanding principal balance of the Loan and this Note shall bear interest at the greater of the rate set as provided above or twelve percent (12%) per annum.

Interest payable on or before the Conversion Date shall be calculated on the basis of a 360-day year and the actual number of days elapsed. Interest after the Conversion Date shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The principal of and interest on this Note shall be due and payable at the same time correlative principal of and interest on the City Note is due and payable. Such interest is due and payable quarterly in arrears, and such principal is due as set out on Exhibit 1 attached hereto and incorporated herein by this reference. Payments of principal of and interest on this Note shall be made to the Loan Repayment Account.

In order to ensure timely payment of such principal and interest, commencing in the first month disbursement of principal of the City Note in respect of this Note is to be made, Obligor shall make monthly installment payments to the Custodian for deposit in an account maintained by the Custodian for the accumulation of funds for payments on this Note (the "Debt Service Reserve Account," which term shall include any related Debt Service Reserve Investment Account established under the Custodial Agreement and Letter Agreements). Each such monthly payment shall be due and payable, in immediately available funds, on the "Deposit Day," which shall be the fifteenth (15th) day of the month, or if such day is not a Business Day, then on the previous Business Day; provided that the Deposit Day in respect of any Conversion

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

Date shall be the day which is two Business Days prior to the Conversion Date. Subject to the provisions of the next paragraph, each such payment shall be in an amount equal to the actual interest accruing on this Note during the corresponding month (the "Interest Component"), at the rate or blended rate, as the case may be, then in effect, plus one-twelfth (1/12th) of the total principal coming due on this Note on the next scheduled principal payment date ("Principal Component"); provided, that the monthly payment obligation in respect of the Interest Component shall be adjusted ratably during any month the Loan is not outstanding for the entire month; and provided further, that the Principal Component shall be adjusted ratably during any period that fewer than twelve (12) Deposit Days are scheduled to occur prior to the corresponding Obligor Payment Date (as such term is defined in the next paragraph of this Note) in respect of a principal payment on this Note. Except as provided in the next paragraph, Obligor shall not be entitled to any reductions in, or credits against, deposits required to be made to the Debt Service Reserve Account based upon interest or earnings credited to the Debt Service Reserve Account (including any Debt Service Reserve Investment Account). The Custodian is hereby irrevocably authorized to transfer funds from the Debt Service Reserve Account to the Loan Repayment Account on each Obligor Payment Date, in the full amount due on this Note on each such date. Obligor's monthly installment payments into the Debt Service Reserve Account shall not constitute payments under this Note. Obligor shall be credited with the payment of interest on and the principal of this Note only when and solely to the extent that funds shall be transferred to the Loan Repayment Account in accordance with the terms of the Loan Agreement and this Note. The Custodian is further irrevocably authorized by Obligor to liquidate investments in the Debt Service Reserve Account, in the Custodian's discretion, and without liability for any loss on any such liquidation, for the purposes described in this paragraph.

[Note: the following provision will be applicable only if City offers Obligor an interest subsidy to be paid from BEDI Grant: Obligor and Payee intend, notwithstanding the actual rate of interest payable on the Loan and Obligor Note from time to time, that to the extent feasible, Obligor's interest payment obligations shall be based upon a deemed rate of interest equal to _____ percent (____%) per annum. If the rate or blended rate as the case may be, of interest applicable to this Note during any month is less than _____ percent (____%) per annum, Obligor shall pay to the Custodian on the corresponding Deposit Day, for deposit into the Debt Service Reserve Account, an amount equal to the interest payment that would have been due on this Note on such date had the rate during such period been _____ percent (____%) per annum, notwithstanding that the actual interest accruing on this Note during such period may be less. If the rate or blended rate as the case may be, of interest applicable to this Note during any month exceeds _____ percent (____%) per annum, unless the Custodian shall have delivered to Obligor a Shortfall Notice (defined in this paragraph, below), Obligor shall pay to the Custodian on the corresponding Deposit Day, interest at a rate equal to _____ percent (____%) per annum on the then-outstanding principal balance of this Note, and the Custodian shall look to other funds on deposit in the Debt Service Reserve Account and the BEDI Grant Reserve Account to pay the balance of interest scheduled to become due on this Note on the next payment date (each an "Obligor Payment Date"); provided, that Custodian shall exhaust funds on deposit in the Debt Service Reserve Account from time to time prior to making any withdrawals from the BEDI Grant Reserve Account to pay any part of the Interest Component of any monthly deposit; and provided further, that the Custodian is not authorized to and shall not withdraw from the BEDI Grant Reserve Account for such purposes, an aggregate amount greater than _____



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

dollars (\$ _____) plus investment earnings thereon, if any. If not less than five (5) Business Days prior to any Deposit Day the Custodian determines that there shall or may be insufficient funds available in the Debt Service Reserve Account and BEDI Grant Reserve to pay the full amount of principal and interest to become due on this Note on the next date Obligor Payment Date, taking into account the expected payment of interest at a deemed rate of _____ percent (____%) per annum required to be made by Obligor on such Deposit Day and on each subsequent Deposit Day scheduled to occur prior to such Obligor Payment Date, the Custodian shall promptly deliver written notice (each, a "Shortfall Notice") to that effect to the Obligor (with a copy to City). Upon receipt of any such Shortfall Notice, and in any event, on or before the corresponding Deposit Day, the Obligor shall pay to the Custodian, for deposit into the Debt Service Reserve Account, the full amount of interest actually accruing on this Note during the corresponding month. Obligor acknowledges and agrees that interest stabilization payments made by Obligor in accordance with this paragraph and deposited in the Debt Service Reserve Account, together with the earnings thereon, if any, shall be held, without right of withdrawal or reimbursement]

If any deposit required to be made into the Debt Service Reserve Account is not received within ten (10) days after the date when such deposit is due, in addition to additional interest required to be paid in accordance with this Note, Obligor agrees to pay a late charge equal to five percent (5.0%) of the amount past due, as compensation to Payee for the staff time and resources required to handle such delinquencies, and not as a penalty. Such late charges shall not be credited to the Debt Service Reserve Account or Loan Repayment Account, but shall be retained by Payee. Late charges under this Section are in addition to, and not in substitution for, the other remedies provided in the Loan Documents.

Anything herein to the contrary notwithstanding, all principal, interest, fees, costs and other charges that Obligor is obligated to pay in connection with this Note and the Loan shall be due and payable, in full, on _____, 20__.

This Note, together with other obligations of Obligor under the Loan Documents (but not the Certificate and Indemnity) is secured by a Deed of Trust, Assignment of Leases and Rents, and Security Agreement with Fixture Filing (as supplemented or amended from time to time, the "Deed of Trust"), of even date herewith, from the Obligor to the Payee, and by security interests in the monies and investments held in certain Reserves established in accordance with the Loan Agreement and Master Agreement, which security interests are perfected, to the extent allowable under Washington law, by recording in the records of King County, Washington and filing of financing statements with the Washington State Department of Licensing. [Note: this provision is applicable only if Obligor is to arrange for a guaranty: This Note is further secured by a Guaranty of even date, executed and delivered by _____ (collectively, the "Guarantor").]

The principal hereof and any interest accrued hereon may be prepaid, provided, however, that any prepayment shall not reduce the principal payment required at any subsequent time until this Note is paid in full, together with interest hereon, and provided, further:

(a) On or before the Conversion Date, this Note may be prepaid in whole or in part upon thirty (30) days prior written notice to the Payee and with, and only with, the consent of

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

HUD. Any prepayment of the principal hereof shall be accompanied by all accrued interest thereon to the date of prepayment, and partial prepayments shall be credited against the principal amount last becoming due hereunder.

(b) After the Conversion Date, this Note may be prepaid in whole or in part at any time provided Obligor shall give 90 days prior written notice of its intention to make any prepayment. Any prepayment shall be applied to the payments last becoming due under this Note. No partial prepayment shall relieve the Obligor of the obligation to make any future payments due after the date of any prepayment. Any prepayment shall be in an amount not less than the amount which is sufficient to defease the portion of the City Note allocable to this Note or the portion hereof to be prepaid as provided in the Master Agreement, including the requirement that principal amounts under the City Note having the latest maturity must be defeased before those with shorter maturities. If in the event of any prepayment, the Payee incurs any costs, expenses, fees, charges, premiums or losses, the Obligor shall pay such items upon demand in addition to the principal and interest due hereunder.

Any prepayment by Obligor or any third party, or recovery from the disposition of any collateral, after default shall constitute a prepayment and be subject to all terms and conditions regarding prepayment.

In the event of any default by Obligor in any term or condition of this Note, the Loan Agreement, the Deed of Trust, the Certificate and Indemnity, or any other document executed in connection herewith, or in the event of any default by Guarantor under the Guaranty, if any, in any event, which default is not cured as permitted by the applicable document, the entire principal and accrued interest hereunder shall become immediately due and payable without notice or demand at the option of the Payee.

If Obligor is in default under the provisions of this Note, the Loan Agreement, the Deed of Trust, the Certificate and Indemnity, or any other document executed in connection herewith, or in the event of any default by Guarantor under the Guaranty, and Payee commences any action to enforce collection hereof or foreclosure under any security document given in connection herewith or therewith, the Obligor agrees to pay all costs and expenses incurred by Payee, including but not limited to Payee's reasonable attorneys' fees.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



Demand, protest, and notice of demand and protest are hereby waived, and the Obligor, to the extent authorized by law hereby waives any and all homestead or other exemption rights which otherwise might apply to the obligation evidenced by this Note, and/or any property covered by any security document given in connection herewith. The Obligor executes this Note as a principal and not as a surety.

ORAL AGREEMENTS, OR ORAL COMMITMENTS TO LEND MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

_____, a _____

By: _____
Title: _____

STATE OF _____)
County of _____) ss.

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath, stated that he/she was authorized to execute the instrument and acknowledged it as _____ of _____, a _____, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: _____, 2002.

NOTARY PUBLIC
Print Name: _____
Residing at: _____
My appointment expires: _____

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



ASSIGNMENT AND ACKNOWLEDGMENT:

The Payee hereby assigns to JPMorgan Chase Bank, as Trustee, with full right of assignment for the benefit of HUD under that certain Indenture of Trust and Custodial Agreement dated as of _____, 2002 and the Master Agreement, all of its rights under the foregoing Promissory Note.

Dated this ____ day of _____, 2002.

THE CITY OF SEATTLE, WASHINGTON

By: _____
[Title]

Approved as to Form:

By: _____
Assistant City Attorney

Obligor hereby acknowledges the foregoing assignment and agrees to recognize and render all performance to the Trustee and HUD as assignee of the Promissory Note.

_____, a _____

By: _____
[Title]



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.

EXHIBIT B TO ORDINANCE

Grant No. B-99-BD-53-0015

**BROWNFIELDS ECONOMIC DEVELOPMENT (BEDI) GRANT AGREEMENT
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

This Agreement is made and entered into by and between THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT, acting by and through the Assistant Secretary for Community Planning and Development, ("HUD"), and the City of Seattle, Washington (the "Recipient").

1. Background; Purpose. This Agreement is authorized by section 108(q) of the Housing and Community Development Act of 1974, as amended by section 232(a) of the Multifamily Housing Property Disposition Reform Act of 1994, codified at 42 U.S.C. 5308(q) (collectively, "the Act"). Pursuant to the Act, on February 26, 1999, at 64 FR 9799, HUD published a Notice of Funding Availability and Program Guidelines for the Brownfields Economic Development Initiative (the "NOFA"), which set forth the terms and conditions under which units of general local government could apply for and receive grants under section 108(q) of the Act ("BEDI Grants") and related section 108 loan guarantees from HUD for Brownfields Economic Development Projects ("BEDI Projects"), as defined in the NOFA. Pursuant to the NOFA, the Recipient has applied for, and HUD has approved, a BEDI Grant for the Recipient. The purpose of this Agreement is to set forth the terms and conditions under which HUD will provide BEDI Grant funds to the Recipient in connection with the Approved BEDI Projects described in the Recipient's Approved Application, as further defined herein. The terms and conditions of the related Section 108 Guarantee (as defined in par. 3 hereof) are, or will be, set forth in the Recipient's separate Section 108 loan guarantee application, Funding Approval, and Contract for Loan Guarantee Assistance.

2. Approved Grant Amount, Projects, and Uses of Funds.

a. By execution of this Agreement on behalf of the Secretary in the space provided below, HUD agrees, subject to the terms of this Agreement, to provide BEDI Grant funds in the amount of \$1,750,000 ("BEDI Grant").

b. This grant is approved for the following Approved BEDI Projects described in the Approved Application: Brownfields Redevelopment Loan Pool ("Approved Project").

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



c. The grant funds shall be used by the borrower in connection with the Approved Projects for the following specifically Approved Uses ("Approved Uses") pursuant to the following:

Section 24 CFR §570.703(i)(1) and §570.203(b) - loans to for profit businesses and companies for economic development projects.

3. Relationship to Section 108 Loan Guarantee Application. This approved BEDI Grant is based upon Section 108 loan guarantees, or additional guarantees, for the Approved Projects in an amount not less than \$15,500,000 (the "Section 108 Guarantee").

BEDI Grant funds may be disbursed by the Recipient for Approved Uses in a ratio not to exceed \$1.00 of EDI Grant funds to \$8.85 of Section 108 loan proceeds disbursed for approved activities.

4. Regulations; Approved Application. This Agreement will be governed and controlled by the following in effect as of the date of notification to the Recipient of award of this grant: the Act, the NOFA, and HUD regulations codified at 24 CFR Part 570 or incorporated therein (provisions for use of CDBG funds, to the extent applicable) (hereafter collectively referred to as the "Regulations"). The Recipient's application submissions, including the certifications and assurances and any documentation required to meet any grant award conditions, and including any amendments made in accordance with this Agreement, are hereby incorporated in this Agreement as finally approved by HUD (herein referred to as the "Approved Application"). Unless the context otherwise requires, a reference to "this Agreement" herein shall be deemed to include the Act, the Regulations, and the Approved Application.

5. Performance Agreement of Recipient. By execution of this Agreement on its behalf in the space provided below, the Recipient agrees to carry out the Approved Project(s) on a timely basis and otherwise in compliance with this Agreement (including the Act, the NOFA, the Regulations, and the Approved Application, except as otherwise specifically provided in this Agreement). The Recipient agrees to assure, and to accept responsibility for, such compliance by any other entities to which it makes grant funds available for, or which it otherwise allows to participate in, the Approved Project(s) covered by this Agreement.

6. Release, Deposit, and Timing of Expenditure of Grant Funds and Program Income.

a. The Recipient agrees to comply with environmental review procedures under 24 CFR 570.200(a)(4) and 24 CFR Part 58 in order to obtain releases of grant funds under this Agreement. In particular, the Recipient must not commit local or Federal funds

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



for the approved activities prior to obtaining HUD approval of its request for release of funds, except as provided in 24 CFR 58.22(c), 58.34 or 58.35(b).

b. Notwithstanding any other provision of the Regulations or this Agreement, the Recipient may not withdraw grant funds from the U.S. Treasury on account of the BEDI Grant under this Agreement until after execution on behalf of HUD of the Guarantee and Contract for Loan Guarantee Assistance for the applicable Approved Project described in paragraph 2 of this Agreement.

c. This BEDI Grant must be entirely withdrawn and expended for Approved Uses for the applicable Approved Project(s) on or before December 31, 2004.

d. All program income from this BEDI Grant is deemed to be program income of the Approved Project(s), which are jointly financed by the Section 108 Guarantee. The Recipient agrees that all such program income constitutes security for the repayment of the Section 108 Guarantee, and shall be initially deposited in, the Loan Repayment Account established by the Recipient, or its designated public agency, under paragraph 6 of the Contract(s) for Loan Guarantee Assistance for the Section 108 Guarantee, and shall be disbursed for the purposes and within the time period specified in said paragraph 6 of such Contract. Upon full and complete repayment of the Section 108 Guarantee, all such program income shall be used in accordance with 24 CFR 570.504.

7. Pre-Award Costs. Notwithstanding any other provision of the Regulations, the BEDI Grant funds provided hereunder may be used to pay for costs incurred on or after the date of HUD execution of the Funding Approval committing funds for the applicable Approved Project under the Section 108 Guarantee, provided such costs otherwise comply with this Agreement. However, use of the BEDI Grant funds to actually pay for such costs is subject to paragraph 6 of this Agreement.

8. Amendment; Record-Keeping.

a. This Agreement or the Approved Application may be amended only with the prior written approval of HUD. To request approval of an amendment, the Recipient shall attach the proposed revisions to the applicable pages of this Agreement or the Approved Application to a cover letter addressed as required below (see par. 11) for notices to HUD and signed by the Recipient's official representative for this grant. For any amendment other than an increase in the amount of the approved BEDI Grant (par. 2.a.), HUD may approve or disapprove the proposed amendment by letter from the Director of the CPD Division (or higher level official) in the applicable HUD office. In considering proposed amendments to this Agreement or the Approved Application, HUD shall review, among other things, whether the amendment would have affected the ranking of the

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



approval of
ed in 24 CFR

Regulations or
nt funds from
er this
of the Guarantee
applicable
Agreement.

n and expended
ect(s) on or

is deemed to be
are jointly
ient agrees that
the repayment of
deposited in,
ipient, or its
Contract(s)
Guarantee, and
e time period
Upon full and
all such program
0.504.

her provision of
reunder may be
te of HUD
s for the
Guarantee,
reement.
pay for such
..

on may be amended
request approval
proposed
ent or the
as required
d by the
nt. For any
f the approved
rove the
f the CPD
able HUD office.
ment or the
her things,
nking of the

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

application in the year it was approved sufficiently to have resulted in the application not ranking high enough for funding, and whether the amendment is otherwise consistent with the Act, the Regulations, and the NOFA. Any increase in the amount of the approved BEDI Grant represents a new grant obligation by HUD and must be documented by a formal amendment to this Agreement, or a new BEDI Grant Agreement, executed on behalf of the parties by officials with the authority to execute the original Agreement.

b. The Recipient shall at all times maintain an up-to-date copy of its Approved Application, including all amendments approved in writing by HUD, and all drawdowns, deposits, and expenditures of grant funds and program income under this Agreement, in its files and available for audit or inspection by duly authorized representatives of HUD or the Comptroller General of the United States.

9. Default; Remedies. A default under this Agreement shall consist of any use of grant funds other than as authorized by this Agreement, any other noncompliance with this Agreement deemed material by HUD, or any misrepresentation or omission in the application submissions which, if known to HUD, would have resulted in this grant not being provided. If HUD determines that the Recipient is in default, HUD will give the Recipient written notice of this determination and the corrective or remedial actions proposed by HUD to cure the default or mitigate its effects, to the extent possible, and to prevent a continuation or recurrence of the default (the "initial notice of default"). Further description of the processes of audit, performance monitoring, and the corrective and remedial actions available to HUD which apply to grants under the Act, including this BEDI Grant, is provided in 24 CFR 570, particularly Subpart O. No delay or omission by HUD in exercising any right or remedy under this Agreement shall impair HUD's ability to exercise such right or remedy or constitute a waiver of, or acquiescence in, any Recipient default.

10. Close-out. Except as may be otherwise specifically provided, close-out of this grant shall be subject to 24 CFR 570.509, or such close-out instructions as may hereafter be issued by HUD specifically for BEDI Grants.

11. Notices. HUD notifications to the Recipient under this Agreement may be addressed to the Recipient's address as stated in the Approved Application, unless the Recipient otherwise notifies HUD in writing. Recipient notifications to HUD shall be to the Director of Community Planning and Development in the HUD Office having responsibility for CDBG programs of the Recipient, unless the Recipient is otherwise notified in writing by HUD. The Recipient's rights under this Agreement may not be assigned without the prior written approval of HUD. This Agreement constitutes the entire Agreement between the Recipient and HUD, and it may not be amended except in writing and executed by authorized officials of both HUD and the Recipient, as provided

in paragraph 8.

12. Binding Agreement. This Agreement is binding with respect to HUD in accordance with its terms upon execution by HUD in the space provided below, subject to execution on behalf of the Recipient.

13. Special Condition(s).

There are no special conditions.

[Rest of Page Intentionally Left Blank]



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



This Agreement is hereby executed on behalf of the parties as follows:

ATTEST:

(Signature)

(Name)

(Title)

City of Seattle, Washington
RECIPIENT

BY: _____
(Signature)

(Name)

(Title)

(Date)

Employer Identification Number
(EIN) of Recipient

SECRETARY OF HOUSING AND URBAN
DEVELOPMENT

BY: _____
(Signature)

(Name)

(Title)

(Date)

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



EXHIBIT C TO ORDINANCE

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CONTRACT FOR LOAN GUARANTEE ASSISTANCE UNDER
SECTION 108 OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT
OF 1974, AS AMENDED, 42 U.S.C. §5308

Date of Contract _____

This Contract for Loan Guarantee Assistance ("Contract") is entered into between City of Seattle, Washington, as Borrower (the "Borrower"), and the Secretary of Housing and Urban Development ("Secretary"), as guarantor for the Guarantee made pursuant to section 108 ("Section 108") of title I of the Housing and Community Development Act of 1974, as amended (the "Act") and 24 CFR Part 570, Subpart M, of the promissory note executed contemporaneously herewith and numbered B-01-MC-53-0005, in the Maximum Commitment Amount of \$15,500,000, and any amended note or note issued in substitution for such note and having the same note number (the "Note"). The funds paid or credited to the account of the Borrower pursuant to the Note are referred to herein as the "Guaranteed Loan Funds." The Note (including the Fiscal Agency Agreement and the Trust Agreement as defined in Section I.A. of the Note and incorporated therein) is hereby incorporated into the Contract. Terms used in the Contract with initial capital letters and not otherwise defined in the text hereof shall have the respective meanings given thereto in the Note. The Fiscal Agency Agreement and the Trust Agreement are sometimes collectively referred to herein as the "Fiscal Agency/Trust Agreements," and the Fiscal Agent and the Trustee respectively are sometimes collectively referred to as the "Fiscal Agent/Trustee."

PART I

- A. The Note: Advances and Records. The Note provides that Advances and Conversion Date Advances shall be made thereunder upon the written request of the Borrower and the approval of the Secretary, pursuant to this Contract and the Fiscal Agency Agreement. The Commitment Schedule attached to the Note represents the principal repayment schedule for the Maximum Commitment Amount of the Note. At all times, the total amount of all Advances and Conversion Date Advances under the Note for all Principal Due Dates shall not exceed the Maximum Commitment Amount of the Note. Prior to the Conversion Date (as defined in the Note, Section I.A.), the total amount of Advances made by the Holder for each Principal Due Date under the Note shall not exceed the applicable Commitment Amount for such Principal Due Date set forth in the Commitment Schedule of the Note. Prior to the Conversion Date, the Borrower agrees that the Fiscal Agent pursuant to the Fiscal Agency Agreement shall record the date

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



and amount of each payment and Advance under the Note and shall maintain the books and records of all Advances and Conversion Date Advances for each Principal Due Date, interest rates on Advances, payments, and Principal Amounts outstanding for each Principal Due Date. On and after the Conversion Date, the Borrower agrees that the Trustee pursuant to the Trust Agreement will maintain the books and records of all payments on the Note and all Principal Amounts and interest rates on such Principal Amounts (each as to be set forth on Schedule P&I to the Note). No advances of any kind may be made on the Note after its Conversion Date.

- B. **Borrower's Requests for Advances.** All requests for Advances or Conversion Date Advances by the Borrower under the Note shall: be in writing; specify the amount of the Advance requested; identify the Note by Borrower, number and Maximum Commitment Amount; be addressed to the Secretary at the address for notices specified in paragraph 12(f) of this Contract; be signed by an authorized official of the Borrower; and otherwise be in the form prescribed by HUD. Advances and Conversion Date Advances shall be requested and will only be approved and made in increments of not less than \$1,000 for any Principal Due Date. A request for an initial Advance under a Note, or a request for a Conversion Date Advance, shall be received by the Secretary at least ten Business Days prior to the Borrower's proposed Funding Date or Conversion Date, as applicable. All other requests for Advances shall be received by the Secretary not less than five Business Days prior to the proposed Funding Date. The Borrower may not deliver a Note or a request for an Advance or Conversion Date Advance to the Secretary more than two calendar months prior to the Borrower's proposed Funding Date. At least two Business Days prior to the proposed Funding Date or Conversion Date if the Borrower's request was timely received, or the next available Funding Date for which the request was timely received, the Secretary shall, except as otherwise provided in paragraph 11(c) or 12 hereof, deliver a corresponding Authorization Order or Advance Order (as applicable) to the Fiscal Agent in accordance with Section 2.03 or 2.04 of the Fiscal Agency Agreement for the applicable Funding Date or Conversion Date. If the Borrower requests an Advance or Conversion Date Advance of less than the outstanding Maximum Commitment Amount under the Note, the Borrower may also specify in its written request the amount of the Advance or Conversion Date Advance to be allocated to each Commitment Amount or Principal Amount per Principal Due Date under the Note. If the Borrower does not specify how the Advance or Conversion Date Advance should be allocated among Commitment Amounts/Principal Due Dates, the Borrower hereby authorizes the Secretary to direct the Fiscal Agent to allocate the Advance to the respective Commitment Amounts or Principal Amounts in order of the earliest Principal Due Date(s).

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.

- C. **Conversion; Public Offering.** On the Conversion Date (if any), trust certificates backed by the Note (and similar notes issued by other Section 108 borrowers) will be purchased for a purchase price of the full principal amount thereof by underwriters selected by the Secretary (the "Underwriters") pursuant to an Underwriting Agreement between the Underwriters and the Secretary, at a closing on such Conversion Date as determined by the Secretary and the Underwriters. The Borrower agrees that the interest rate at which the trust certificate of a specified maturity is sold to the Underwriters shall govern the interest rate inserted on the Conversion Date in Schedule P&I of the Note for the Principal Amount of corresponding maturity.
- D. **Consents.** By execution of this Contract, the Borrower ratifies and consents to the Secretary's selection of the Underwriters and authorizes the Secretary to negotiate with the Underwriters the terms of the Underwriting Agreement and of the public offering of interests in the trust certificates to investors (including the applicable interest rates). In addition, by execution hereof the Borrower ratifies and consents to the Secretary's selection of the Fiscal Agent/Trustee and agrees to the respective terms of the Fiscal Agency/Trust Agreements. If Advances have been made in the Maximum Commitment Amount of the Note not less than ten Business Days prior to the proposed Conversion Date, or if the Borrower requests a Conversion Date Advance, the Borrower authorizes the Secretary to deliver Schedule P&I to the Note completed in accordance herewith to the Fiscal Agent/Trustee on the Conversion Date in accordance with the Fiscal Agency/Trust Agreements, concurrent with delivery of the Secretary's Guarantee of the trust certificates at the closing on the Conversion Date, and thereafter the Note shall be enforceable in accordance with its terms including Schedule P&I. In addition, the Secretary reserves the right to notify the Borrower not less than one calendar month in advance of a specified Conversion Date that the Note will be sold to the Underwriters on such date, if the Secretary in his sole discretion determines that market conditions or program needs require the participation in the proposed public offering of all or substantially all Borrowers with outstanding Advances.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



PART II

1. Receipt, Deposit and Use of Guaranteed Loan Funds.

(a) Except for funds deducted on the Conversion Date pursuant to paragraph 4(b) and fees and charges deducted by the Fiscal Agent/Trustee pursuant to paragraph 4(a), the Guaranteed Loan Funds shall be electronically transferred in accordance with the Borrower's instructions for deposit in a separate, identifiable custodial account (the "Guaranteed Loan Funds Account") with a financial institution whose deposits or accounts are Federally insured. The Guaranteed Loan Funds Account shall be established and designated as prescribed in the attached form document entitled "Letter Agreement for Section 108 Loan Guarantee Program Custodial Account" (Attachment 1) and shall be continuously maintained for the Guaranteed Loan Funds. Such Letter Agreement must be executed when the Guaranteed Loan Funds Account is established. (A fully executed copy of such Letter Agreement shall be submitted to the Secretary within thirty days of its execution.)

The Borrower shall make withdrawals from said account only for payment of the costs of approved Section 108 activities, for transfer to the Loan Repayment Account or for the temporary investment of funds pursuant to this paragraph 1(a). Such temporary investment of funds into the Guaranteed Loan Funds Investment Account shall be required within three Business Days after the balance of deposited funds exceeds the amount of the Federal deposit insurance on the Guaranteed Loan Funds Account. At that time, any balance of funds in the Guaranteed Loan Funds Account exceeding such insurance coverage shall be fully (100%) and continuously invested in Government Obligations, as defined in paragraph 10 hereof, held in the Guaranteed Loan Funds Investment Account.

All temporary investments, whether or not required as above, shall be limited to Government Obligations having maturities that are consistent with the cash requirements of the approved activities. In no event shall the investments mature on or after December 31, 2004, or have maturities which exceed one year. All such investments shall be held in trust for the benefit of the Secretary by the above financial institution in an account (the "Guaranteed Loan Funds Investment Account") established and designated as prescribed in the attached form document entitled "Letter Agreement for Section 108 Loan Guarantee Program Custodial Investment Account" (Attachment 2), which account shall be maintained for all Government Obligations purchased with funds from the Guaranteed Loan Funds Account. The Guaranteed Loan Funds Investment Account need only be established if and when the Borrower is required to invest, or otherwise invests, the

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



Guaranteed Loan Funds in Government Obligations. Such Letter Agreement must be executed when the Guaranteed Loan Funds Investment Account is established. (A fully executed copy of such Letter Agreement shall be submitted to the Secretary within thirty days of its execution.) All proceeds and income derived from such investments shall be returned to the Guaranteed Loan Funds Account.

All funds in the Guaranteed Loan Funds Account or the Guaranteed Loan Funds Investment Account must be withdrawn and disbursed by the Borrower for approved activities by December 31, 2004. Any funds remaining in either Account after this date shall be immediately transferred to the Loan Repayment Account established pursuant to paragraph 6 of this Contract.

(b) The Borrower shall by the fifteenth day of each month provide the Secretary with a written statement showing the balance of funds in the Guaranteed Loan Funds Account and the withdrawals from such account during the preceding calendar month, and a statement identifying the obligations and their assignments in the Guaranteed Loan Funds Investment Account.

(c) Upon the Secretary giving notice that the Borrower is in Default under this Contract or the Note, all right, title, and interest of the Borrower in and to the Guaranteed Loan Funds and Guaranteed Loan Funds Investment Accounts shall immediately vest in the Secretary for use in making payment on the Note, purchase of Government Obligations in accordance with paragraph 10, or payment of any other obligations of the Borrower under this Contract or the Fiscal Agency/Trust Agreements.

2. **Payments Due on Note; Final Payment and Discharge.** The Borrower shall pay to the Fiscal Agent/Trustee, as collection agent for the Note, all amounts due pursuant to the terms of the Note. In accordance with the Note and the Fiscal Agency/Trust Agreements, payment shall be made by 3:00 P.M. (New York City time) on the seventh Business Day (the "Note Payment Date") preceding the relevant Interest Due Date or Principal Due Date (each as defined in the Note). If any Note Payment Date falls on a day that is not a Business Day, then the required payment shall be made on the next Business Day. Payment may be made by check or wire transfer.

Upon final payment of all amounts due to Holders under the Note, including any payment made by the Secretary pursuant to the Guarantee, the Fiscal Agent/Trustee is required by the Fiscal Agency/Trust Agreements to return the Note to the Secretary. Upon final payment to the Secretary of any amounts due as a result of Guarantee Payments or otherwise due under this Contract, the Secretary will cancel and return the Note to the Borrower in discharge of the Borrower's obligations

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



under the Note.

3. **Selection of New Fiscal Agent or Trustee.** The Secretary shall select a new Fiscal Agent or Trustee if the Fiscal Agent or Trustee resigns or is removed by the Secretary. The Borrower hereby consents in advance to any such selection and to any changes in the Fiscal Agency/Trust Agreements agreed to by any Fiscal Agent or Trustee and the Secretary, subject to paragraph 4(e) of this Contract.

4. **Payments Due Fiscal Agent or Trustee; Documents to the Secretary.**

(a) The Borrower agrees to pay the fees of the Fiscal Agent as required by Exhibit G to the Fiscal Agency Agreement, and any additional amounts that may be due pursuant to Section 6.01 of the Fiscal Agency Agreement. If not paid by the Borrower by any other means prior thereto, the Borrower agrees that any such fees or additional amounts that have been incurred prior to an Advance or a Conversion Date Advance may be deducted by the Fiscal Agent/Trustee from the proceeds of the Advance or Conversion Date Advance, as applicable.

(b) The Borrower agrees to pay the Borrower's share, as determined by the Secretary, of the customary and usual issuance, underwriting, and other costs related to the public offering and future administration of the Note and the trust certificates, as approved by the Secretary, including the cost of reimbursement and/or compensation of the Trustee pursuant to the Trust Agreement, including Sections 3.11 and 7.01 thereof. In connection with the public offering on the Conversion Date, such payment shall either be made by wire transfer to the Trustee on the day prior to the Conversion Date or shall be deducted from the Guaranteed Loan Funds on the Conversion Date.

(c) The Borrower shall submit to the Secretary not later than ten Business Days prior to the Funding Date for the initial Advance hereunder, or if not submitted earlier, prior to any Conversion Date or Public Offering Date applicable to the Note, this executed Contract, the executed Note, a request for an Advance or a Conversion Date Advance (as applicable) in proper form, and an opinion acceptable to the Secretary from the Borrower's counsel to the effect that: (i) the governing body of the Borrower has authorized by resolution or ordinance, in accordance with applicable State and local law, the issuance of the Note and the execution of this Contract; (ii) the Note and this Contract are valid, binding, and enforceable obligations of the Borrower; (iii) the pledge of funds pursuant to 24 CFR 570.705(b)(2) and paragraph 5(a) of this Contract is valid and binding; and (iv) there is no outstanding litigation that will affect the validity of the

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



Note or this Contract. In addition, the Borrower shall submit any other additional documents or opinions specifically required by this Contract (e.g., paragraph 5(c), or paragraph 15, et seq.), at the time required thereby.

(d) The Borrower agrees to reimburse the Underwriters upon demand by the Secretary for the Borrower's share, as determined by the Secretary, of all reasonable out-of-pocket expenses (including reasonable fees and disbursements of counsel) incurred in connection with a proposed public offering, if the Underwriters incur such additional costs for the public offering because of any refusal, inability, or failure on the part of the Borrower timely to submit in acceptable form any document required by this Contract (including paragraph 4(c)), or because of any withdrawal by the Borrower from the public offering, after the Borrower has submitted a request for a Conversion Date Advance hereunder. By execution and delivery of this Contract to the Secretary, the Borrower hereby expressly authorizes the Secretary to pay amounts due under this paragraph from funds pledged under paragraph 5(a) of this Contract.

(e) The undertakings in paragraphs 3 and 4 of this Contract are expressly subject to the requirement that the Fiscal Agency/Trust Agreements shall in no event require payment of fees or charges, reimbursement of expenses, or any indemnification by the Borrower from any source other than funds pledged pursuant to paragraphs 5 or 15 et seq. of this Contract.

5. **Security.** The Borrower hereby pledges as security for repayment of the Note, and such other charges as may be authorized in this Contract, the following:

(a) All allocations or grants which have been made or for which the Borrower may become eligible under Section 106 of the Act, as well as any grants which are or may become available to the Borrower pursuant to Section 108(q).

(b) Program income, as defined at 24 CFR 570.500(a) (or any successor regulation), directly generated from the use of the Guaranteed Loan Funds.

(c) Other security as described in paragraph 15, et seq.

(d) All proceeds (including insurance and condemnation proceeds) from any of the foregoing.

(e) All funds or investments in the accounts established pursuant to paragraphs 1 and 6 of this Contract.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



6. Loan Repayment Account.

(a) All amounts pledged pursuant to paragraphs 5(b), 5(c), and 5(d) of this Contract shall be deposited immediately on receipt in a separate identifiable custodial account (the "Loan Repayment Account") with a financial institution whose deposits or accounts are Federally insured. The Loan Repayment Account shall be established and designated as prescribed in the attached form document entitled "Letter Agreement for Section 108 Loan Guarantee Program Custodial Account" (Attachment 1) and shall be maintained for such pledged funds. The Loan Repayment Account need only be established if and when the Borrower receives amounts pledged pursuant to paragraph 5(b), 5(c) or 5(d). Such Letter Agreement must be executed when the Loan Repayment Account is established. (A fully executed copy of such Letter Agreement shall be submitted to the Secretary within thirty days of its execution.) Borrower shall make withdrawals from said account only for the purpose of paying interest and principal due on the Note (including the purchase of Government Obligations in accordance with paragraph 10 hereof), for payment of any other obligation of the Borrower under this Contract or the Fiscal Agency/Trust Agreements, or for the temporary investment of funds pursuant to this paragraph, until final payment and discharge of the indebtedness evidenced by the Note, unless otherwise expressly authorized by the Secretary in writing. Such temporary investment of funds shall be required within three Business Days after the balance of deposited funds exceeds the amount of the Federal deposit insurance on the Loan Repayment Account. At that time, the balance of funds in the Loan Repayment Account exceeding such insurance coverage shall be fully (100%) and continuously invested in Government Obligations, as defined in paragraph 10 hereof.

All temporary investments, whether or not required as above, shall be limited to Government Obligations having maturities that are consistent with cash requirements for payment of principal and interest as required under the Note. In no event shall the maturities of such investments exceed one year. All such investments shall be held in trust for the benefit of the Secretary by the above financial institution in an account (the "Loan Repayment Investment Account") established and designated as prescribed in the attached form document entitled "Letter Agreement for Section 108 Loan Guarantee Program Custodial Investment Account" (Attachment 2), which account shall be maintained for all Government Obligations purchased with funds from the Loan Repayment Account. Such Letter Agreement must be executed when the Loan Repayment Investment Account is established. (A fully executed copy of such Letter Agreement shall be submitted to the Secretary within thirty days of its execution.) All proceeds and income derived from such investments shall be

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



returned to the Loan Repayment Account.

(b) Borrower shall by the fifteenth day of each month, provide the Secretary with a written statement showing the balance of funds in the Loan Repayment Account and the deposits and withdrawals of all funds in such account during the preceding calendar month and a statement identifying the obligations and their assignments in the Loan Repayment Investment Account.

(c) Upon the Secretary giving notice that the Borrower is in default under this Contract or the Note, all right, title, and interest of the Borrower in and to the Loan Repayment and Loan Repayment Investment Accounts shall immediately vest in the Secretary for use in making payment on the Note, purchase of Government Obligations in accordance with paragraph 10, or payment of any other obligation of the Borrower under this Contract or the Fiscal Agency/Trust Agreements.

7. **Use of CDBG or EDI Funds for Repayment.** Any funds available to the Borrower under Section 106 of the Act (including program income derived therefrom) are authorized to be used by the Borrower for payments due on the Note, Optional Redemption (as defined in the Note), payment of any other obligation of the Borrower under this Contract or the Fiscal Agency/Trust Agreements, or the purchase of Government Obligations in accordance with paragraph 10. Any funds specifically available to the Borrower for such payments or as a debt service reserve under an EDI Grant Agreement pursuant to Section 108(q) of the Act which supports the eligible project(s) and activities financed by the Note may also be used therefor; any other use of Section 108(q) funds for such purposes shall require the prior written approval of the Secretary. Unless otherwise specifically provided herein or unless otherwise expressly authorized by the Secretary in writing, the Borrower shall substantially disburse funds available in the Loan Repayment or the Loan Repayment Investment Accounts before funds from grants under Section 106 of the Act are withdrawn from the U.S. Treasury for such purposes.

8. **Secretary's Right to Restrict Use of CDBG Funds to Repayment.** Upon a determination by the Secretary that payments required by paragraph 2 and/or paragraph 4 of this Contract are unlikely to be made as specified, the Secretary may give the Borrower notice that the availability to the Borrower of funds pledged under paragraph 5(a) of this Contract for purposes other than satisfaction of the pledge is being restricted. This restriction shall be in an amount estimated by the Secretary to be sufficient to ensure that the payments referred to in paragraph 2 and/or paragraph 4 hereof are made when due. This restriction may be given effect by conditioning the restricted amounts to prohibit disbursement for purposes other than satisfaction of the pledge at the time such restricted funds are

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



approved as grants, by limiting the Borrower's ability to draw down or expend the restricted funds for other purposes, and by disapproving payment requests submitted with respect to such grants for purposes other than satisfaction of the pledge.

9. **Secretary's Right to Use Pledged Funds for Repayment.** The Secretary may use funds pledged under paragraph 5(a) of this Contract or funds restricted under grants pursuant to paragraph 8 of this Contract to make any payment required of the Borrower under paragraph 2 and/or paragraph 4, if such payment has not been timely made by the Borrower.
10. **Defeasance.** For purposes of this Contract, after the Conversion Date the Note shall be deemed to have been paid (defeased) if there shall have been deposited with the Trustee either moneys or Government Obligations (as defined below), which in the sole determination of the Secretary, mature and bear interest at times and in amounts sufficient, together with any other moneys on deposit with the Trustee for such purpose, to pay when due the principal and interest to become due on the Note. The Aggregate Principal Amount of the Note or any unpaid Principal Amount may be so defeased, in whole or in part, as of any Principal Due Date. In accordance with the Note and the Trust Agreement, the Borrower shall give timely notice and written instructions to the Secretary and the Trustee concerning any principal amounts proposed to be defeased, including any Optional Redemptions proposed, which instructions shall be approved by the Secretary. If the unpaid Aggregate Principal Amount of the Note guaranteed pursuant to this Contract shall be defeased and deemed to have been paid in full, then the Borrower shall be released from all agreements, covenants, and further obligations under the Note.

"Government Obligation" means a direct obligation of, or any obligation for which the full and timely payment of principal and interest is guaranteed by, the United States of America, including but not limited to, United States Treasury Certificates of Indebtedness, Notes and Bonds - State and Local Government Series or certificates of ownership of the principal of or interest on direct obligations of, or obligations unconditionally guaranteed by, the United States of America, which obligations are held in trust by a commercial bank which is a member of the Federal Reserve System and has capital and surplus (exclusive of undivided profits) in excess of \$100,000,000.

11. **Default.** (a) A Default under the Note and this Contract shall occur upon failure by the Borrower to:

(i) pay when due an installment of principal or interest on the Note; or (ii) punctually and properly perform, observe, and comply with any covenant, agreement, or condition contained in: (A) this Contract, (B) any

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



security agreement, deed of trust, mortgage, assignment, guarantee, or other contract securing payment of indebtedness evidenced by the Note, or (C) any future amendments, modifications, restatements, renewals, or extensions of any such documents.

(b) The Borrower waives notice of Default and opportunity for hearing with respect to a Default under paragraph 11(a).

(c) In addition to Defaults under paragraph 11(a), the Secretary may declare the Note in Default if the Secretary makes a final decision in accordance with the provisions of section 111 of the Act and 24 CFR 570.913 (or any successor provisions), including requirements for reasonable notice and opportunity for hearing, that the Borrower has failed to comply substantially with title I of the Act. Notwithstanding any other provision, following the giving of such reasonable notice, the Secretary may, in the Secretary's sole discretion pending the Secretary's final decision, withhold the guarantee of any or all obligations not yet guaranteed on behalf of the Borrower under outstanding commitments, suspend approval of any further Advances or Conversion Date Advances under the Note, and/or direct the Borrower's financial institution to: refuse to honor any instruments drawn upon, or withdrawals from, the Guaranteed Loan Funds Account or the Loan Repayment Account initiated by the Borrower, and/or refuse to release obligations and assignments by the Borrower from the Guaranteed Loan Funds Investment Account or the Loan Repayment Investment Account.

12. **Remedial Actions.** Upon a Default or declaration of Default under this Contract, the Secretary may, in the Secretary's sole discretion, take any or all of the following remedial actions:

(a) With any funds or security pledged under this Contract, the Secretary may: (i) continue to make payments due on the Note, (ii) make a prepayment under Section I.D. of the Note or make an acceleration payment with respect to the principal amount of the Note subject to Optional Redemption as provided in Section III of the Note, (iii) purchase Government Obligations in accordance with paragraph 10 of this Contract, (iv) pay any interest due for late payment as provided in the Note, this Contract, or the Fiscal Agency/Trust Agreements, (v) pay any other obligation of the Borrower under this Contract or the Fiscal Agency/Trust Agreements, and/or (vi) pay any reasonable expenses incurred by the Secretary or the Fiscal Agent/Trustee as result of the Borrower's Default.

(b) The Secretary may withhold the guarantee of any or all obligations not yet guaranteed or the disbursement of any or all grants not yet disbursed in full under outstanding guarantee commitments or grant approvals for the Borrower under Sections 108 and/or 106 of the Act.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



(c) The Secretary may withhold approval of any or all further Advances or Conversion Date Advances under the Note (if applicable); direct the Borrower's financial institution to refuse to: honor any instruments drawn upon, or withdrawals from, the Guaranteed Loan Funds Account or the Loan Repayment Account by the Borrower, and/or to release obligations and assignments by the Borrower from the Guaranteed Loan Funds Investment Account or the Loan Repayment Investment Account; and/or direct the Borrower and/or the Borrower's financial institution to transfer remaining balances from the Guaranteed Loan Funds Account to the Loan Repayment Account.

(d) Until the Conversion Date, or with respect to amounts subject to Optional Redemption, the Secretary may accelerate the Note.

(e) The Secretary may exercise any other appropriate remedies or sanctions available by law or regulation applicable to the assistance provided under this Contract, or may institute any other action available under law to recover Guaranteed Loan Funds or to reimburse the Secretary for any payment under the Secretary's Guarantee or any reasonable expenses incurred by the Secretary as a result of the Default.

(f) All notices and submissions provided for hereunder shall be in writing (including by telex, telecopier or any other form of facsimile communication) and mailed or sent or delivered, as to each party hereto, at its address set forth below or at such other address as shall be designated by such party in a written notice to the other party hereto. All such notices and other communications shall be effective when received as follows: (i) if sent by hand delivery, upon delivery; (ii) if sent by mail, upon the earlier of the date of receipt or five Business Days after deposit in the mail, postage prepaid; (iii) if sent by telex, upon receipt by the sender of an answer back; and (iv) if sent by telecopier, upon receipt.

The Secretary:

U.S. Dept. of Housing and Urban Development
 Attention: Paul Webster, Director
 Financial Management Division
 451 7th Street, SW, Room 7180
 Washington, DC 20410

Borrower:

City of Seattle, Washington
 Director,
 Office of Economic Development
 600 Fourth Avenue, 12th Floor
 Seattle, WA 98104

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
 IT IS DUE TO THE QUALITY OF THE DOCUMENT.



13. **Limited Liability.** Notwithstanding any other provision of this Contract, the Fiscal Agency/Trust Agreements or the Note, any recovery against the Borrower for any liability for amounts due pursuant to the Note, the Fiscal Agency/Trust Agreements or this Contract shall be limited to the sources of security pledged in paragraph 5 or any Special Conditions of this Contract. Neither the general credit nor the taxing power of the Borrower, or of the State in which the Borrower is located, is pledged for any payment due under the Note, the Contract, or the Fiscal Agency/Trust Agreements.

14. **Incorporated Grant Agreement.** The Contract and the Note are hereby incorporated in and made a part of the Grant Agreement authorized by the Secretary on January 1, 2001, under the Funding Approval for grant number B-01-MC-53-0005 to the Borrower. In carrying out activities with the Guaranteed Loan Funds hereunder, the Borrower agrees to comply with the Act and 24 CFR Part 570, as provided in Subpart M thereof.

15. **Special Conditions and Modifications:**

(a) Paragraph 5(c) of the Contract is amended by deleting the paragraph as written in its entirety and substituting therefor the following:

"(c) Other security, including, but not limited to, all rights of the Borrower (but none of the obligations of the Borrower) in and to the 'Security Documents' (as defined in paragraph 15(d) hereof) and to the collateral described therein. If necessary to provide the Secretary with a valid security interest in such other security, the Borrower shall execute a security agreement (the 'Borrower Security Agreement'), which Borrower Security Agreement shall be in a form acceptable to the Secretary."

(b) Guaranteed Loan Funds shall be used by the Borrower to finance loans (individually, a "Business Loan") to one or more for-profit businesses (individually, a "Business Borrower") pursuant to 24 CFR §570.703(i) and §570.203(b).

(c) Each Business Loan shall be evidenced by a promissory note (individually, the "Business Note" and, collectively, the "Business Notes") and a loan agreement (the "Business Loan Agreement"). The Business Note and Business Loan Agreement shall contain such provisions as the Secretary deems necessary. The amount of principal and/or interest payable under the Business Notes during the twelve-month period beginning July 1 of each year and ending on June 30 of the next

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



succeeding year shall be equal to or greater than the amount of principal and/or interest payable under the Note for the corresponding period. No Business Note shall be subject to redemption or prepayment earlier than the earliest possible redemption date under the terms of the Note. The Business Loan shall be fully secured by one or more of the following forms of collateral (collectively, the "Collateral").

(i) A lien on real property (the "Real Property"), established through an appropriate and properly recorded mortgage (the "Business Mortgage"). The Business Mortgage shall contain such provisions as the Secretary deems necessary. The Business Mortgage may be subordinated to another lien on the property; provided, however, that the principal amount of the Business Loan secured by the Real Property shall not exceed an amount equal to 80 percent of the "as improved" appraised market value, less the outstanding balance on other indebtedness secured by a mortgage lien of senior or equal priority on the Real Property.

(ii) A security interest (collectively referred to as the "Security Interests") in machinery and equipment ("M&E"), accounts receivable, inventory, and other items of personal property collectively, the "Personal Property"). The Security Interests may be subordinated to another lien; provided, however, that the principal amount of the Business Loan secured by the Personal Property shall not exceed an amount determined as follows:

(A) in the case of used M&E, not more than 90 percent of the appraised net liquidation value, less the outstanding balance of other indebtedness secured by a senior security interest in such M&E; and

(B) in the case of new M&E, not more than 80 percent of the cost thereof (including installation), less the outstanding balance of other indebtedness secured by a senior security interest in such M&E; and

(C) in the case of accounts receivable, not more than 80 percent of the average of the ending balances of the last three (3) years of accounts receivable, less the outstanding balance of other indebtedness secured by a senior security interest in said accounts receivable; and

(D) in the case of inventory, not more than 50 percent of the average of the ending inventory

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



balances of the last three (3) years, less the outstanding balance of other indebtedness secured by a senior security interest in said inventory.

The Security Interests shall be granted pursuant to an appropriate security agreement (the "Security Agreement"), which Security Agreement also shall be referenced in appropriate Uniform Commercial Code Financing Statements filed in accordance with the Uniform Commercial Code. The Security Agreement and such Uniform Commercial Code Financing Statements shall contain such provisions as the Secretary deems necessary.

- (iii) Any and all rights, titles, and interests of the Business Borrower to any leases covering the Real Property. Such rights, titles, and interests shall be the subject of an appropriate and properly recorded collateral assignment of leases and rents (the "Collateral Assignment of Leases and Rents"). The Collateral Assignment of Leases and Rents shall be in a form acceptable to the Secretary.
- (iv) Any and all rights, titles, and interests of the Business Borrower in any loan or debt service reserve accounts established for the purpose of securing the Business Loan. Such rights, titles, and interests shall be the subject of a collateral assignment of interest in loan or debt service reserve accounts (the "Collateral Assignment of Interest in Loan or Debt Service Reserve Accounts"). The Collateral Assignment of Interest in Loan or Debt Service Reserve Accounts shall be in a form acceptable to the Secretary.
- (v) Such other alternative collateral or security arrangements as may be requested by the Borrower and approved by the Secretary in writing.
- (d) The Borrower shall select a financial institution acceptable to the Secretary (the "Custodian") to act as custodian for the documents specified in paragraph 15(e) below (the "Security Documents"). The Borrower and the Custodian shall enter into a written agreement containing such provisions as the Secretary deems necessary. A fully executed copy of such agreement, with original signatures, shall be forwarded to the Secretary contemporaneously with the delivery of documents pursuant to paragraph 15(e) below.
- (e) Not later than five (5) business days after disbursement by the Borrower of Guaranteed Loan Funds to a Business Borrower, the Borrower shall deliver to

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



the Custodian the following (as applicable to that activity):

- (i) The original Business Note endorsed in blank and without recourse.
- (ii) The original Business Loan Agreement, and an assignment thereof to the Secretary, which assignment shall be in a form acceptable to the Secretary.
- (iii) The original recorded Business Mortgage signed by the Business Borrower and an assignment thereof to the Secretary, in a recordable form but unrecorded, which assignment shall be in a form acceptable to the Secretary.
- (iv) The original Collateral Assignment of Leases and Rents and an assignment thereof to the Secretary, in a recordable form but unrecorded, which assignment shall be in a form acceptable to the Secretary.
- (v) The original Security Agreement and an assignment thereof to the Secretary, which assignment shall be in a form acceptable to the Secretary.
- (vi) The original Collateral Assignment of Interest in Loan or Debt Service Reserve Accounts.
- (vii) If Guaranteed Loan Funds are used to acquire real property, an appraisal of the fee simple ownership interest in the Property. The appraisal shall be completed by an appraiser who is certified by the state and has a professional designation (such as "SRA" or "MAI"), and shall conform to the standards of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA").
- (viii) If Guaranteed Loan Funds are used to acquire used M&E, an appraisal of its net liquidation value.
- (ix) A mortgagee title policy, issued by a company and in a form acceptable to the Secretary, naming the Borrower as the insured party. The policy must either include in the definition of the "insured" each successor in ownership of the indebtedness secured by the Mortgage or be accompanied by an endorsement of the policy to the Secretary.
- (x) A certified survey with a legal description conforming to the title policy and the Business Mortgage.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

(xi) An opinion of Borrower's counsel on its letterhead, addressed and satisfactory to the Secretary, that:

- (A) the Business Borrower is duly organized and validly existing as a **[corporation, partnership, etc.]** under the laws of the State of _____ and is **[existing, qualified to do business, in good standing, as applicable]** in and under the laws of the State of Washington;
- (B) the Business Note has been duly executed and delivered by an authorized party and is a valid and binding obligation of the Business Borrower, enforceable in accordance with its terms, except as limited by bankruptcy and similar laws affecting creditors generally; and
- (C) the appropriate instruments specified in (ii) through (viii) above are valid and legally binding obligations, enforceable in accordance with their respective terms.

To the extent that the foregoing opinion deals with matters customarily within the due diligence of counsel to the Business Borrower, Borrower's counsel may attach and expressly rely on an opinion of Business Borrower's counsel satisfactory to the Secretary.

(xii) Any instruments, documents, agreements, and legal opinions required pursuant to paragraph 15(c)(v).

(f) The Borrower covenants that it shall:

- (i) ensure the diligent performance of the usual and customary functions related to the servicing of the Business Notes; and
- (ii) promptly perfect the Security Interests by filing a financing statement in accordance with the requirements of the Uniform Commercial Code and shall file such additional statements as are necessary to maintain the perfected Security Interests.

(g) The Borrower shall promptly notify the Secretary in writing whenever an event which constitutes a default (an "Event of Default") under (and as defined in) any of the Security Documents pertaining to a Business Loan has occurred and has continued unremedied for a period

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



of 90 days after such occurrence. Such Business Loan shall be hereinafter referred to as the "Nonperforming Business Loan." However, if a Debt Service Reserve Fund has been established by the Borrower in an amount sufficient to satisfy at least one year's debt service to HUD on the Nonperforming Business Loan(s) at the date that the loan(s) become nonperforming, the Borrower shall have an additional year prior to the required notification to remedy the default. Notification of a Nonperforming Business Loan shall be delivered to the Secretary as directed in paragraph 12(f) above.

The Borrower shall within 60 days of such notification take one of the following actions:

- (i) The Borrower may replace the Nonperforming Business Loan with another, performing loan (the "Replacement Loan") which meets the security requirements specified in paragraph 15(c). Such replacement shall be effected by delivery to the Custodian of the Security Documents that would be delivered if the Replacement Loan were made from Guaranteed Loan Funds. If the payments of principal and interest on the Replacement Loan are insufficient to satisfy the payments that are due on the Nonperforming Business Loan, the Borrower shall purchase Government Obligations that mature and bear interest at times and in amounts sufficient, together with payments due on the Replacement Loan, to pay when due the principal and interest to become due on the Nonperforming Business Loan. Such Government Obligations shall be deposited in the Loan Repayment Investment Account.
- (ii) If the Borrower elects not to replace a Nonperforming Business Loan, the Borrower shall purchase Government Obligations that mature and bear interest at times and in amounts sufficient to pay when due the principal and interest to become due on the Nonperforming Business Loan. (This action shall be required only with respect to Nonperforming Business Loans that have not been replaced as provided under (i) above.) Such Government Obligations shall be deposited in the Loan Repayment Investment Account.
- (h) Paragraph 12 is amended by adding at the end thereof the following language:
 - "(g) The Secretary may complete the endorsement of the Business Notes and record the assignments referred to in paragraph 15(e), and thereby effectuate the

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.

transfer of the documents referenced and underlying indebtedness from the Borrower to the Secretary or the Secretary's assignee.

- "(h) The Secretary may exercise or enforce any and all other rights or remedies (including any and all rights and remedies available to a secured party under the Uniform Commercial Code) available by law or agreement (including any of the Security Documents, as defined in paragraph 15(d)) against the Borrower, against the Business Borrower, or against any other person or property."
- (i) (i) The Borrower acknowledges and agrees that the Secretary's guarantee of the Note is made in reliance upon the availability of grants pledged pursuant to paragraph 5(a) (individually, a "Pledged Grant" and, collectively, the "Pledged Grants") in any Federal fiscal year subsequent to the Federal fiscal year ending September 30, 2001 to: (i) pay when due the payments to become due on the Notes, or (ii) defease (or, if permitted, prepay) the outstanding Note. The Borrower further acknowledges and agrees that if the Secretary (in the Secretary's sole discretion) determines that Pledged Grants are unlikely to be available for either of such purposes, such determination shall be a permissible basis for any of the actions specified in paragraphs 15(ii) and (iii) below.
- (ii) Upon written notice from the Secretary to the Borrower at the address specified in paragraph 12(f) above that the Secretary (in the Secretary's sole discretion) has determined that Pledged Grants are unlikely to be available for either of the purposes specified in (i) and (ii) of paragraph 15(i) above (such notice being hereinafter referred to as the "Notice of Impaired Security"), the Secretary may limit the availability of Pledged Grants by withholding amounts at the time a Pledged Grant is approved or by disapproving payment requests submitted with respect to Pledged Grants.
- (iii) If after 60 days from the Notice of Impaired Security the Secretary (in the Secretary's sole discretion) determines that Pledged Grants are still unlikely to be available for either of the purposes specified in (i) and (ii) of paragraph 15(i) above, the Secretary may declare the Notes in Default (without additional notice or hearing, which Borrower hereby expressly waives) and exercise any and all remedies available under paragraph 12. This paragraph 15(i) shall not affect the right of the Secretary to declare

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.

the Note in Default pursuant to paragraph 11 and to exercise in connection therewith any and all remedies available under paragraph 12.

(iv) All notices and submissions provided for hereunder shall be submitted as directed in paragraph 12(f) above.

[Rest of Page Intentionally Left Blank]

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



IN WITNESS WHEREOF, the undersigned, as authorized officials on behalf of the Borrower or the Secretary, have executed this Contract for Loan Guarantee Assistance, which shall be effective as of the date of execution hereof on behalf of the Secretary.

ATTEST:

(Signature)

(Name)

(Title)

BORROWER

BY: _____
(Signature)

(Name)

(Title)

(Date)

SECRETARY OF HOUSING AND URBAN
DEVELOPMENT

BY: _____
(Signature)

(Name)

(Title)

(Date)

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

EXHIBIT D TO ORDINANCE

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
SECTION 108 LOAN GUARANTEE PROGRAM

VARIABLE/FIXED RATE NOTE

NOTE NUMBER:
BORROWER: Seattle, WA

DATE OF NOTE: _____
PRINCIPAL DUE DATES AND PRINCIPAL
AMOUNT: Before the Conversion Date, the
aggregate of Advances made for each
applicable Principal Due Date specified in the
Commitment Schedule to this Note; on or after
the Conversion Date, the Principal Amount (if
any) listed for each Principal Due Date in
Schedule P & I hereto.

MAXIMUM COMMITMENT
AMOUNT: \$15,500,000
COMMITMENT AMOUNTS: See
Commitment Schedule attached hereto

VARIABLE INTEREST RATE: As set forth below.

REGISTERED HOLDER: AFTERWATCH & CO
As Nominee for
Money Market Obligations Trust
on behalf of its Government Obligations Fund

- I. Terms Applicable Before the Conversion Date
 - A. Advances

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

For value received, the undersigned, the City of Seattle (the "Borrower", which term includes any successors and assigns), a public entity organized and existing under the laws of the State of (or Commonwealth were applicable) Washington promises to pay to the Registered Holder (the "Holder", which term includes any successors or assigns), at the time, in the manner, and with interest at the rate or rates hereinafter provided, such amounts as may be advanced under this Note from time to time by the Holder for disbursement to, or on behalf of, the Borrower (individually, an "Advance", and collectively, "Advances"). The Holder shall make Advances upon the written request of the Borrower and the approval of the Secretary of Housing and Urban Development or his designee (the "Secretary"), pursuant to the Contract for Loan Guarantee Assistance (as further defined in Section IV.A. of this Note, the "Contract"), and the Amended and Restated Master Fiscal Agency Agreement (the "Fiscal Agency Agreement") dated as of May 17, 2000, between The Chase Manhattan Bank (now known as JPMorgan Chase Bank), as Fiscal Agent (the "Fiscal Agent"), and the Secretary. The total amount of Advances made for each Principal Due Date under this Note shall not exceed the applicable Commitment Amount for such Principal Due Date set forth on the Commitment Schedule attached hereto. The aggregate of all Advances under this Note for all Principal Due Dates shall not exceed the Maximum Commitment Amount specified on the attached Commitment Schedule. The Fiscal Agent shall record the date and amount of all payments and Advances on this Note and maintain the books and records of all such Advances and Commitment Amounts for each corresponding Principal Due Date, and all payments. No Advances shall be made on this Note after its Conversion Date.

As used herein, "Conversion Date" means the date (if any) upon which this Note is (i) delivered by the Holder to the Fiscal Agent against payment therefor by the purchasers selected by the Secretary to make such payment; and (ii) assigned to JPMorgan Chase Bank (or any successor thereto) acting in its capacity as Trustee (the "Trustee") pursuant to a Trust Agreement between the Secretary and the Trustee, dated as of January 1, 1995, as such agreement may be amended or supplemented (the "Trust Agreement"). Upon the occurrence of both (i) and (ii) in the previous sentence, Section III of this Note applies, thereby converting this Note to a fixed rate obligation.

B. Variable Rate of Interest

From and including the date of each Advance to but excluding the earlier of (i) the Conversion Date, and (ii) the date of redemption or prepayment of such Advance pursuant to Section I.D. below (each such date of redemption or prepayment, a "Prepayment Date") interest shall be paid quarterly at a variable interest rate (as set forth below) on the unpaid principal balance of each Advance on the first day of each February, May, August and November (each, an "Interim Payment Date"), commencing on the first Interim Payment Date after the initial Advance is made under this Note. Interest also shall be paid on each applicable Conversion Date, Prepayment Date or Principal Due Date. The amount of interest payable on each Interim Payment Date will represent interest accrued during the three-month period ending immediately prior to such Interim Payment Date, or in the case of the first Interim Payment Date following

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



each Advance that is not made on an Interim Payment Date, the period from and including the date of such Advance to but excluding the first Interim Payment Date following such Advance. The amount of interest payable on this Note's Conversion Date, Prepayment Date, or on any Principal Due Date that precedes such Conversion Date will represent interest accrued during the period from the last Interim Payment Date to such Conversion Date, Prepayment Date, or Principal Due Date, respectively.

The initial variable interest rate for each Advance will be set on the date of such Advance and will be equal to 20 basis points (0.2%) above the Applicable LIBO Rate (as hereinafter defined) and thereafter will be adjusted monthly on the first day of each month (each, a "Reset Date") to a variable interest rate equal to 20 basis points (0.2%) above the Applicable LIBO Rate (such interest rate, as reset from time to time, the "Standard Note Rate"). If the Conversion Date for this Note has not occurred by the March 1 following the initial Advance under this Note, then the terms of Appendix A shall be used to set the variable interest rate. If the Fiscal Agent does not receive notice of either a Negotiated Special Interest Rate or Holder Determined Special Interest Rate (as defined in Appendix A attached hereto) from the Secretary or Holder, respectively, by the times specified in Appendix A to this Note, then the Standard Note Rate shall apply for the period to which such Negotiated Special Interest Rate or Holder Determined Special Interest Rate would otherwise apply. The Fiscal Agent may conclusively rely on any such notice as to the correctness of any matters set forth therein. Appendix A shall be inapplicable to this Note on or after the Conversion Date.

"LIBO Rate" for any given Business Day means, except in the case of manifest error, the interest rate per annum published on that day in the Eastern Edition of The Wall Street Journal or any successor publication ("WSJ"), published by Dow Jones & Company, Inc., in the section titled "Money Rates" (or any successor section) and opposite the caption "London Interbank Offered Rates (LIBOR) -- three months" (or any successor caption). If such rate does not appear in WSJ on a given Business Day, for each interest period, the LIBO Rate shall be the interest rate, converted to a bond-equivalent yield basis, for deposits in U.S. dollars for three months which appears on Telerate Page 3750 or such other page as may replace Page 3750 on that service or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying such rate (together, "Telerate Page 3750") as of 11:00 a.m., London time, on the day (the "Determination Date") that is two London Banking Days preceding the relevant Reset Date or Advance. If such rate does not appear on Telerate Page 3750 on such Determination Date, such rate shall be obtained from the Reuters Screen ISDA Page as of 11:00 a.m., London time, on such Determination Date. If, in turn, such rate does not appear on the Reuters Screen ISDA Page on such Determination Date, the offered quotation from each of four reference banks (expressed as a percentage per annum) as of approximately 11:00 a.m., London time, on such Determination Date for deposits in U.S. dollars to prime banks on the London interbank market for a 3-month period, commencing on the Reset Date or date of such Advance, shall be obtained. If at least two such quotations are provided, the LIBO Rate for such Reset Date or date of such Advance will be the arithmetic mean of the quotations, rounded to five decimal places. If fewer than two such quotations are provided as requested, the LIBO Rate for that

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

Determination Date shall be the rate for the most recent day preceding such Determination Date for which the LIBO Rate shall have been displayed on Telerate Page 3750. The LIBO Rate for any interest period shall be converted to a bond-equivalent yield basis by multiplying such rate by the actual number of days in such interest period and dividing that number by 180.

"Applicable LIBO Rate" means: (1) with respect to the initial interest rate for the first Advance hereunder, the LIBO Rate two London Banking Days before the date of such first Advance; (2) with respect to the initial interest rate for any subsequent Advance made before the first Reset Date, the interest rate borne by the first Advance; (3) with respect to the initial interest rate for any subsequent Advance made after the first Reset Date, the LIBO Rate two London Banking Days before the immediately preceding Reset Date; and (4) with respect to the subsequent interest rate at any Reset Date for any Advance, the LIBO Rate two London Banking Days before such Reset Date.

"London Banking Day" means any day in which dealings in deposits in United States dollars are transacted in the London interbank market. Interest payable on or before the Conversion Date shall be calculated on the basis of a 360-day year and the actual number of days lapsed.

C. Principal Amount

Prior to the Conversion Date, the aggregate amount of Advances under this Note for each specified Principal Due Date shall be the Principal Amount paid by the Borrower on such Principal Due Date (as assigned to such Advances by the Secretary's instructions to the Fiscal Agent in accordance with the Contract and the Fiscal Agency Agreement), except to the extent such Principal Amount shall have been reduced by redemption before such Principal Due Date as provided below.

D. Redemption before Conversion Date

At any time on or before the Conversion Date, the Borrower, with the consent of the Secretary, may redeem this Note, in whole or in part, upon fourteen calendar days notice to the Fiscal Agent and the Secretary, at the purchase price of one hundred percent (100%) of the unpaid Principal Amount to be redeemed, plus accrued interest thereon to the date of redemption. Partial redemptions shall be credited against the applicable Principal Amount(s). The related Commitment Amounts and the Maximum Commitment Amount shall be adjusted concurrently with any such redemptions in accordance with the Secretary's instructions to the Fiscal Agent pursuant to the Contract and the Fiscal Agency Agreement.

II. Conversion

The following events shall occur on the Conversion Date:

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

A. Schedule P&I

On the Conversion Date all Advances owed by the Borrower under this Note with the same Principal Due Date shall be aggregated into a single Principal Amount which will accrue interest at the fixed rate applicable to such Principal Due Date. Such Principal Amount may be adjusted by the Fiscal Agent in accordance with the following paragraph or paragraph IV.H, as applicable. Whether or not adjusted, each Principal Amount, the fixed rate applicable to each Principal Amount, and the applicable Principal Due Date, shall be listed by the Secretary in Schedule P&I. Schedule P&I will be provided by the Secretary to the Fiscal Agent and attached to this Note by the Fiscal Agent upon the Fiscal Agent's receipt of this Note on the Conversion Date.

B. Conversion Date Advances

If, on or prior to the Conversion Date, the Borrower has not utilized the entire Commitment Amount indicated on the Commitment Schedule attached hereto for a given Principal Due Date, the Borrower may, in accordance with the Fiscal Agency Agreement and the Contract, and with the approval of the Secretary, utilize such Commitment Amount on the Conversion Date to obtain a Conversion Date Advance. A "Conversion Date Advance" shall mean any amount by which the Secretary instructs the Fiscal Agent to increase a Principal Amount on Schedule P&I for a given Principal Due Date, effective as of the Conversion Date of this Note. Conversion Date Advances shall be funded by the sale of this Note to the purchaser selected by the Secretary. The proceeds of a Conversion Date Advance (net of any applicable fees) shall be distributed to or on behalf of the Borrower on the Conversion Date. The total amount of Conversion Date Advances hereunder shall not exceed the sum of any unused Commitment Amounts for all Principal Due Dates.

III. Terms Applicable Upon Conversion

The following terms shall apply to this Note from the Conversion Date (if any) until this Note is canceled, or matured and paid in full:

Commencing on the Conversion Date, the Borrower promises to pay to the Holder on the applicable Principal Due Date each Principal Amount set forth on the attached Schedule P&I, together with interest on each such Principal Amount at the rate applicable thereto specified on the Schedule P&I. Interest shall be calculated and payments shall be made in the manner set forth below.

Interest on each scheduled Principal Amount of this Note due as of a given date specified on Schedule P&I hereto shall accrue at the related per annum rate specified on Schedule P&I from (and including) the Conversion Date to (but excluding) such Principal Due Date or, if applicable, to the applicable Interest Due Date on which an Optional Redemption (as defined below) occurs. Each interest amount accrued on each unpaid Principal Amount of this Note shall be due semiannually as of February 1 and August 1 of each year (each such February 1 and

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

August 1, an "Interest Due Date") commencing on the first such date after the Conversion Date, until each Principal Amount listed on Schedule P&I to this Note is paid in full. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Certain Principal Amounts that are indicated as being eligible for Optional Redemption on Schedule P&I may be paid, in whole or in part, at the option of the Borrower as of any Interest Due Date on or after the date specified in such schedule (an "Optional Redemption"). In order to elect an Optional Redemption of such a Principal Amount, the Borrower shall give notice of its intention to prepay a Principal Amount to the Trustee and the Secretary not less than 60 days and not more than 90 days prior to the Interest Due Date as of which the Borrower intends to prepay the Principal Amount. The Trustee shall apply any payments received in respect of Optional Redemptions in accordance with written instructions of the Borrower, as approved by the Secretary. Principal Amounts that are not indicated as being eligible for Optional Redemption on Schedule P&I may not be prepaid.

IV. General Terms

A. Additional Definitions

For purposes of this Note, the following terms shall be defined as follows:

"Business Day" shall mean a day on which banking institutions in New York City are not required or authorized to remain closed and on which the Federal Reserve Bank and the New York Stock Exchange are not closed. If any payment (including a payment by the Secretary) is required to be made on a day that is not a Business Day, then payment shall be made on the next Business Day.

"Contract" shall mean the Contract for Loan Guarantee Assistance, and any amendments thereto, among the Secretary and the Borrower, the designated public entity named therein (if applicable), and the State named therein (if applicable), that refers to and incorporates this Note by the number hereof.

"Principal Amount" shall mean: (i) before the Conversion Date for this Note, the aggregate amount of Advances made for each Principal Due Date specified in the Commitment Schedule attached to this Note, less the amount of any redemptions pursuant to Section I.D. hereof, and any principal repayment; and (ii) on or after the Conversion Date, the principal amount (if any) stated for each Principal Due Date in Schedule P&I attached hereto, less the amount of any principal repayment and any Optional Redemptions made pursuant to Section III hereof and the Trust Agreement.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

B. Timely Payment to Fiscal Agent or Trustee

Notwithstanding anything contained in Section I, Section II, or Section III, the Borrower, in accordance with the Contract, shall be required to make all payments of interest and principal, including any Optional Redemption payment, directly to the Fiscal Agent or the Trustee (as applicable) on the seventh Business Day prior to the appropriate Interim Payment Date, Interest Due Date, Principal Due Date, Prepayment Date, or date of Optional Redemption, as applicable.

C. Interest on Late Payments

If a payment of principal or interest herein provided for shall not be made by either (i) 2:30 p.m. on an Interest Due Date or Principal Due Date; or (ii) 2:30 p.m. on the second Business Day (as herein defined) next succeeding an Interim Payment Date, then interest shall accrue on the amount of such payment at the then applicable interest rate or rates payable on this Note, from the relevant due date, as the case may be, until the date such payment is made. Nothing in the immediately preceding sentence shall be construed as permitting or implying that the Borrower may, without the written consent of the Holder and the Secretary, modify, extend, alter or affect in any manner whatsoever the right of the Holder timely to receive any and all payments of principal and interest specified in this Note.

D. Applicability of Fiscal Agency Agreement or Trust Agreement

Prior to the Conversion Date, this Note and Advances and payments made hereunder shall be administered pursuant to the terms of the Fiscal Agency Agreement and are subject to such agreement. On or after the Conversion Date, this Note and Advances and payments made hereunder shall be administered pursuant to the Trust Agreement and are subject to such agreement. The terms and provisions of the Fiscal Agency Agreement or the Trust Agreement, insofar as they affect the rights, duties and obligations of the Holder and/or the Borrower, are hereby incorporated herein and form a part of this Note. The Borrower hereby agrees to be bound by all obligations of the Borrower to the Fiscal Agent set forth in the Fiscal Agency Agreement. Capitalized terms not defined in this Note shall have the meanings ascribed to them in the Fiscal Agency Agreement or Trust Agreement, as applicable. The Fiscal Agency Agreement provides for the Fiscal Agent to perform certain duties, including the duties of (i) paying agent and calculation agent for this Note until its Conversion Date, and (ii) registrar for this Note until this Note is canceled or a new registrar appointed, each in accordance with the Fiscal Agency Agreement. The Trust Agreement provides for the Trustee to perform certain duties, including the duties of collection agent for this Note after its Conversion Date until a new Trustee is appointed in accordance with the Trust Agreement. This Note may be surrendered to the Fiscal Agent for registration of transfer or exchange, as provided in the Fiscal Agency Agreement. The Fiscal Agent and Trustee each shall permit reasonable inspection to be made of a copy of the Fiscal Agency Agreement or Trust Agreement kept on file at its respective corporate trust office. Neither the Fiscal Agency Agreement nor the Trust Agreement shall change the Borrower's payment obligations under this Note.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

E. Applicability of Contract and Secretary's Guarantee

This Note evidences indebtedness incurred pursuant to and in accordance with the Contract and pursuant to Section 108 of Title I of the Housing and Community Development Act of 1974, as amended (42 U.S.C. § 5308) (the "HCD Act"). This Note is subject to the terms and provisions of the Contract, to which Contract reference is hereby made for a statement of said terms and provisions and for a description of the collateral security for this Note. The payment of principal on the applicable Principal Due Dates and interest on the applicable Interim Payment Dates or Interest Due Dates under this Note is unconditionally guaranteed by the Secretary to the Holder through a guarantee (the "Guarantee"). Execution of the Secretary's Guarantee is required before this Note is effective, and such Guarantee shall be issued pursuant to and in accordance with the terms of the Contract and Section 108 of the HCD Act.

F. Default

A default under this Note shall occur upon failure by the Borrower to pay principal or interest on this Note when due hereunder. If a Borrower defaults on the payment of any interest or Principal Amounts when due, or if the Secretary gives notice of a final decision to declare the Borrower in default pursuant to the following paragraph of this Section IV.F., the Secretary may, but is not obligated to, make on any date on or prior to the Conversion Date with fourteen calendar days prior notice to the Fiscal Agent, or on the seventh Business Day preceding any Interest Due Date on or after the first permissible Optional Redemption date with seven Business Days prior notice to the Trustee, an acceleration payment to the Fiscal Agent or the Trustee, as applicable, equal to the Aggregate Principal Amount of the Note, together with accrued and unpaid interest thereon to such acceleration payment date or Interest Due Date, as applicable. In the event that any such acceleration payment is made from sources other than funds pledged by the Borrower as security under the Contract (or other Borrower funds), the amounts paid on behalf of the Borrower shall be deemed to be immediately due and payable to the Secretary. Nothing in this paragraph shall be construed as permitting or implying that the Borrower may, without the written consent of the Holder and the Secretary, modify, extend, alter or affect in any manner whatsoever the right of the Holder timely to receive any and all payments of principal and interest specified in this Note.

In addition, the Secretary may declare the Borrower in default under this Note if the Secretary makes a final decision in accordance with the provisions of 24 C.F.R. § 570.913 (or any successor regulation thereof), including requirements for reasonable notice and opportunity for hearing, that the Borrower has failed to comply substantially with Title I of the HCD Act. Following the giving of such reasonable notice, the Secretary may take the remedial actions specified as available in the relevant provisions of the Contract pending the Secretary's final decision.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

G. Holder's Reliance on Guarantee

Following a default by the Borrower under the terms of this Note, the Holder agrees to rely wholly and exclusively for repayment of this Note upon the Guarantee. The enforcement of any instruments or agreements securing or otherwise related to this Note shall be the sole responsibility of the Secretary, and the Holder shall not be responsible for the preparation, contents or administration of such instruments and agreements, or for any actions taken in connection with such instruments and agreement. The Holder, to the extent it is legally able to do so, shall bind or cause to be bound its successors and assigns to all limitations imposed upon the Holder by this Note.

H. Amendment

This Note may only be amended with the prior written consent of the Secretary and the Borrower. No such amendment shall reduce, without the prior written consent of the Holder of this Note, in any manner the amount of, or delay the timing of, payments required to be received on this Note by the Holder, Fiscal Agent or Trustee, including Guarantee Payments; provided that prior to the Conversion Date, the Commitment Amounts on the Commitment Schedule attached hereto, and the Principal Amounts due on the corresponding Principal Due Dates may be rescheduled pursuant to written instructions given to the Fiscal Agent by the Secretary with the written agreement of the Borrower and the Secretary absent the consent of the Holder.

I. Waivers

The Borrower hereby waives any requirement for presentment, protest or other demand or notice with respect to this Note. The Borrower hereby waives notice of default and opportunity for hearing for any failure to make a payment when due.

J. Delivery and Effective Date

This Note is deemed issued, executed, and delivered on behalf of the Borrower by its authorized official as an obligation guaranteed by the Secretary pursuant to Section 108 of the HCD Act, effective as of the date of the Secretary's Guarantee.

V. Borrower-Specific Provisions

IN ACCORDANCE WITH RCW 35.21.735, THIS NOTE SHALL BE REPAYED SOLELY FROM ONE OR MORE SPECIAL FUNDS HELD BY ONE OR MORE CUSTODIANS APPOINTED PURSUANT TO SUCH STATUTE AND FROM THE SECURITY PLEDGED UNDER THE CONTRACT. THIS NOTE IS NOT AN OBLIGATION OF THE CITY OF SEATTLE OR THE STATE OF WASHINGTON, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY MUNICIPAL CORPORATION OR SUBDIVISION OF THE STATE, OR ANY AGENCY OF ANY OF THE FOREGOING, IS PLEDGED TO THE PAYMENT OF PRINCIPAL, INTEREST, OR PREMIUM, IF ANY, ON

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



THIS NOTE. NOTHING HEREIN SHALL CONSTITUTE A DEBT OR INDEBTEDNESS OF THE BORROWER PAYABLE FROM PUBLIC FUNDS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION ON THE INCURRING OF DEBT. ANY OBLIGATIONS OF BORROWER UNDER DOCUMENTS INCORPORATED HEREIN ARE SUBJECT TO THE LIMITATION OF LIABILITY SET FORTH IN THE CONTRACT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



IN WITNESS WHEREOF, the undersigned, as an authorized official of the Borrower,
has executed and delivered this Note.

BORROWER

By: _____
(Signature)

(Name)

(Title)

ATTEST: _____
(Signature)

(Name)

(Title)

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

ASSIGNMENT AND TRANSFER

For value received, the undersigned assigns and transfers this Note to

(Name and Address of Assignee)

(Social Security or Other Identifying Number of Assignee)

and irrevocably appoints _____
attorney-in-fact to transfer it on the books kept for registration of the Note, with full power of
substitution.

Dated: _____

Note: The signature to this assignment
must correspond with the name as written on
the face of the Note without alteration or
enlargement or other change.

Signature Guaranteed:

Qualified Financial Institution

By: _____
Authorized Signature

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

APPENDIX A

Special Pre-Conversion Interest Rates.

- (a) The Holder and the Secretary contemplate that the majority of the outstanding Variable/Fixed Rate Notes will be purchased by underwriters selected by the Secretary for sale in public offerings to occur each year. If a public offering including this Note has not occurred by each March 1 following the initial Advance under this Note, the Secretary shall, upon request, advise the Holder as to when a public offering including this Note is expected to occur, and the Holder and the Secretary agree to consult with each other as to what the interest rate on this Note will be after May 1 of that year if a public offering has not occurred by such May 1. The Holder shall notify the Secretary if such consultation has not occurred by April 1 of that year. If no public offering including this Note has occurred on or before such May 1, the applicable interest rate on this Note from such May 1 shall be the rate (if any) negotiated and agreed upon by the Secretary and the Holder. Such rate may be the Standard Note Rate or some other rate agreed upon by the Holder and the Secretary at least two Business Days before such May 1 (such other rate, the "Negotiated Special Interest Rate"). The Secretary shall notify the Fiscal Agent and the Holder in writing of any Negotiated Special Interest Rate within two Business Days of the determination thereof.
- (b) If the Secretary and the Holder do not, by the April 15th preceding such May 1, negotiate and agree under Section (a) of this Appendix on an interest rate applicable to this Note, then the Holder may, on or before the April 20th preceding such May 1, give written notice to the Secretary of its intent to change the interest rate on this Note and, if such notice was given during such period, the Holder may, on such May 1, unilaterally determine (subject to the terms of this paragraph) the interest rate that this Note will bear (such rate, the "Holder Determined Interest Rate") from and including such May 1 to but excluding the earliest of: (i) the Conversion Date; (ii) the date that this Note is purchased by a new Holder (as described in Section (c) below) or (iii) a Monthly Special Reset Date (as defined below). Interest from and including such May 1 to but excluding the Public Offering Date shall be paid on the unpaid principal balance of all outstanding Advances under this Note at the rate(s) to be determined by the Holder which, based upon then prevailing market conditions and taking into account all the circumstances, will enable the Holder to sell this Note at one hundred percent (100%) of the aggregate amount of all Advances hereunder prior to the date of such sale. Such interest rate shall be determined as of such May 1 and shall be determined again on the foregoing basis on the first of each month thereafter (the first of each month after such May 1, a "Monthly Special Reset Date"). The Holder shall notify the Fiscal Agent and the Secretary in writing within two Business Days following such dates of the determination of the Holder

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

Determined Interest Rate and each applicable interest rate determined on a Monthly Special Reset Date.

- (c) If the Secretary and the Holder have failed to agree upon an interest rate pursuant to Section (a) of this Appendix A, the Secretary, upon seven calendar days notice to the Holder, may arrange for the purchase of this Note in full by another entity on the following May 1 or any Business Day thereafter. If such a purchase occurs, the Holder shall sell and assign this Note to the purchaser thereof without recourse to the Holder and deliver this Note and its Guarantee to the Fiscal Agent for registration in the name of the purchaser thereof in accordance with the Secretary's written instructions. The purchase price for this Note shall be 100% of the aggregate amount of all Advances owing hereunder plus accrued interest to the date of purchase. Payment to the Holder of the purchase price for this Note shall be made by the purchaser thereof in Federal funds at the offices of the Holder, or at such other place as shall be agreed upon by the Holder and the Secretary, at 10:00 a.m., New York time, on the date of purchase. After such purchase date this Note shall bear a rate of interest negotiated between the Secretary and the new interim Holder (the "New Purchaser Special Interest Rate"). The Secretary shall notify the Fiscal Agent and the new purchaser in writing of any New Purchaser Special Interest Rate within two Business Days following the date of determination thereof.
- (d) Notwithstanding Sections (a) through (c) (inclusive) of this Appendix, no Borrower is obligated to pay interest at a variable rate exceeding the maximum rate permitted by generally applicable law of the Borrower's state (such rate, the "Maximum Rate"). If the Borrower receives notice of a variable interest payment that exceeds the Maximum Rate, then the Borrower shall timely pay such amount as does not exceed the Maximum Rate, and concurrently shall notify the Secretary and the Fiscal Agent of the reason for any interest non-payment.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.



COMMITMENT SCHEDULE

Note No. B-01-MC-53-0005

<u>Principal Due Date</u>	<u>Commitment Amount</u>
August 1, 2003	\$0
August 1, 2004	\$0
August 1, 2005	\$280,000
August 1, 2006	\$310,000
August 1, 2007	\$345,000
August 1, 2008	\$380,000
August 1, 2009	\$435,000
August 1, 2010	\$500,000
August 1, 2011	\$560,000
August 1, 2012	\$635,000
August 1, 2013	\$715,000
August 1, 2014	\$820,000
August 1, 2015	\$915,000
August 1, 2016	\$1,045,000
August 1, 2017	\$1,160,000
August 1, 2018	\$1,260,000
August 1, 2019	\$1,350,000
August 1, 2020	\$1,460,000
August 1, 2021	\$1,580,000
August 1, 2022	\$1,750,000
Maximum Commitment Amount	\$15,500,000

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



SCHEDULE P&I

Note No. Note No. B-01-MC-53-0005

Principal Amount	Principal Due Date	Interest Rate	Optional Redemption Available	
			YES	NO
\$	August 1, 2003			X
	August 1, 2004			X
	August 1, 2005			X
	August 1, 2006			X
	August 1, 2007			X
	August 1, 2008			X
	August 1, 2009			X
	August 1, 2010			X
	August 1, 2011			X
	August 1, 2012			X
	August 1, 2013		X	
	August 1, 2014		X	
	August 1, 2015		X	
	August 1, 2016		X	
	August 1, 2017		X	
	August 1, 2018		X	
	August 1, 2019		X	
	August 1, 2020		X	
	August 1, 2021		X	
	August 1, 2022		X	
\$	= Aggregate Principal Amount			

Principal Amounts for which Optional Redemption is available may be redeemed, subject to the terms contained herein and in the Trust Agreement, on any Interest Due Date on or after August 1, 2011.



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

EXHIBIT E TO ORDINANCE

Project Description

1. 211 First Avenue

Obligor 211 First Avenue Building, L.P., a Washington limited partnership controlled by John A. Goodman, has a ground lease on property located at 211 First Avenue, in the Pioneer Square neighborhood. This Obligor now seeks to acquire the ownership interest and rehabilitate the property. The property consists of a three-story plus basement, masonry brick and wood frame building, originally constructed in 1900. The building has a gross building area of 13,620 square feet and rentable area of 11,603 square feet.

The building suffered extensive damage from the February 28, 2001 Nisqually Earthquake and is in need of immediate rehabilitation. Renovation costs including related soft costs totals \$810,000. The purchase price of the subject property is \$1,180,000. Borrower requests Section 108 loan funds in the principal amount of \$1,592,000 to finance acquisition and rehabilitation costs.

The loan terms generally will be as follows (exact terms will be in the definitive loan documents): The loan initially will be made on a floating rate, which will be converted to a fixed rate when the City Note is included in a public offering arranged by HUD ("Conversion Date"). Prior to the Conversion Date (if any) under the HUD Contract, interest on the loan will be the greater of 4% per annum or the applicable floating rate under the City Note, currently expected to be 20 basis points above the London Interbank Offered Rate (LIBOR) -- three months ("LIBOR Rate") as adjusted monthly. From and after the Conversion Date, the rates applicable to each installment of principal owed by Obligor shall bear interest at the same rate as the installment of principal on the City Note that is due in the same year but with a 4% floor on the blended rate. Nonetheless, the City will attempt to provide for an effective interest rate to the Obligor of 4% to the extent possible. To the extent that the initial floating rate, or the blended rate on all installments after the Conversion Date, rises above the target rate of 4%, the Custodian will apply BEDI Grant Funds, in the cumulative amount of up to \$179,742, as a grant to Obligor in each payment period to stabilize the rate of interest actually paid by Obligor at the target rate. In addition, if Obligor shall pay any interest at a rate higher than paid by on the City Note during the same period (i.e., the City Note rate was less than 4%), the difference shall be accumulated by the Custodian for use in the same manner as the BEDI funds.

Obligor will make principal payments on the loan according to the following schedule:

<u>Date of principal payment</u>	<u>Amount</u>
August 1, 2003	\$0 (interest only)
August 1, 2004	\$0 (interest only)
August 1, 2005	\$12,000

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

August 1, 2006	\$18,000
August 1, 2007	\$24,000
August 1, 2008	\$30,000
August 1, 2009	\$36,000
August 1, 2010	\$42,000
August 1, 2011	\$48,000
August 1, 2012	\$54,000
August 1, 2013	\$60,000
August 1, 2014	\$84,000
August 1, 2015	\$102,000
August 1, 2016	\$126,000
August 1, 2017	\$144,000
August 1, 2018	\$150,000
August 1, 2019	\$150,000
August 1, 2020	\$160,000
August 1, 2021	\$170,000
August 1, 2022	\$182,000
Total:	\$1,592,000

Security for the loan will be from two sources. The City will take a first position lien on the property. Also, the City will obtain an unconditional guaranty of payment and performance of the loan from John A. Goodman.

Acquisition will be completed in September 2002. Rehabilitation of the building will commence in September 2002 and will be completed in January 2003.

As a result of the loan, the project will create 46 new jobs for low and moderate income individuals.

2. Buttnick Building – 200-204 First Avenue

Obligor Buttnick Building L.P., a Washington limited partnership controlled by John A. Goodman, has a ground lease on property located at 200-204 First Avenue, in the Pioneer Square neighborhood. This Obligor now seeks to acquire the ownership interest and rehabilitate the property. The property consists of a three-story plus basement, masonry brick and wood frame building, originally constructed in 1909. The building has a gross building area of 29,328 square feet and rentable area of 25,600 square feet.

The building suffered extensive damage from the February 28, 2001 Nisqually Earthquake and is in need of immediate rehabilitation. Renovation costs including related soft costs totals \$1,740,00. The purchase price of the subject property is \$2,780,000. Borrower requests Section 108 loan funds in the principal amount of \$3,616,000 to finance acquisition and rehabilitation costs.

The loan terms generally will be as follows (exact terms will be in the definitive loan documents): The loan initially will be made on a floating rate, which will be converted to a fixed rate when the City Note is included in a public offering arranged by HUD ("Conversion Date"). Prior to the Conversion Date (if any) under the HUD

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

Contract, interest on the loan will be the greater of 4% per annum or the applicable floating rate under the City Note, currently expected to be 20 basis points above the London Interbank Offered Rate (LIBOR) -- three months ("LIBOR Rate") as adjusted monthly. From and after the Conversion Date, the rates applicable to each installment of principal owed by Obligor shall bear interest at the same rate as the installment of principal on the City Note that is due in the same year but with a 4% floor on the blended rate. Nonetheless, the City will attempt to provide for an effective interest rate to the Obligor of 4% to the extent possible. To the extent that the initial floating rate, or the blended rate on all installments after the Conversion Date, rises above the target rate of 4%, the Custodian will apply BEDI Grant Funds, in the cumulative amount of up to \$408,258, as a grant to Obligor in each payment period to stabilize the rate of interest actually paid by Obligor at the target rate. In addition, if Obligor shall pay any interest at a rate higher than paid by on the City Note during the same period (i.e., the City Note rate was less than 4%), the difference shall be accumulated by the Custodian for use in the same manner as the BEDI funds.

Obligor will make principal payments on the loan according to the following schedule:

<u>Date of principal payment</u>	<u>Amount</u>
August 1, 2003	\$0 (interest only)
August 1, 2004	\$0 (interest only)
August 1, 2005	\$12,000
August 1, 2006	\$18,000
August 1, 2007	\$24,000
August 1, 2008	\$30,000
August 1, 2009	\$54,000
August 1, 2010	\$78,000
August 1, 2011	\$102,000
August 1, 2012	\$126,000
August 1, 2013	\$156,000
August 1, 2014	\$186,000
August 1, 2015	\$216,000
August 1, 2016	\$246,000
August 1, 2017	\$282,000
August 1, 2018	\$318,000
August 1, 2019	\$354,000
August 1, 2020	\$402,000
August 1, 2021	\$450,000
August 1, 2022	<u>\$562,000</u>
Total:	\$3,616,000

Security for the loan will be from two sources. The City will take a first position lien on the property. Also, the City will obtain an unconditional guaranty of payment and performance of the loan from John A. Goodman.

Acquisition will be completed in September 2002. Rehabilitation of the building will commence in September 2002 and will be completed in January 2003.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

As a result of the loan, the project will create 81 new jobs for low and moderate income individuals.

3. City Loan Building - 206 First Avenue

Obligor Triad City Loan L.L.C., a Washington limited liability company controlled by John A. Goodman, has a ground lease on property located at 206 First Avenue, in the Pioneer Square neighborhood. This Obligor now seeks to acquire the ownership interest and rehabilitate the property. The property consists of a five-story plus basement, masonry brick and wood frame building, originally constructed in 1903. The building has a gross building area of 22,355 square feet and rentable area of 20,170 square feet.

The building suffered extensive damage from the February 28, 2001 Nisqually Earthquake and is in need of immediate rehabilitation. Renovation costs including related soft costs totals \$1,980,000. The purchase price of the subject property is \$1,499,000. Borrower requests Section 108 loan funds in the principal amount of \$2,808,000 to finance acquisition and rehabilitation costs.

The loan terms generally will be as follows (exact terms will be in the definitive loan documents): The loan initially will be made on a floating rate, which will be converted to a fixed rate when the City Note is included in a public offering arranged by HUD ("Conversion Date"). Prior to the Conversion Date (if any) under the HUD Contract, interest on the loan will be the greater of 4% per annum or the applicable floating rate under the City Note, currently expected to be 20 basis points above the London Interbank Offered Rate (LIBOR) - three months ("LIBOR Rate") as adjusted monthly. From and after the Conversion Date, the rates applicable to each installment of principal owed by Obligor shall bear interest at the same rate as the installment of principal on the City Note that is due in the same year but with a 4% floor on the blended rate. Nonetheless, the City will attempt to provide for an effective interest rate to the Obligor of 4% to the extent possible. To the extent that the initial floating rate, or the blended rate on all installments after the Conversion Date, rises above the target rate of 4%, the Custodian will apply BEDI Grant Funds, in the cumulative amount of up to \$317,032, as a grant to Obligor in each payment period to stabilize the rate of interest actually paid by Obligor at the target rate. In addition, if Obligor shall pay any interest at a rate higher than paid by on the City Note during the same period (i.e., the City Note rate was less than 4%), the difference shall be accumulated by the Custodian for use in the same manner as the BEDI funds.

Obligor will make principal payments on the loan according to the following schedule:

<u>Date of principal payment</u>	<u>Amount</u>
August 1, 2003	\$0 (interest only)
August 1, 2004	\$0 (interest only)
August 1, 2005	\$12,000



August 1, 2006	\$18,000
August 1, 2007	\$24,000
August 1, 2008	\$30,000
August 1, 2009	\$42,000
August 1, 2010	\$54,000
August 1, 2011	\$66,000
August 1, 2012	\$90,000
August 1, 2013	\$114,000
August 1, 2014	\$138,000
August 1, 2015	\$162,000
August 1, 2016	\$214,000
August 1, 2017	\$246,000
August 1, 2018	\$270,000
August 1, 2019	\$294,000
August 1, 2020	\$318,000
August 1, 2021	\$342,000
August 1, 2022	<u>\$374,000</u>
Total:	\$2,808,000

Security for the loan will be from two sources. The City will take a first position lien on the property. Also, the City will obtain an unconditional guaranty of payment and performance of the loan from John A. Goodman.

Acquisition will be completed in September 2002. Rehabilitation of the building will commence in September 2002 and will be completed in January 2003.

As a result of the loan, the project will create 66 new jobs for low and moderate income individuals.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



EXHIBIT F TO ORDINANCE

LOAN AGREEMENT

between

and

THE CITY OF SEATTLE

**NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.**



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

LOAN AGREEMENT

THIS LOAN AGREEMENT (as supplemented or amended from time to time, and including all documents and terms incorporated herein by reference, the "Agreement"), dated as of _____, 2002, is entered into by and between _____, a Washington _____, hereinafter called "Obligor" and THE CITY OF SEATTLE, a Washington municipal corporation, hereinafter called "City" or "the City."

RECITALS

This Agreement is entered into upon the basis of the following facts and circumstances:

A. Obligor is the purchaser of the real property described in Attachment A, attached hereto and made a part hereof by this reference (the "Property"). Obligor intends to rehabilitate the Property (the "Renovation") in accordance with plans described in Attachment B, attached hereto and incorporated herein by this reference. The Obligor's acquisition of the Property and its Renovation, together constitute the rehabilitation project to be funded, in part, with proceeds of the Loan (defined in Section 1.1 below) to be made pursuant to this Agreement, and are referred to herein collectively as the "Project."

B. City has applied for and received a commitment from the United States Department of Housing and Urban Development ("HUD") to guarantee a non-recourse note or notes (as supplemented or amended from time to time, and together with any replacements thereof issued by the City and guaranteed by HUD pursuant to the HUD Contract described below, the "City Note") to be issued by City to fund the Loan, in accordance with Section 108 of the Housing and Community Development Act of 1974, as amended (such Act and the federal regulations promulgated thereunder are hereinafter collectively called the "Act"). The City Note is the subject of a Contract for Loan Guarantee Assistance between the City and HUD (as supplemented or amended from time to time, the "HUD Contract") and certain Letter Agreements for Section 108 Guarantee Program Custodial Account (as supplemented or amended from time to time, the "Letter Agreements") among the City, HUD and JPMorgan Chase Bank (hereinafter referred to, with any successors under such agreement or successor agreement, as "Custodian"). City has also entered into an Indenture of Trust and Custodial Agreement with the Custodian (as supplemented or amended from time to time, together with any substitute therefor in accordance with Section 7.2 below, the "Custodial Agreement"), which provides for, among other things, the Custodian to hold certain security for the City Note on behalf of HUD and for the establishment and management of certain accounts pursuant to the HUD Contract and Letter Agreements. The HUD Contract is entered into pursuant to an application submitted to HUD by the City dated June 18, 2002, a copy of which Obligor has received and reviewed (as supplemented or amended from time to time, the "Application"). The Application, HUD Contract, Letter Agreements and Custodial Agreement are incorporated herein by this reference. Unless the context otherwise provides, capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the HUD Contract or City Note, as applicable.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

C. The Office of Economic Development of the City ("OED") is responsible within The City of Seattle for making, subject to City Council approval, loans of funds obtained from HUD by pledges of Community Development Block Grant ("CDBG") funds to be made available to the City by HUD, pursuant to the Act. Unless the City otherwise notifies Obligor, in writing, the OED shall be responsible for performance of the obligations of the City under this Agreement and the other Loan Documents, and for oversight of performance of such agreements by Obligor, and references hereinafter made to the City shall be deemed to mean the City, acting through OED.

D. The Loan shall be evidenced by this Agreement and by Obligor's Promissory Note ("Obligor Note") in the form attached hereto as Attachment C and hereby incorporated by reference, and together with Obligor's other obligations under the Loan Documents, secured by a Deed of Trust, Assignment of Leases and Rents and Security Agreement with Fixture Filing in the form and content acceptable to the City (as supplemented or amended from time to time, and together with any other assignments of leases, tenant estoppels, subordination and attornment agreements delivered in accordance with this Agreement, the "Deed of Trust") on the Property, dated on or about the date hereof. The Obligor Note, this Agreement (including the Construction Disbursement Agreement between the City and Obligor, in form and content acceptable to the City (as supplemented or amended from time to time, the "Construction Disbursement Agreement"), the Deed of Trust, and any other documents or instruments executed by Obligor in favor of City pursuant hereto with the sole exception of the Certificate and Indemnity (defined in Section 3.1 of this Agreement), are collectively referred to herein as the "Loan Documents". Where the context so requires, to the extent that the Loan Documents provide that Obligor's obligations or duties thereunder are determined by reference to any terms or provisions of documents incorporated by reference in any of the Loan Documents, any reference to the "Loan Documents" shall include such terms or provisions.

E. The Obligor's obligations under this Agreement, the other Loan Documents and the Certificate and Indemnity shall be further secured by the assignment of certain additional collateral as required by HUD and security interests in certain Reserves.

F. Obligor's obligations under this Agreement, the other Loan Documents and under the Certificate and Indemnity shall be unconditionally guaranteed under a Guaranty (defined in Section 1.4(b) of this Agreement), executed by the Guarantor thereunder and delivered to the City as a material inducement to the City's agreement to make the Loan in accordance with this Agreement.¹

G. In order to stabilize to the extent feasible, Obligor's interest obligation with respect to the Loan at a rate equal to _____ percent (____%) per annum, the City has transferred funds in the maximum aggregate amount of _____ Dollars (\$_____), derived solely from a BEDI Grant made by HUD for such purposes, to the Custodian, for deposit into the Loan Payment Reserve Account, to be used as an interest subsidy on the Loan from time to time.]

¹ All bracketed provisions will be included only if applicable to the particular transaction

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT, ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

NOW, THEREFORE, in consideration of the foregoing Recitals and the covenants, conditions, representations and warranties contained herein, the parties hereto agree as follows:

ARTICLE I - THE LOAN

1.1 The Loan. In reliance upon Obligor's representations and warranties, and subject to the terms and conditions contained in this Agreement, the other Loan Documents (including without limitation, the HUD Contract, the Letter Agreements and the Custodial Agreement), and the Certificate and Indemnity, the City hereby agrees to cause funds to be advanced to Obligor through the Custodian (which advances collectively shall constitute the "Loan") in a maximum aggregate principal amount equal to _____ Dollars (\$ _____), solely for the purposes set forth in Section 1.2 below. Loan disbursements shall be made only to the extent of available funds received by the Custodian for such purposes through issuance by the City of the City Note, [and except with respect to the payment of interest from BDI Grant funds allocated for such purpose as more particularly described in Section 4.6(b) of this Agreement and the Custodial Agreement], the City shall have no obligation to make disbursements to or for the benefit of Obligor for the Project or otherwise, from any other source. Obligor shall have the right to receive Loan funds only pursuant to the terms and conditions of this Agreement and in accordance with the Act.

1.2 Purpose of Loan. Loan proceeds shall be used by Obligor solely for the costs of the Project and related financing costs in accordance with this Agreement.

1.3 Loan Documentation; Interest. The Loan shall be evidenced by this Agreement and by the Obligor Note, and together with Obligor's other obligations under the Loan Documents (but not the Certificate and Indemnity, shall be secured by the Deed of Trust. The principal of and interest on this Loan shall be due and payable in accordance with the terms set forth in the Obligor Note. Obligor acknowledges that as provided in the Obligor Note, interest shall accrue on each advance of Loan funds from the date of the correlative Advance under the City Note until repayment in full, at a rate or rates equal to the correlative interest rate or rates on the City Note, as the same may change from time to time under the terms of the City Note and HUD Contract. Initially and continuing to the Conversion Date, such interest shall accrue at a rate equal to the Applicable LIBO Rate. From and after the Conversion Date, each principal amount scheduled to become due on a particular date pursuant to the City Note shall bear interest at a separate, stated rate, and the corresponding Obligor Principal Amount (as defined by the Obligor Note) under the Obligor Note shall bear interest at the same rate. Any principal of the Loan or interest thereon which is unpaid after the date when payment is due shall bear interest at the rate stated for amounts past due in the Obligor Note.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE,
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

1.4 Security.

(a) Deed of Trust. The obligations of Obligor under the Loan Documents (but not the Certificate and Indemnity) at all times shall be secured by the Deed of Trust, which shall be a first lien on the Property and security interest in all personal property associated with the Property, subject only to encumbrances permitted in accordance with Section 2.4 below. The liens and security interests granted pursuant to the Deed of Trust shall be perfected, to the extent possible, by recording in the real property records of King County, Washington, and by filing with the Department of Licensing of the State of Washington, and Obligor agrees to take all action reasonably requested by the City or Custodian, and to pay all fees and costs reasonably required to continue such perfection so long as the Loan or any of Obligor's other obligations under the Loan Documents remain outstanding. The Deed of Trust shall include an assignment of leases and rents; however, upon request by the City, the Obligor agrees to obtain execute and deliver such additional assignments of leases, and consents to assignment and subordination and attornment agreements from individual tenants of the Property as the City may reasonably request prior or subsequent to Closing (defined in Section 4.1 of this Agreement). Obligor understands and agrees that City may assign the Deed of Trust to HUD as security for HUD's rights in connection with its guarantee of the City Note. Additional security may be provided for payment and performance of Obligor's obligations under cross-collateralization agreements in form and substance acceptable to the City (as supplemented and amended, the "Cross-Collateralization Agreements").

[(b) Personal Guaranty. The obligations of Obligor under the Loan Documents and the Certificate and Indemnity, at all times shall be secured by an unconditional guaranty of payment and performance (as supplemented or amended from time to time, the "Guaranty") from _____ in form and content acceptable to the City.]

(c) Reserve Accounts. Obligor's obligations under the Loan Documents and Certificate and Indemnity also shall be secured by all funds and investments in all of the accounts now or hereafter established under the Loan Documents, including without limitation, the Custodial Agreement, and specifically including without limitation, the Debt Service Reserve Account and the Loan Repayment Account (all accounts collectively referred to herein as the "Reserve Accounts"). Obligor hereby pledges to the City, and grants the City a security interest in, all right, title and interest of Obligor in and to the funds and investments now or hereafter in the Reserve Accounts, and all earnings thereon and proceeds thereof. Obligor agrees that such funds and other assets shall constitute "cash collateral" as described in the United States Bankruptcy Code. Obligor shall promptly take such actions as shall be reasonably requested by the City of Custodian, and pay all fees and costs reasonably required in order to perfect and continue perfection as a first priority lien and security interest, so long as the Loan remains outstanding, the City's security interest in such accounts, the funds and investments therein, and the proceeds thereof. Obligor agrees that, in addition to all other rights and remedies with respect to Reserve Accounts and otherwise under the Loan Documents, immediately upon acceleration of the balance owing on the Loan, whether upon an Event of Default or any other circumstance permitting acceleration, the City shall have the absolute right, without notice or demand, to apply all funds and assets pledged under this Section to amounts

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE,
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

owing under the Loan Documents, and for such purpose to liquidate or cause to be liquidated any investments in any commercially reasonable manner, and irrevocably authorizes any Custodian, upon notice from the City of an Event of Default or any other circumstance permitting acceleration, to comply with the City's directions to so apply any or all such funds and assets and to liquidate investments for such purpose.

(d) Rights of City With Respect to Security. Obligor irrevocably agrees that, to the full extent permitted by applicable law, the City may realize upon any security for the Loan either before, concurrently with, or after either (1) any action to realize upon any other form of security (including without limitation the Deed of Trust and/or Guaranty), or (2) any suit or other proceeding on the Obligor Note, in each case without affecting the status of or waiving any rights or remedies under the Loan Documents or with respect to any security. Obligor consents to any and all actions that the City or Custodian may take to release, subordinate, accept substitution for, modify, compromise or waive any or all security with respect to the Loan, and Obligor agrees that no such action shall impair any rights or remedies of the City or Custodian under the Loan Documents.

(e) The Loan shall be further secured under a Collateral Assignment of Interest in Loan and Debt Service Reserve Accounts and a Collateral Assignment of Leases and Rents in form and substance required by HUD and acceptable to the City (the "Collateral Assignments").

1.5 Loan Fee. Obligor shall pay to City a loan fee of _____ Dollars (\$ _____), representing one percent (1%) of the amount of the Loan, payable directly to City upon and from the first disbursement of Loan funds hereunder, payment of which loan in addition to Obligor's duty to pay City's costs and fees pursuant to Section 1.6 of this Agreement.

1.6 Obligor's Payment of Costs and Fees. Obligor shall pay to City or at City's direction, as and when due, all other costs and fees of whatever nature incurred by City (whether or not with recourse to the City) in connection with the Loan, including without limitation, fees and costs incurred by the City pursuant to the HUD Contract and City Note (to be allocated on a pro rata basis according to the total principal amount outstanding on the Obligor Note and the City Note at the time fees or costs are incurred from time to time). The costs and fees payable by Obligor shall include, without limitation, (i) any and all charges and costs billed by the Fiscal Agent in respect of the City Note under the Amended and Restated Master Fiscal Agency Agreement among HUD and The Chase Manhattan Bank (now known as JPMorgan Chase Bank) as Fiscal Agent dated as of May 17, 2000, (ii) on and after the Conversion Date, any charges and costs in respect of the City Note billed by the trustee under that certain Trust Agreement by and between HUD and Chemical Bank, as Trustee, dated as of January 1, 1995, as now and hereafter amended and supplemented, and under any other trust agreement or similar instrument that may be executed by HUD in connection with a public offering conducted with respect to notes guaranteed by HUD under the Section 108 program (each such offering is referred to herein as a "Public Offering") that involves the City Note, (iii) fees and costs of the Custodian in connection with the Custodial Agreement and Letter Agreements; (iv) fees and costs of the Construction Monitor in connection with its review and periodic reports upon the construction documents and applications for disbursement of Loan proceeds in accordance with

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

this Agreement; (v) fees and costs of the City's outside counsel and the Custodian's outside counsel; title insurance and escrow fees and costs in connection with Closing. Such fees and costs as of the date of Closing are estimated (but not guaranteed) to be as follows: Fiscal Agent, Trustee and underwriting fees and costs: _____; Custodian's initial fee: \$ _____; City's outside counsel fees and costs, \$ _____; Custodian's outside counsel fees and costs: \$ _____; Construction Monitor initial fees: \$ _____; title insurance: _____; and escrow and other costs: _____. These estimates do not include the following, which shall also be paid by Obligor: the fees described in Section 1.5; fees and costs of the Custodian and Construction Monitor other than the initial set-up fee; and any fees or costs of the City's Outside Counsel or Custodian's Outside Counsel incurred after the date of closing, including without limitation, in connection with a Public Offering, and as may be incurred in case of breach or failure to perform by Obligor or in case of any litigation arising in connection with this Agreement.

1.7 City Funds Not Obligated. The Loan will be made only from non-City funds that the Custodian receives under the HUD Contract and City Note, and interest subsidy payments in accordance with Section 4.6(b) hereof will be made only from available funds under the BEDI Grant Agreement. In accordance with RCW 35.21.735, the City Note, and any payments or obligations under the HUD Contract and any documents or agreements relating thereto, including without limitation this Loan Agreement shall be a valid claim only against and payable solely from, the Accounts held by the Custodian and from the security pledged under the HUD Contract, and shall not be an obligation of The City of Seattle or the State of Washington, and neither the faith and credit nor the taxing power of the City or State or any municipal corporation or subdivision of the State or any agency of any of the foregoing is pledged to the payment of principal, interest or premium, if any, on the City Note or for any amounts due under the HUD Contract or any documents or agreements relating thereto including without limitation this Agreement. Nothing herein shall constitute a debt or indebtedness of the City payable from public funds within the meaning of any constitutional or statutory limitation on the incurrence of debt. Obligor agrees and acknowledges that this Agreement does not create any recourse to or claim upon the City's general fund, or any other funds of the City, and Obligor hereby disclaims any such claim.

1.8 Application of Payments. So long as the City or the Custodian shall have received, in immediately available funds, timely payments of interest and principal on the Obligor Note in the amounts required thereunder, the City shall apply such payments to payment of interest on and the principal of the City Note, as such interest and principal shall become due.

1.9 Acceleration on Certain Events. The City shall have the absolute right, in its discretion, to declare all or any part of the principal balance owing on the Loan immediately due and payable in the event that:

(a) HUD or any court of competent jurisdiction shall determine that the Loan or the issuance of the City Note must be terminated, canceled or rescinded for failure to comply with the Act or other applicable law, or that for any reason any City Note cannot be issued or cannot be guaranteed by HUD; or

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

(b) HUD shall notify the City that any or all of the City Note cannot be included in the pool of notes for purposes of a scheduled Public Offering for any reason, and that HUD or the holder of the City Note is not willing to allow the interim terms of the City Note to remain in effect pending a later public offering.

provided, that unless otherwise required by HUD or by the effect of a court order, Obligor shall be allowed a period of ninety (90) days after notice to Obligor thereof to seek to have such determination reversed or rescinded, or the effect thereof stayed, prior to acceleration of all or any part of the principal balance. If any such stay is obtained, then the City shall have the right to accelerate all or part of the principal balance immediately upon the lifting or termination of such stay.

ARTICLE II - OBLIGOR'S REPRESENTATIONS AND WARRANTIES

In order to induce City to make the Loan and enter into the HUD Contract, Obligor represents and warrants as set forth below in this Article II as of the date hereof, as of the date of Closing, and at all times any of the principal of or interest on the Loan remain outstanding. These representations and warranties shall survive the execution, delivery and performance of the Loan Documents and the Certificate and Guaranty but shall terminate upon the satisfaction of all of the obligations of Obligor under this Agreement, the other Loan Documents and the Certificate and Indemnity, subject to revival after such satisfaction if any amount paid under the Loan Documents or Certificate and Indemnity is recaptured in bankruptcy or similar proceedings.

2.1 Organization of Obligor; Authority to Enter into Agreement. Obligor is a duly organized and validly existing pursuant to the laws of the State of Washington. Obligor has the right and power to purchase, own, develop and lease the Property and to undertake the Project, and Obligor has full power and authority to enter into this Agreement, to borrow money as contemplated herein and to execute and perform the provisions of the Loan Documents and the Certificate and Guaranty. The execution, delivery and performance of this Agreement, the other Loan Documents and the Certificate and Indemnity have been duly authorized by all necessary corporate action, and no other action of Obligor or any other party is required for the execution, delivery and performance of this Agreement, the other Loan Documents, or the Certificate and Indemnity. This Agreement, the other Loan Documents and the Certificate and Indemnity constitute valid and binding obligations of Obligor, each enforceable in accordance with their respective terms.

2.2 Nondiscrimination, Fair Contracting Practices, WMBE.

(a) During the performance of this Loan Agreement, neither Obligor nor any party contracting with Obligor who would be paid with Loan funds under this Loan Agreement shall discriminate on the basis of race, color, sex, religion, national origin, creed, marital status, sexual orientation, gender identity, age or the presence of any sensory, mental or physical handicap in employment or application for employment or in the administration or delivery of services or any

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

other benefits under this Loan Agreement. The Obligor shall comply fully with all applicable federal, state and local laws, ordinances, executive orders and regulations which prohibit such discrimination. These laws include, but are not limited to, Chapter 49.60 of the Revised Code of Washington, Titles VI and VII of the Civil Rights Act of 1964 and Chapter 14.04 of the Seattle Municipal Code.

(b) Each party is required to comply with the Fair Contracting Practices Ordinance of The City of Seattle (Ordinance 119601), as amended. Conduct made unlawful by that ordinance constitutes a breach of contract. Engaging in an unfair contracting practice may also result in the imposition of a civil fine or forfeiture under the Seattle Criminal Code as well as various civil remedies.

(c) Affirmative Efforts to Utilize WMBEs. The City encourages the utilization of minority owned businesses ("MBEs") and women-owned businesses ("WBEs") (collectively, "WMBEs"), in contracts funded by the City. The City encourages, and Obligor shall encourage with respect to the Project, the following practices to open competitive opportunities for WMBEs:

(1) Attending a pre-bid or pre-solicitation conference, if scheduled by the City or Obligor, to provide project information and to inform WMBEs of contracting and subcontracting opportunities.

(2) Placing all qualified WMBEs attempting to do business in the City on solicitation lists, and providing written notice of subcontracting opportunities to WMBEs capable of performing the work, including without limitation all businesses on any list provided by the City, in sufficient time to allow such businesses to respond to the written solicitations.

(3) Breaking down total requirements into smaller tasks or quantities, where economically feasible, in order to permit maximum participation by small businesses including WMBEs.

(4) Establishing delivery schedules, where the requirements of this contract permit, that encourage participation by WMBEs.

(5) Providing WMBEs that express interest with adequate and timely information about plans, specifications, and requirements of the contract.

(6) Utilizing the services of available minority community organizations, minority contractor groups, local minority assistance offices, the City, and other organizations that provide assistance in the recruitment and placement of WMBEs.

Obligor shall maintain, for at least twelve (12) months after completion of the Project, all bids or proposals from general contractors for the Project, and relevant records and information necessary to document level of utilization of WMBEs and other businesses as subcontractors and suppliers

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

on the Project. Obligor shall require that its general contractor maintain and provide to the City on request all written quotes, bids, estimates, or proposals submitted to the contractor by all businesses seeking to participate as subcontractors or suppliers on the Project. The City shall have the right to inspect and copy such records. Obligor and its general contractor shall comply with all record-keeping requirements set forth in any federal rules, regulations or statutes included or referenced in this Agreement or the contract documents. Nothing in this Section shall be construed to require or authorize any discrimination or preferential treatment contrary to applicable law.

2.3 No Litigation. There are no actions, suits or proceedings pending, or to the knowledge of Obligor threatened against or affecting Obligor or the Property in any court of law or in equity, or before or by any governmental or municipal authority.

2.4 Title. Obligor is the owner in fee simple absolute of the Property and the Property shall be subject to no liens or encumbrances except:

- (a) The Deed of Trust in favor of City securing the Loan;
- (b) Other deeds of trust, regulatory agreements and covenants in favor of the City;
- (c) The following leases (collectively, the "Leases"): _____ and other leases hereafter approved by the City, in writing. The tenants under the Leases are referred to collectively herein as the "Lessees". Each of the Leases shall be subordinated to the Deed of Trust pursuant to a Subordination, Attornment, Non-disturbance and Estoppel Agreement, in form and substance reasonably acceptable to the City, and the respective Lessee (the "SAND Agreements");
- (d) Special Exceptions Nos. _____ as shown on schedule B of the Commitment for Title Insurance issued by Chicago Title Insurance Company dated _____, no. _____ ("Title Commitment"); and
- (e) Liens for property taxes or assessments on the Property not yet due.

2.5 Covenants, Zoning, and Codes and Permits. The Property and its current and intended uses are in compliance in all material respects with, and Obligor covenants that the Property and its uses will continue to comply in all material respects with, all applicable zoning and land use codes, building and construction codes, fire codes, environmental statutes and regulations, and other laws, ordinances, and regulations applicable to the development and operation of the Property, including without limitation, the Americans with Disabilities Act. All permits, consents, approvals or authorizations by, or registrations, declarations, withholding of objections or filings with any governmental body necessary in connection with the valid execution, delivery and performance of this Agreement, or necessary for the present and intended operations of the Property, have been obtained, are valid, adequate and in full force and effect, and all conditions and requirements of such permits are satisfied, and Obligor covenants that they shall continue to be satisfied. The Property is

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

in compliance with all covenants, conditions, restrictions and reservations affecting the Property and with the provisions of all of the Leases. Obligor has not received notice from any regulatory body or agency of any actual or alleged noncompliance with any applicable law, regulation, code, ordinance or permit affecting the Property, nor any notice of any requirement that any additional permit or approval be obtained for the Property or any operations conducted thereon or therein.

2.6 Description Renovation. The description of the Renovation set forth in Attachment B hereto is accurate and complete in all material respects.

2.7 Compliance With Documents. Obligor is and will remain in full compliance with all of the terms and conditions of this Agreement and the other Loan Documents, and any and all other material agreements, instruments or other documents affecting the Property, and no occurrence has or shall have occurred and be continuing, which, with the passage of time or the giving of notice, or both, would constitute a default under any of the foregoing. Obligor makes no warranty hereunder with respect to compliance with the terms of the Certificate and Indemnity.

2.8 Taxes Are Paid. Obligor has filed all material tax returns which are required and has paid or made provision for the payment prior to the last day on which payment may be made without interest or penalty of all taxes which have or may become due pursuant to said returns or pursuant to any assessments levied against the Obligor or its personal or real property by any taxing agency, federal, state or local, and Obligor has withheld any paid over to proper authorities all withholding taxes required by law. No due or overdue tax liability or lien has been asserted by the Internal Revenue Service or other taxing agency, federal, state or local, and the Obligor knows of no basis for any such deficiency assessment or lien.

ARTICLE III - CONDITIONS PRECEDENT TO LOAN CLOSING

The City's obligation to perform its duties under this Agreement, including without limitation causing disbursement of any funds, shall be subject to the full and complete satisfaction of the following conditions precedent:

3.1 Documents. City shall have received fully executed originals of each of the following, each of which shall have been duly authorized, executed (and acknowledged where appropriate) and delivered by the parties thereto, and shall be in form required by this Agreement, with such modifications as may be approved by the City in accordance with the Ordinance: this Agreement; the Obligor Note; the Construction Disbursement Agreement; the Deed of Trust; a UCC-1 Financing Statement from Obligor; SAND Agreements between Obligor and the respective tenants under all Leases in effect on the date of Closing; the Certificate and Indemnity Regarding Building Laws and Hazardous Substances from Obligor, in form and content acceptable to the City (as supplemented or amended from time to time, the "Certificate and Indemnity"); the Collateral Assignments; [the Guaranty]; [the Cross-Collateralization Agreements] and such other documents as City shall reasonably request.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

3.2 Survey. If requested by the City in its sole discretion or the title insurer identified in Section 3.8, below, the City and such title insurer shall have received a recent survey of the Property by a registered surveyor, in form and substance acceptable to the City and title insurer, respectively;

3.3 Appraisal. The City shall have received an ; an MAI appraisal for the Property, dated within six months of the date of initial disbursement and otherwise in form and content reasonably acceptable to the City and establishing a value for the Property acceptable to the City in its sole discretion;

3.4 Environmental Reports. The City shall have received a Phase I Environmental Report (and such additional environmental reports as the City may reasonably request), establishing that the Property is free from contamination by Hazardous Substances, except contamination that is to be remediated, either in connection with the Renovation or in connection with a written remediation plan satisfactory to the City in its sole discretion (and receipt of a true and complete, fully executed copy of which shall also be a condition to disbursement hereunder) In addition, if there is an underground storage tank on the Property, the City shall have received evidence of compliance with all applicable requirements of federal, state and local laws, rules, regulations and ordinances including without limitation the financial responsibility requirements of applicable state and/or federal law and/or regulations, together with a certificate of completion approved by the City from the engineering firm responsible for the removal of any storage tanks from the Property if it is to be removed.

3.5 Evidence of Availability of Required Equity. The Obligor shall provide evidence satisfactory to the City of that the "Required Equity" for the Project, as projected by the City as of Closing, based upon the Budget (defined in the Construction Disbursement Agreement) and in accordance with the Plans and Specifications (defined in the Construction Disbursement Agreement), will be continuously available as required to complete the Project.

3.6 Evidence of Authority; Officer's Certificate. City shall have received evidence satisfactory to it that Obligor and the persons signing on behalf of Obligor have the capacity and authority to execute and deliver Loan Documents and the Certificate and Indemnity on behalf of Obligor, including, but not limited to, a copy of Obligor's charter, bylaws, partnership or other operating agreement, and appropriate resolutions authorizing the transactions contemplated hereby, all as certified by an officer of Obligor as true, complete and in full force and effect. City shall have received a Certificate of Obligor, executed by Obligor's general partner by its _____, in form and content acceptable to the City.

3.7 Insurance. The Obligor shall have provided to the City evidence of insurance coverage as required by the Deed of Trust.

3.8 Title Insurance; Other Confirmation of No Liens. Obligor shall have caused to be furnished to the City, at Obligor's expense, from Chicago Title Insurance Company ("Title

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

Company"), an ALTA 1970 Form Extended Coverage lender's policy of title insurance in the amount of the maximum principal of the Loan, showing City as an insured mortgagee, that fee title to the Property is vested in Obligor and that the Deed of Trust is a valid lien upon Obligor's interest in the Property, subject only to such encumbrances and exceptions as may be explicitly permitted by the Loan Documents, including Section 2.4 of this Agreement, and any others that may be acceptable to City in its sole discretion. The title policy shall be in form, and shall include the endorsements, satisfactory to the City, shall limit exceptions for taxes limited to those not yet due and payable, shall identify the specific Leases for purposes of the form 119.2 endorsement, and shall show no additional exceptions or encumbrances, whether senior or junior to the Deed of Trust. In addition, the City shall have received form UCC-11R dated within five days of the date of Closing, showing no liens against the Property or the Obligor, other than liens permitted in accordance with Section 2.4. Finally, the City shall have received such other evidence reasonably requested and satisfactory to the City that all security instruments, guaranties and assignments contemplated by this Agreement are in full force and effect and have the priority contemplated hereby.

3.9 Legal Opinions.

(a) City shall have received a legal opinion, containing reasonable and customary exclusions and qualifications, and in form and content reasonably satisfactory to City and the City's outside counsel, from Obligor's counsel, who shall be satisfactory to City, to the effect that:

(1) Obligor is duly organized and validly existing and in good standing as a _____ in the State of Washington, and has full power and authority to execute and deliver the Loan Documents and to perform all of its obligations thereunder;

(2) The execution and delivery of the Loan Documents by Obligor do not, and the transactions contemplated by the Loan Documents will not, violate any laws or regulations applicable to Obligor and will not conflict with and will not cause a default under (i) any provisions of the Obligor's charter, bylaws or other governing documents, or (ii) any other material agreements, instruments, judgments, decrees, orders or undertakings known to such counsel after reasonable inquiry by which Obligor is bound or to which the Property is subject; and

(3) The Loan Documents have been duly authorized, executed and delivered by Obligor and constitute the legal, valid, binding obligations of Obligor, enforceable in accordance with their terms.

(b) The City shall have received such additional items as may be required pursuant to the HUD Contract, including without limitation, an opinion of outside counsel to the City.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

3.10 Additional Conditions Precedent to Each Advance of Funds.

(a) The City shall have received such additional documents and further assurances as it may reasonably request or which are required by HUD or any federal, state or county regulatory agency.

(b) Obligor shall be in full compliance and shall not be in breach or default under this Agreement, any of the other Loan Documents, or the Certificate and Indemnity; provided, however, that City may, in its discretion, elect to make advances notwithstanding the existence of Obligor's noncompliance or default, and any advance so made shall be deemed to have been made pursuant to this Agreement and secured by the Deed of Trust.

(c) Neither the Property nor any part thereof shall have been materially damaged, destroyed, condemned or threatened with condemnation.

(d) No order or notice shall have been made by, or received from, any governmental agency having jurisdiction stating that the Property, its current or intended uses, or the Renovation, is or will be in violation of any law, ordinance, code or regulation affecting the Property.

(e) The representations and warranties of Obligor contained herein shall remain accurate in all material respects as of the date of the requested disbursement.

(f) Neither HUD nor any court of competent jurisdiction shall have determined that the issuance of the City Note or the making of the Loan must be terminated, canceled or rescinded for failure to comply with the Act or other applicable law, or that for any reason any City Note cannot be issued or cannot be guaranteed by HUD.

ARTICLE IV - LOAN DISBURSEMENTS AND REPAYMENTS; RESERVE ACCOUNTS

4.1 Initial Disbursement to Finance Property Acquisition. Conditioned upon receipt of proceeds of the City Note and satisfaction of all other applicable conditions to Loan disbursements under this Agreement, Loan funds in the amount of _____ Dollars (\$_____) shall be disbursed on the date (the "Closing Date") of closing of the acquisition of the Property (the "Closing"), to be applied to the costs of acquisition of the Property, related Closing costs, the Loan fee payable to the City in accordance with Section 1.5 of this Agreement, and other fees and costs due and payable at Closing pursuant to Section 1.6 of this Agreement. To the extent that final information as to any costs payable by Obligor hereunder is not available at the time of Closing, additional disbursements made pursuant to Section 4.2 hereof may include disbursement for such costs associated with Closing.

4.2 Additional Disbursements to Finance Renovation Costs. Conditioned upon receipt of proceeds of the City Note and satisfaction of all other conditions precedent under this

Agreement in connection with such disbursement, Loan funds shall be disbursed for financing Renovation costs, only at the times and in the amounts set forth in a schedule consistent with the Construction Schedule (defined in the Construction Disbursement Agreement) and approved by the City ("Disbursement Schedule"), and only upon receipt by the City of a report in form and substance acceptable to the City, of _____ (or its successor, the "Construction Monitor") to the effect that all conditions for such disbursement set forth in the Construction Disbursement Agreement have been satisfied. The representations and warranties of Obligor contained herein shall remain accurate in all material respects as of the date of each requested disbursement.

4.3 Withholding for Costs Related to Public Offering. On the Closing Date, the amount of _____ Dollars (\$ _____), out of the City Loan proceeds, shall be held in the Guaranteed Loan Funds Account established by the Custodian under the Letter Agreements ("Guaranteed Loan Funds Account"), for the purpose of paying the costs to be incurred in connection with the Public Offering, including without limitation trustee's fees and underwriters' fees and costs. Such funds shall nonetheless be considered Outstanding under the Obligor Note. After the Conversion Date, upon payment of all of such fees and costs allocable to the City Note, any remaining amount in the Guaranteed Loan Funds Account shall be transferred to the Loan Repayment Account maintained by the Custodian under the Letter Agreements ("Loan Repayment Account"), and the next deposit(s) required to the Debt Service Reserve Account in respect of principal under Section 4.6 below shall be reduced, dollar for dollar, by the amount of such transfer. In any event all amounts remaining in the Guaranteed Loan Funds Account on _____ shall be transferred to the Loan Repayment Account unless otherwise agreed by HUD and the City. If the Obligor Note shall be paid in full prior to the Conversion Date, the amount so withheld, and earnings thereon, shall be applied as part of such prepayment of the Obligor Note and transferred to the Loan Repayment Account to redeem the City Note.

4.4 Request for Interim Funding Advance; Cancellation upon Failure to Satisfy Closing Conditions; Payment of City's Costs. Obligor understands that, pursuant to current HUD procedures, an interim funding advance on the City Note can be made only on a Wednesday and only if a request for such advance is made by the City to HUD consistent with the timing requirements of the Fiscal Agency Agreement and with any additional advance notice that HUD may require, and that after a request has been submitted it may not be possible to cancel the request. The Obligor shall deliver to the City, no later than _____ (_____) Business Days prior to the Wednesday on which Obligor desires an advance of funds hereunder, an "Obligor's Request for Submission of City's Request for Interim Advance of Funds" in form acceptable to the City. The City shall not be required to submit a request for funds to HUD unless the City has received reasonable assurance that all other conditions to closing will be satisfied by the date of disbursement by HUD. If the City does submit a request for funds to HUD, the City shall not be liable or responsible for any failure or delay by HUD, the Fiscal Agent or the interim purchaser of the City Note, or for any delay in the process of transferring funds to the Custodian and to the escrow agent. If Obligor fails to submit a "Request for City's Request for Interim Funding Advance" seeking disbursement of funds no later than _____, 20____, the City shall have the right to cancel this Agreement by notice to Obligor. If Obligor submits such request and funds are disbursed by HUD on the City Note, but the conditions to disbursement of

funds to Obligor are not fully satisfied within fifteen (15) days thereafter, then the City shall have the right to cancel this Agreement, and Obligor shall then pay on demand all fees and costs of the Custodian and Fiscal Agent, and shall reimburse the City for all reasonable fees and costs of its outside counsel and consultants incurred in connection with this Loan, but shall not be liable for the Loan fee described in Section 1.5 of this Agreement. In addition, if this Loan Agreement shall be canceled under this Section after proceeds of the City Note shall have been disbursed to the Custodian, then the Obligor shall pay to the Custodian on demand an amount equal to all interest that shall accrue on the City Note from the date of such disbursement to the date of redemption thereof, less net earnings actually received (if any) by the Custodian on the proceeds of the City Note prior to such redemption.

4.5 Delegation of Loan Administration. City may delegate administration of any or all of the matters described in this Article IV to the Custodian and or a Construction Monitor in accordance with the provisions of the HUD Contract, the City Note and the Custodial Agreement. Upon execution of the Custodial Agreement by the parties thereto Obligor shall provide the appropriate requests and information to the Custodian and to the City at such times and in such form as is provided in the Custodial Agreement.

4.6 Debt Service Reserve Account.

(a) Monthly Deposits. Commencing in the first month disbursement of principal of the City Note in respect of the Obligor Note is to be made, Obligor shall make monthly installment payments to the Custodian for deposit in an account maintained by the Custodian for the accumulation of funds for payments on the Obligor Note (the "Debt Service Reserve Account," which term shall include any related Debt Service Reserve Investment Account established under the Custodial Agreement and Letter Agreements), in order that the Custodian shall have sufficient funds to make transfers to the Loan Repayment Account in payment of installments on the Obligor Note as they come due (each such due date being an "Obligor Payment Date"). (Funds in the Loan Repayment Account shall be used to make payments on the City Note as they come due.) Each such monthly payment shall be due and payable, in immediately available funds, on the "Deposit Day," which shall be the fifteenth (15th) day of the month, or if such day is not a Business Day, then on the previous Business Day; subject to adjustment in respect of any Conversion Date. Subject to the provisions of Section 4.6(b) hereof, each such payment shall be in an amount equal to the actual interest accruing on the Obligor Note during the corresponding month, at the rate or blended rate, as the case may be, then in effect (the "Interest Component"), plus one-twelfth (1/12th) of the total principal coming due on the Obligor Note on the next Obligor Payment Date (the "Principal Component"); provided that the monthly payment obligation in respect of the Interest Component shall be adjusted ratably in any month the Loan is not outstanding for the entire month; and provided further, that the monthly payment obligation in respect of the Principal Component shall be adjusted ratably during any period that fewer than twelve (12) Deposit Days are scheduled to occur prior to the corresponding Obligor Payment Date in respect of principal of the Obligor Note. Except as provided in Section 4.6(b) below, Obligor shall not be entitled to any reductions in, or credits against, deposits

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

to the Debt Service Reserve Account based upon interest or earnings credited to the Debt Service Reserve Account (including any Debt Service Reserve Investment Account).

[(b) Interest Stabilization Payments and Subsidy. Obligor and the City intend, notwithstanding the actual rate of interest payable on the Loan and Obligor Note from time to time, that to the extent feasible, Obligor's monthly interest payment obligations shall be based upon a deemed rate of interest equal to four percent (4%) per annum. If the rate or blended rate as the case may be of interest on the Loan and Obligor Note during any month is less than four percent (4%) per annum, Obligor shall pay to the Custodian on the corresponding Deposit Day, for deposit into the Debt Service Reserve Account, an amount equal to the interest payment that would have been due on the Loan and Obligor Note on such date had the rate during such period been four percent (4%) per annum, notwithstanding that the actual interest accruing on the Obligor Note during such period may be less. If the actual rate of interest on the Loan and Obligor Note during any month exceeds four percent (4%) per annum, unless the Custodian shall have delivered to Obligor and City a Shortfall Notice (defined in this Section, below), Obligor shall pay to the Custodian on the corresponding Deposit Day, interest at a rate equal to four percent (4%) per annum on the then-Outstanding principal balance of the Loan and Obligor Note, and the Custodian shall look to other funds on deposit in the Debt Service Reserve Account and the BEDI Grant Loan Payment Reserve Account to pay the balance of interest next scheduled to become due on the City Loan; provided, that the Custodian shall exhaust funds on deposit in the Debt Service Reserve Account from time to time prior to making any withdrawals from the BEDI Grant Loan Payment Reserve Account to pay any portion of the Interest Component of any monthly deposit; and provided further, that Custodian is not authorized to and shall not withdraw from the BEDI Grant Loan Payment Reserve Account for such purposes, an aggregate amount greater than _____ Dollars (\$_____). If not less than five (5) Business Days prior to any Deposit Day the Custodian determines that there shall or may be insufficient funds available in the Debt Service Reserve Account and BEDI Grant Loan Payment Reserve Account to pay the full amount of principal and interest to become due on the City Note on the next date such interest is required to be paid, taking into account the expected payment of interest at a deemed rate of four percent (4%) per annum required to be made by Obligor on such Deposit Day and each subsequent Deposit Day scheduled to occur prior to the corresponding Obligor Payment Date, the Custodian shall promptly deliver written notice (each, a "Shortfall Notice") to that effect to the Obligor (with a copy to the City). Upon receipt of any such Shortfall Notice, and in any event, on or before the corresponding Deposit Day, the Obligor shall pay to the Custodian, for deposit into the Debt Service Reserve Account, the full amount of interest actually accruing on the Loan and Obligor Note during the corresponding month. Obligor acknowledges and agrees that interest stabilization payments made by Obligor in accordance with this Section 4.6(b) and deposited in the Debt Service Reserve Account, together with the earnings thereon, if any, shall be held, without right of withdrawal except as provided in Section 4.6(d) of this Agreement.]

(c) Transfers Authorized; Crediting Payments on Obligor Note. The Custodian is hereby irrevocably authorized to transfer funds from the Debt Service Reserve Account to the Loan Repayment Account on each Obligor Payment Date, in the full amount due on the Obligor Note on

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

each such date. The Custodian is then authorized and directed to apply funds in the Loan Repayment Account to the timely payment of amounts due on the City Note. Obligor's monthly installment payments into the Debt Service Reserve Account shall not constitute payments under the Obligor Note. Obligor shall be credited with the payment of interest and principal on the Obligor Note only when and solely to the extent that funds shall be transferred to the Loan Repayment Account under this Section 4.6(c). The Custodian is further irrevocably authorized by Obligor to liquidate investments in the Debt Service Reserve Account, in the Custodian's discretion, and without liability for any loss on any such liquidation, for the purposes described in this Section 4.6(c). The authorization by Obligor in this Section 4.6(c) is in addition to, and not in limitation of, the authorization in Section 1.4 above.

(d) Investment of Funds; Earnings Remain on Deposit. Funds in the Debt Service Reserve Account shall be invested at the direction of Obligor, but only in instruments that mature (or are redeemable without penalty) within six (6) months and in any event no later than five (5) Business Days before the next Obligor Payment Date, and that are guaranteed as to payment of principal by the United States Government, or in money market funds that invest solely in such instruments. All earnings in the Debt Service Reserve Account shall remain therein until applied in accordance with this Agreement or until all amounts owing under the Loan Documents have been paid in full. When all amounts owing under the Loan Documents have been paid in full, then the remaining balance shall be disbursed to Obligor.

(e) Late Charge. If any deposit required to be made into the Debt Service Reserve Account is not received within ten (10) days after the date when such deposit is due, in addition to additional interest required to be paid in accordance with the Obligor Note, Obligor agrees to pay a late charge equal to five percent (5.0%) of the amount past due, as compensation to the City and Custodian for the staff time and resources required to handle such delinquencies, and not as a penalty. Such late charges shall not be credited to the Debt Service Reserve Account or Loan Repayment Account, but shall be retained by the City and/or Custodian. Late charges under this Section are in addition to, and not in substitution for, the other remedies provided in the Loan Documents.

4.7 Application of Payments. Any amounts transferred into the Loan Repayment Account in accordance with this Agreement shall be applied first to accrued interest on the Obligor Note, next to any premium then due, and the balance, if any, to reduction of principal. Notwithstanding the foregoing, City or Custodian shall have the right, each in its respective discretion, to apply funds available in the Debt Service Reserve Account to fees, costs, reimbursements and late charges then due under the Loan Documents prior to application of funds against the Obligor Note.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

ARTICLE V - OBLIGOR'S LOAN COVENANTS

Obligor covenants and agrees as follows:

5.1 General. From and after the date hereof and so long as any amount remains unpaid on the Obligor Note, or for so long as any commitment exists to extend credit hereunder, Obligor covenants and agrees that it will:

(a) Promptly pay principal, interest and premium (if any) pursuant to the Obligor Note as and when the same becomes due and payable, and make any and all other payments and deposits required by the Loan Documents;

(b) Preserve and keep in full force and effect its existence as a limited partnership under the laws of the State of Washington;

(c) Maintain, preserve and keep the Property and all equipment used in connection with the Property in good repair, working order and condition, ordinary wear and tear excepted, and from time to time make all necessary repairs, renewals, replacements and additions thereto so that at all times the efficiency thereof shall be fully preserved and maintained.

5.2 Reserved

5.3 Compliance with Laws. All use and operation of the Property, and all work performed in connection with the Renovation shall comply in all material respects with all applicable laws, ordinances, rules and regulations and executive orders of federal, state, county or municipal governments or agencies now in force or which may be enacted hereafter.

5.4 Inspections. City and its representatives shall have the right, subject to the rights of tenants on the Property, at all reasonable times after three (3) days' prior written notice during regular business hours (and at any time in the event of an emergency) to enter upon the Property and inspect the Property to determine that the same is in conformity with this Agreement and all laws, ordinances, rules and regulations. City shall have the further right, from time to time, to inspect and copy Obligor's books and records relating to the Property. Without limiting the foregoing, Obligor shall permit City to examine and copy all books, records and other papers relating to Obligor's use of the Loan proceeds and to Obligor's compliance with this Agreement, the Act and applicable provisions of federal, state, and local laws, ordinances, rules and regulations.

5.5 Notify City of Litigation or Complaints. Obligor shall promptly notify City in writing of all litigation or threatened litigation involving the Property or any part of the Property, and any other litigation that reasonably could have a material adverse affect on the financial condition of Obligor, and of all complaints or charges made by any governmental authority affecting the Property or Obligor which may require changes in the development or use of the Property.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

5.6 Indemnify the City and Custodian. Obligor shall indemnify and hold harmless the City, its elected and appointed officials and any employees or agents of the City, and the Custodian and its officers, employees, and agents, from all claims, demands, liability and costs arising from any actual or alleged action, omission, damage or injury of whatsoever nature arising out of or in any way connected with the Property and/or the Renovation, including without limitation any such liability or costs related to any hazardous or toxic substances, or arising out of Obligor's breach of the provisions of this Agreement, and including the cost of defense thereof using counsel approved by the City or the Custodian or both, as applicable. The City or Custodian, or both, may appear in or defend any action or proceeding purporting to affect the rights, duties or liabilities of the parties hereto, or the Property, and Obligor shall pay all of the City's and Custodian's costs and expenses incurred thereby on demand. The indemnity in this Section shall not include any claims, demands, liabilities or costs to the extent that they arise out of the negligence or willful misconduct of the City, the Custodian, or any of their respective employees, agents, officers or elected or appointed officials. This Section shall survive execution, delivery and performance of this Agreement, the Obligor Note, the Loan Documents and the Custodial Agreement.

Obligor waives, after mutual negotiation, and with respect to the City only, its immunity under RCW Title 51, Industrial Insurance.

Initials: Obligor: _____ City: _____

5.7 Federal Regulations. Obligor acknowledges that the Loan is to be made with funds received by the Custodian under the Section 108 program of the Act and that such funds are subject to CDBG program regulations of HUD, and certain other federal laws and regulations. Accordingly, Obligor agrees, represents and warrants that Obligor shall comply with all applicable requirements under HUD regulations for the CDBG program and under other laws and regulations applicable to loans of such federal funds, including without limitation:

(a) Benefit to Low- and Moderate Income Individuals. Obligor's Renovation shall benefit low- and moderate-income individuals (as defined by HUD) to the maximum extent feasible. The Project shall result in the creation of at least _____ new permanent jobs (full-time equivalent) at the Property. Obligor shall cause each initial nonresidential tenant to sign a Job Creation Agreement, in a form and content acceptable to the OED Director, under which the tenant will provide reports containing data required by the City on the jobs created and the demographics of persons initially hired and interviewed for such jobs.

(b) Nondiscrimination. No person shall on the grounds of race, color, national origin, religion or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with CDBG funds. Obligor shall comply fully with all requirements of Title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000d et seq., which provides that no person in the United States shall on the ground of race, color or national origin, be excluded from participation in, denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance; and with

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

Department of Housing and Urban Development ("HUD") regulations implementing such requirements, 24 C.F.R. Part 1.

Obligor shall comply with all applicable requirements and prohibitions of the following: 24 C.F.R. Section 570.602, implementing the nondiscrimination requirements of Section 109 of the Act; HUD regulations under the Rehabilitation Act of 1973, as amended, 24 C.F.R. Part 8; HUD Regulations under the Americans with Disabilities Act; and HUD regulations under the Age Discrimination Act of 1975, 42 U.S.C. Section 6101 *et seq.*, at 24 C.F.R. Part 146.

No otherwise qualified handicapped individual in the United States shall, solely by reason of handicap, be excluded from the participation in, be denied the benefits, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

(c) Conflict of Interest. Obligor shall ensure compliance with the provisions of 24 CFR Section 570.611, which provide generally that no officer, agent, employee, consultant or elected or appointed official of The City of Seattle or of any subrecipient receiving CDBG funds who exercises or has exercised any functions or responsibilities with respect to activities assisted by CDBG funds or who is in a position to participate in a decision-making process or gain inside information with respect to these activities, shall obtain any financial interest or benefit from, or have any financial interest in, the activity funded under this Loan Agreement or any contract or subcontract or agreement with respect thereto or the proceeds thereof, for himself or herself or those with whom he or she has business or immediate family ties; nor shall (s)he for one year after completion of his or her tenure with the City or such subrecipient obtain or have any such financial interest or benefit. Obligor shall incorporate in all such contracts or subcontracts a provision prohibiting any conflict of interest prohibited by this subsection.

(d) Debarred Contractors. No portion of the Loan shall be used directly or indirectly to employ, award contracts to, or otherwise engage the services of, or fund, any contractor or subrecipient during any period of debarment, suspension, or placement in ineligibility status of such contractor or subrecipient under the provisions of 24 C.F.R. Part 24. Obligor represents and warrants that neither Obligor nor its principals is debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in federal assistance programs under such regulations or Executive Order 12549, "Debarment and Suspension." Obligor shall obtain, and shall require contractors and subcontractors to obtain, the certification required by appendix B of 24 CFR part 24 from each prospective contractor or subcontractor on the Project.

(e) Lobbying. Obligor hereby certifies and agrees as follows, in accordance with 31 U.S.C. Section 1352, to the best of its knowledge and belief:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of Obligor, to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any Federal contract, the making of any Federal loan,

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this Federal loan, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and

(3) It will require that the language of this Section be included in the award documents for subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is made a prerequisite for making or entering into this transaction by section 1352, title 31, U. S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

(f) Davis-Bacon and Related Acts. Obligor shall comply with any and all applicable requirements of the Davis-Bacon Act and related acts. These requirements include, but are not limited to: language within each contract for construction work; payment of prevailing wages and fringe benefits; the submittal of various documents as evidence of compliance; withholding of funds; equal employment opportunity; and work hours.

The requirements are defined in the: Davis-Bacon Act, 40 U.S.C. Section 276(a) et seq.; Contract Work Hours and Safety Standards Act, 40 U.S.C. Section 328 et seq.; Copeland Act (Anti-Kickback Act), 18 U.S.C. Section 874; the Fair Labor Standards Act, and regulations under such Acts, including 29 C.F.R. Parts 3 and 5.

(g) Economic Opportunities for Low- and Very Low-Income Persons. Obligor shall comply, and cause all contractors and subcontractors to comply, with any and all applicable provisions of Section 3 of the Housing and Urban Development Act of 1958, as amended, 12 U.S.C. 1701u, the purpose of which is to ensure that employment and other economic opportunities generated by Federal financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing. Obligor shall comply, and shall require all contractors and subcontractors to comply, with all applicable provisions of regulations issued pursuant thereto by the Secretary of HUD and set forth in 24 C.F.R. Part 135, and with all applicable rules and orders of HUD issued thereunder.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

(h) Relocation and Acquisition. Obligor represents, warrants and agrees that no residential tenants have been or will be displaced in connection with the Project and the Obligor has taken and shall take all reasonable steps to minimize the displacement of persons (families, individuals, businesses, nonprofit organizations, and farms) in connection with the Project. If the Obligor represents and warrants that Obligor has provided to City a complete and accurate list of all occupants of the Property as of the date that Obligor obtained site control, and Obligor shall provide a complete and accurate list of all persons occupying the Property at any time after site control and through the date of full occupancy after the Renovation. Obligor shall comply fully, at Obligor's sole expense, with the City's Residential Anti-displacement and Relocation Assistance Plan ("RARAP"). If the Project involves the temporary and/or permanent displacement of persons, Obligor represents, warrants and agrees that Obligor has provided and shall provide, at a minimum, all relocation assistance required by 24 CFR Section 42; the federal Uniform Relocation Act and regulations thereunder, 49 CFR Part 24; 24 CFR Section 570.606 and any other applicable federal laws or regulations, and shall maintain complete and accurate records demonstrating such compliance. Obligor agrees that any determination by City of the amount of relocation assistance due to any person shall be final and binding upon Obligor, unless a different determination is made by HUD at the request of such person, in which case the HUD determination shall be final and binding on Obligor. Obligor agrees that the City may, at its option, provide relocation assistance directly to any person in connection with the Project and that any payment by the City for such person shall, at City's option, constitute an advance on the Loan, without any requirement for a draw request by, or consent of, Obligor. If, as a result of any such direct payments, either (i) the amount advanced by City shall exceed the maximum Loan amount stated herein, or (ii) the amount expended on relocation assistance from all Project funding sources exceeds the amount provided in the Project Budget for relocation, then in either such case the excess shall be immediately due and payable by Obligor to City, at City's demand. Obligor represents and warrants that, except as expressly stated in a relocation plan submitted by Obligor to City in connection with this Loan, no residential tenants have been required to vacate or will be required to vacate the Property permanently because of the Project. Obligor shall carry out the terms of any relocation plan approved by City, but the terms of any such plan shall not limit Obligor's obligations under this Loan Agreement or applicable laws or regulations, and no such approval by City shall be construed as a waiver or modification of any requirement of this Agreement or applicable laws or regulations.

(i) Architectural Barriers. Obligor shall ensure that the Property, upon completion of the Renovation funded by the Loan, shall comply with the applicable requirements of the Architectural Barriers Act of 1968 (see 42 U.S.C. Sections 4151-57), and shall comply with the Uniform Federal Accessibility Standards (Appendix A to 24 CFR part 40 for residential structures, and Appendix A to 41 CFR part 101-19, subpart 101-19.6, for general type buildings).

(j) Records. Obligor shall maintain and make available to the City and HUD all records reasonably required to demonstrate compliance with all of the requirements of this Agreement, for at least four (4) years after full repayment of the Loan. Such records shall include, without limitation, records establishing the household size of, household income of, unit occupancy by, and rents charged to, all households in occupancy of the Property from immediately after the

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

acquisition thereof, up to and including the dated immediately after the completion of the Renovation.

(k) Disclosures. Obligor represents, warrants and agrees that it has provided to OH any and all disclosures required by the HUD Reform Act, 42 U.S.C. Section 3545, and regulations thereunder, 24 CFR Part 4; that it will provide timely updated disclosures to OH to the extent required by such act and regulations; and that all such disclosures are and shall be complete and accurate.

(l) Prior Actions. Obligor represents and warrants that in all actions related to the Project to date Obligor has complied with all requirements referred to in this Section 5.7.

(m) Indemnity. Obligor shall indemnify and hold harmless the City from any loss, damage, expense, claim or demand resulting from Obligor's failure to comply with any federal requirement to be complied with pursuant to this Agreement or failure to maintain adequate records to demonstrate such compliance. This provision shall survive expiration of this Agreement.

5.8 Reports. Obligor shall deliver to the City reports and information as City may require for purposes of monitoring and evaluating the performance of the Obligor, which may include copies of tenant certifications, rent rolls, leases, property management agreements and any other contracts affecting the Property.

5.9 Liens or Claims of Liens. Obligor shall keep the Property free from liens and encumbrances of all kinds, superior or inferior to the Deed of Trust, except for those permitted pursuant to Section 2.4 above and any of the following:

(a) Liens for property taxes on the Property not yet due and payable; and

(b) The rights of tenants as tenants only under leases entered into in the ordinary course of Obligor's operation of the Property and in accordance with this Agreement and the other Loan Documents, but only to the extent that such leases are subordinate to the lien of the Deed of Trust, to the Leases (as defined herein), and to any other material leases, which subordinate status shall be insured by endorsement to the City's title insurance policy, at Obligor's expense, within thirty (30) days of request to Obligor by the City.

If any claims of lien shall be asserted against the Property other than as permitted by this Section, Obligor, regardless of any action that City may otherwise be authorized to take, shall obtain a release and satisfaction of such lien claim, bond the lien claim, procure title insurance satisfactory to City protecting City from any loss relating to such lien claim, or otherwise provide to City assurances and security satisfactory to City that the lien claim will be paid or satisfied not later than ten (10) days after a judgment on the lien claim. Provided Obligor complies with the previous sentence, Obligor may in good faith contest any worker's or material supplier's lien in legal proceedings that will prevent enforcement of the lien claim and prevent foreclosure of the Property. If such a lien claim is

not released or satisfied or a bond or other security satisfactory to City provided within forty-five (45) days of written request from City to Obligor, then the failure to do so shall allow the City to declare an Event of Default (as defined in Section 6.1 below) regardless of whether such lien claim is or is not superior to the Deed of Trust.

5.10 Political Activity. No portion of the Loan shall be used for any political activity or to further the election or defeat of any candidate for public office or to influence the approval or defeat of any ballot issue or legislation.

5.11 Further Actions. Obligor will at any time and from time to time upon request of City take or cause to be taken any action, execute, acknowledge, deliver or record any further documents, opinions, or other instruments or obtain such additional insurance as City is required to do or obtain by HUD or other federal, state or county regulatory agency.

5.12 Reserved

5.13 Payment of Compensation of Custodian. Obligor shall be responsible for and pay the fees of the Custodian as provided under the Custodial Agreement. The Custodian's acceptance fee, prorated first annual fee and counsel fees and expenses shall be disbursed to Custodian from the Guaranteed Loan Funds Account at the time of initial Loan disbursement. The Custodian is hereby authorized to withdraw from interest and/or investment earnings on the Debt Service Reserve Account established pursuant to such Custodial Agreement up to the amount of its annual fee and any other fees and expenses to which it is entitled thereunder, and if such interest and/or investment earnings are insufficient to pay in full the Custodian's fees and expenses, then upon Custodian's notice thereof to Obligor, Obligor shall promptly pay the remaining amount of the Custodian's fees and expenses directly to the Custodian.

5.14 Payment of Other Indebtedness. Obligor shall timely pay the principal, interest and all other amounts due on any other indebtedness or liability now or hereafter owing by the Obligor to any person and secured by the Property; provided, that nothing in this Section shall authorize Obligor to make any payment from any funds or assets pledged to the City hereunder.

5.15 Transfer of Property. Obligor shall not cause or permit any transfer of the Property or any interest of Obligor therein, voluntary or involuntary, without the advance written consent of the City, except for the creation of liens, encumbrances or leases that are expressly permitted under the Loan Documents without the City's consent.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

ARTICLE VI - DEFAULT AND REMEDIES

6.1 Events of Default. Upon the occurrence of any of the following events and prior to the complete cure thereof by Obligor in a manner satisfactory to the City, the City shall have the right to declare an Event of Default hereunder, without notice or demand by City, except as expressly provided in this Section:

(a) Any failure to pay when due any deposit into the Debt Service Reserve Fund in respect of principal or interest on the Obligor Note;

(b) Any failure to make a payment or deposit of money required by any of the Loan Documents, other than amounts referred to in Section 6.1(a) above, that is not cured within ten (10) days of the due date of such payment or deposit (or within ten (10) days of demand in case of amounts due on demand);

(c) Any transfer of the Property or any interest therein, voluntary or involuntary, contrary to Section 5.15 of this Loan Agreement;

(d) Any failure to comply with the terms of Section 5.9 of this Loan Agreement (relating to lien claims) within the time period permitted by such Section;

(e) Any failure by Obligor to comply with the any of the provisions of Section 5.2 hereof, including without limitation the deadlines therein;

(f) Any breach or nonperformance by Obligor of any provision of any of the Loan Documents not included within any of Subsections (a)-(e) above that is not cured within sixty (60) days after notice to Obligor of such breach or nonperformance, or such longer cure period as may be permitted under the specific terms of the Loan Document; provided, however, that unless HUD shall otherwise require, if (1) such breach or nonperformance is susceptible to cure but cannot reasonably be cured within such cure period, (2) Obligor shall commence to cure such breach or nonperformance within such cure period and shall thereafter diligently and expeditiously proceed to cure the same, and (3) Obligor shall inform the City in writing of the status of the cure at the expiration of such cure period and every thirty days thereafter, then such cure period shall be extended for such time as is reasonably necessary for Obligor in the exercise of due diligence to cure such breach or nonperformance;

(g) A petition in bankruptcy or for reorganization or for an arrangement under any bankruptcy or insolvency law or for a receiver or trustee for any of Obligor's property is filed by Obligor, or is filed against Obligor and is not dismissed within ninety (90) days, or if Obligor makes an assignment for the benefit of creditors or becomes insolvent or unable to pay its debts as they mature or any attachment or execution is levied against a substantial portion of the property of Obligor and is not discharged within ninety (90) days, or if any law or court order shall require the City, Custodian or any other party to refund or otherwise relinquish any portion of any amount paid

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

under the Obligor Note or this Agreement as a preference or for any other reason except refund of duplicative payment;

(h) Any representation, warranty or disclosure made to City by Obligor, or contained in any information submitted by Obligor to City or to any government agency in connection with the Loan or the Property, proves to be materially false or misleading as of the date when made or reaffirmed, whether or not such representation or disclosure appears in this Agreement.

(i) Any default by Obligor of its obligations under the Certificate and Indemnity;

[(j) Any default by Guarantor of its obligations under the Guaranty.]

[(k) Any default under the Cross-Collateralization Agreements.]

6.2 Declaration of Event of Default. City's declaration of an Event of Default hereunder shall be made by notice to Obligor pursuant to Section 7.15 of this Agreement and shall be effective as provided therein.

6.3 Remedies.

(a) Upon declaring an Event of Default, City may, in addition to any other remedies which City may have hereunder or under the Loan Documents or by law, at its option and without prior demand or notice take any or all of the following actions:

(1) Immediately terminate any further advances of Loan funds hereunder and revoke any instructions to any third party holding any such funds;

(2) Declare the Loan immediately due and payable in full;

(3) Foreclose under the Deed of Trust, judicially or nonjudicially;

(4) Apply any or all funds in the Reserve Accounts to amounts due under the Loan Documents, whether by reason of acceleration or otherwise, and cause investments in such accounts to be liquidated for such purpose; and

(5) Seek judicial appointment of a receiver.

(b) All remedies of City provided for herein and in any other Loan Documents are cumulative and shall be in addition to all other rights and remedies provided by law. The exercise of any right or remedy by City hereunder shall not in any way constitute a cure or waiver of default hereunder or under any other Loan Document or invalidate any act done pursuant to any notice of default, or prejudice City in the exercise of any of its rights hereunder or under any other Loan

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

Documents unless, in the exercise of said rights, City realizes all amounts owed to it under such Loan Documents.

6.4 No Default Prior to Declaration. No default or Event of Default shall exist under this Agreement or the Obligor Note until the same shall have been declared by the City or other party authorized to make such declaration; provided, that failure to declare, or delay in declaring, a default hereunder shall not constitute a waiver of any rights or remedies or excuse any failure by Obligor to strictly comply with its obligations under all of the Loan Documents.

ARTICLE VII - MISCELLANEOUS

7.1 No Waiver. No waiver of any noncompliance or breach by Obligor hereunder shall be implied from any failure by City to take action on account of such noncompliance or breach, and no express waiver shall affect any breach or noncompliance other than as specified in the waiver. Any waiver shall be operative only for the time and to the extent therein stated. Waivers of any covenant, term or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. The consent or approval by City to, or of, any act by Obligor requiring further consent or approval shall not be deemed to waive or render unnecessary the consent or approval to, or of, any subsequent similar act.

7.2 Successors and Assigns; Delegation to Custodian; Changes in Custodian and Custodial Agreement. This Agreement is made and entered into for the sole protection and benefit of City, HUD, and Obligor, their successors and assigns, and no other person or persons shall have any right of action hereunder. The terms hereof shall inure to the benefit of the successors and assigns of the parties hereto; provided, however, that the Obligor's interest hereunder cannot be assigned or otherwise transferred without the prior written consent of City. Obligor acknowledges and agrees that City may assign to HUD or any custodian or trustee for HUD any or all of City's rights under this Agreement and any of the Loan Documents and may direct that any payment or performance be provided directly to HUD or such custodian or trustee, whether or not the Obligor Note or this Agreement have been assigned. Obligor agrees that City may delegate to the Custodian the right to make demands and give directions on behalf of City under the Loan Documents, but that the scope of any such delegation shall be strictly limited to the terms of a written instrument duly signed on behalf of the City. Obligor further acknowledges that the Custodial Agreement may be modified or terminated, or a substitute Custodial Agreement executed, or a successor Custodian appointed, in each case without the consent of Obligor so long as the obligations of Obligor are not increased and the rights of the Obligor under the Loan Documents are not adversely affected in any material respect. Except for minor modifications to the Custodial Agreement not affecting Obligor, City agrees to give reasonable advance notice to the Obligor of any action as described in the preceding sentence, and agrees in each case to provide a copy of any modification or substitute Custodial Agreement to Obligor within fifteen (15) days after the execution thereof.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

7.3 No Defense Based on City Regulatory Actions. Obligor understands that (a) the operations of Obligor in the Property and elsewhere are subject to numerous laws, regulations, ordinances and permits, including those of City and other governmental bodies relating to land use, environmental hazards, and other regulatory matters, and (b) the modification, interpretation, application, or revocation of such laws, regulations, rules or permits could adversely affect economic return to Obligor from the Property. Obligor has conducted its own investigation and relied on the advice of its own counsel and experts as to all such matters in connection with Obligor's acquisition of the Property. Obligor acknowledges that by entering into this Agreement the City does not make, and that the City expressly disclaims, any representation or assurance whatever as to (1) the present or future status of the Property or the uses thereof under applicable laws or regulations, including those of the City; or (2) the availability, issuance or continuation of any permits, approvals, or interpretations of any kind that may be required or desired by Obligor or any other party in connection with the Property. Obligor agrees that notwithstanding any regulatory action or omission of City affecting Obligor or affecting the use or development of the Property (whether or not such action or omission shall be determined to be consistent with applicable law in any proceeding), no defense, offset or reduction of liability shall be available to Obligor, at law or in equity.

7.4 Time. Time is of the essence of all provisions of the Loan Documents.

7.5 Entire Agreement; Amendments. This Agreement, the other Loan Documents, and the documents, laws and regulations incorporated by reference herein constitute the entire agreement of the parties hereto with respect to the Loan and supersede any prior agreements or understandings, written or oral, with respect to the Loan. Obligor is not relying upon any promises, representations or understandings, written or oral, in entering into the Loan Documents, other than as expressly set forth in the Loan Documents. The obligations of Obligor under the Loan Documents are not conditioned upon, and shall not be affected by, any other agreement, understanding, performance or nonperformance by the City or any other party, and in any proceeding to enforce any of Obligor's obligations under the Loan Documents, Obligor shall not be entitled to assert, by way of excuse, offset, counterclaim, grounds for equitable relief, or otherwise, any actual or alleged action or inaction by or on behalf of the City except to the extent that any such action or inaction is expressly required of the City by, and is made a condition of Obligor's obligation by, the Loan Documents. No amendment, modification, or termination of any provisions of this Agreement or of any of the Loan Documents shall in any event be effective unless the same shall be in writing and signed by a duly authorized officer of City and by Obligor, and no such writing shall be construed to modify, waive, or affect the terms of the Loan Documents except to the extent that such document expressly so provides.

7.6 Headings. The article and section headings in no way define, limit, extend or interpret the scope of this Agreement or of any particular article or section.

7.7 Number and Gender. When the context in which the words are used in this Agreement indicate that such is the intent, words in the singular number shall include the plural and

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

vice-versa. References to any one gender shall also include the other gender if applicable under the circumstances.

7.8 Validity. In the event that any provision of this Agreement shall be held to be invalid, the same shall not affect in any respect whatsoever the validity of the remainder of this Agreement.

7.9 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington, and The City of Seattle, except to the extent federal law applies.

7.10 Survival. All agreements, representations and warranties made herein and in the Obligor Note shall survive the execution and delivery of this Agreement and of the Loan Documents and the making of the Loan hereunder and continue in full force and effect until the obligations of Obligor hereunder and the indebtedness evidenced by the Obligor Note have been fully paid and satisfied, and thereafter to the extent provided in the Loan Documents, regardless of whether the Obligor Note is surrendered or marked as canceled or paid in full.

7.11 Venue and Forum. In the event that any legal action should be filed by either party against the other, the venue and forum for such action shall be the Superior Court of the State of Washington for the County of King.

7.12 Attorney's Fees. In the event either party shall bring an action to enforce the terms and conditions of this Agreement, the prevailing party shall be entitled to recover all of its costs and expenses, including, but not limited to, reasonable attorney's fees as determined by the court.

7.13 Duplicate Originals; Counterparts. This Agreement shall be executed in duplicate and each of the parties hereto shall receive an original. Each original shall constitute one and the same agreement. This Agreement may be executed in counterparts, and each such counterpart shall be deemed to be an original.

7.14 Construction. The Loan Documents shall be construed so as to conform to the requirements of the HUD Contract and applicable federal laws and regulations. The Loan Documents are the product of negotiation between the parties and therefore shall not be construed strictly in favor of, or against, either party except as may be specifically provided in the Loan Documents with respect to particular provisions thereof.

7.15 Notices. Any notice, demand or request required hereunder shall be given in writing at the addresses set forth below by personal service, by facsimile transmission, or by first class mail. The addresses may be changed by notice to the other party given in the same manner as provided above. Notices personally served or sent by facsimile shall be effective when actually received during normal business hours, and otherwise on the following Business Day. If notice is given by mail, it shall be deemed received on the earlier of: (i) if by certified mail, the date of receipt as shown on the return receipt, or (ii) three (3) days after its deposit in the U.S. mail.

If to Obligor:

Seattle, Washington _____
Attn: _____
fax: _____

If to City:

OFFICE OF ECONOMIC DEVELOPMENT
City of Seattle
700 Fifth Avenue, Suite 1730
Seattle, Washington 98104
Attn: Director
fax: 684-0379

IN WITNESS WHEREOF, Obligor and City have executed this Agreement as of the date first written above by and through their duly authorized representatives.

City:

THE CITY OF SEATTLE, a
Washington municipal corporation

By: _____
Print Name: _____
Director of Office of Economic Development

OBLIGOR:

By: _____
Print Name: _____
Title: _____

LIST OF ATTACHMENTS

Attachment A Legal Description for Property
Attachment B Description of Renovation Project
Attachment C Form of Obligor Note



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

ATTACHMENT C TO LOAN AGREEMENT

Form of Obligor Note

VARIABLE/FIXED RATE PROMISSORY NOTE

Seattle, Washington
_____, 2002

\$_____.00

FOR VALUE RECEIVED, _____ ("Obligor"), a Washington limited partnership, promises to pay to THE CITY OF SEATTLE, WASHINGTON ("Payee"), a Washington municipal corporation, or order, at _____, Seattle, Washington 98104, at the time or times provided herein, the sum of _____ Dollars (\$_____.00), with interest as provided herein.

This Note is given to evidence a loan (the "Loan") made pursuant to the Loan Agreement dated _____, 2002 (as supplemented or amended from time to time, the "Loan Agreement"), between the Obligor and the Payee. The funds used by the Payee to make the Loan have been obtained by Payee exclusively through the sale of a note or notes in the total principal amount of \$15,500,000 issued by the Payee (the "City Note") pursuant to Section 108 of the Housing and Community Development Act of 1974 as amended (42 USC §5308) and 24 CFR 570.700, *et seq.*, pursuant to which the Payee has entered into certain agreements, including, but not limited to, (a) with the United States Department of Housing and Urban Development ("HUD"), a Contract for Loan Guarantee Assistance, (b) with HUD, the Application for Loan Guarantee, Grant Agreement # _____, (c) with HUD and JPMorgan Chase Bank (formerly known as The Chase Manhattan Bank), an Amended and Restated Master Fiscal Agency Agreement, and (d) with JPMorgan Chase Bank, an Indenture of Trust and Custodial Agreement (which documents, as amended or amended from time to time, may be referred to collectively as the "Master Agreement"). The Obligor acknowledges and agrees that the Loan has been made subject to all of the terms and conditions of the Master Agreement and the City Note. Any capitalized terms not defined herein shall have the meanings provided in the City Note, the Loan Agreement or the Master Agreement as applicable.

Loan advances made from time to time in accordance with the terms of this Note and the Loan Agreement shall bear interest from the date and at the rates applicable to the corresponding Advances made under the City Note until repayment is made in full. Initially, such interest shall accrue at a variable interest rate on the unpaid principal balance of each advance. The initial variable interest rate for each advance hereunder will be set on the date of such advance and will be equal to 20 basis points (0.2%) above the Applicable LIBO Rate (as hereinafter defined) and thereafter will be adjusted monthly on the first day of each month (each, a "Reset Date") to a variable interest rate equal to 20 basis points (0.2%) above the Applicable LIBO Rate (such interest rate, as reset from time to time, the "Standard Note Rate"). If the Conversion Date for the City Note has not occurred by the March 1 following the initial Advance thereunder, then the

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



variable interest rate hereunder will be equal to the variable interest rate on the City Note set pursuant to the terms of Appendix A to the City Note. If the Fiscal Agent does not receive notice of either a Negotiated Special Interest Rate or Holder Determined Special Interest Rate (as defined in Appendix A to the City Note) from the Secretary or Holder, respectively, by the times specified in Appendix A to the City Note, then the Standard Note Rate shall apply for the period to which such Negotiated Special Interest Rate or Holder Determined Special Interest Rate would otherwise apply.

"LIBO Rate" for any given Business Day means, except in the case of manifest error, the interest rate per annum published on that day in the Eastern Edition of The Wall Street Journal or any successor publication ("WSJ"), published by Dow Jones & Company, Inc., in the section titled "Money Rates" (or any successor section) and opposite the caption "London Interbank Offered Rates (LIBOR) -- three months" (or any successor caption). If such rate does not appear in WSJ on a given Business Day, for each interest period, the LIBO Rate shall be the interest rate, converted to a bond-equivalent yield basis, for deposits in U.S. dollars for three months which appears on Telerate Page 3750 or such other page as may replace Page 3750 on that service or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying such rate (together, "Telerate Page 3750") as of 11:00 a.m., London time, on the day (the "Determination Date") that is two London Banking Days preceding the relevant Reset Date or Advance. If such rate does not appear on Telerate Page 3750 on such Determination Date, such rate shall be obtained from the Reuters Screen ISDA Page as of 11:00 a.m., London time, on such Determination Date. If, in turn, such rate does not appear on the Reuters Screen ISDA Page on such Determination Date, the offered quotation from each of four reference banks (expressed as a percentage per annum) as of approximately 11:00 a.m., London time, on such Determination Date for deposits in U.S. dollars to prime banks on the London interbank market for a 3-month period, commencing on the Reset Date or date of such Advance, shall be obtained. If at least two such quotations are provided, the LIBO Rate for such Reset Date or date of such Advance will be the arithmetic mean of the quotations, rounded to five decimal places. If fewer than two such quotations are provided as requested, the LIBO Rate for that Determination Date shall be the rate for the most recent day preceding such Determination Date for which the LIBO Rate shall have been displayed on Telerate Page 3750. The LIBO Rate for any interest period shall be converted to a bond-equivalent yield basis by multiplying such rate by the actual number of days in such interest period and dividing that number by 180.

"Applicable LIBO Rate" means: (1) with respect to the initial interest rate for the first advance hereunder, the LIBO Rate two London Banking Days before the date of such first advance; (2) with respect to the initial interest rate for any subsequent advance made before the first Reset Date, the interest rate borne by the first advance; (3) with respect to the initial interest rate for any subsequent advance made after the first Reset Date, the LIBO Rate two London Banking Days before the immediately preceding Reset Date; and (4) with respect to the subsequent interest rate at any Reset Date for any advance, the LIBO Rate two London Banking Days before such Reset Date.

"London Banking Day" means any day in which dealings in deposits in United States dollars are transacted in the London interbank market. Interest payable on or before the

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

Conversion Date shall be calculated on the basis of a 360-day year and the actual number of days lapsed.

Prior to the Conversion Date, the aggregate amount of advances under this Note for each specified Principal Due Date under the City Note shall be the principal amount to be paid by Payee on such Principal Due Date (as assigned in accordance with the Master Agreement), except to the extent such principal amount shall have been reduced by prepayment before such Principal Due Date as provided herein.

On the Conversion Date, all advances owed by the Obligor under this Note with the same Principal Due Date shall be aggregated into a single principal amount, which will accrue interest at the fixed rate that the underwriters of the City Note determine will enable them to sell the City Note under then prevailing market conditions as of the Conversion Date at one hundred percent (100%) of the aggregate amount thereof.

Notwithstanding the foregoing, following the occurrence of any default hereunder or under the Loan Agreement, which default is not cured as permitted by the Loan Agreement, the outstanding principal balance of the Loan and this Note shall bear interest at the greater of the rate set as provided above or twelve percent (12%) per annum.

Interest payable on or before the Conversion Date shall be calculated on the basis of a 360-day year and the actual number of days elapsed. Interest after the Conversion Date shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The principal of and interest on this Note shall be due and payable at the same time correlative principal of and interest on the City Note is due and payable. Such interest is due and payable quarterly in arrears, and such principal is due as set out on Exhibit 1 attached hereto and incorporated herein by this reference. Payments of principal of and interest on this Note shall be made to the Loan Repayment Account.

In order to ensure timely payment of such principal and interest, commencing in the first month disbursement of principal of the City Note in respect of this Note is to be made, Obligor shall make monthly installment payments to the Custodian for deposit in an account maintained by the Custodian for the accumulation of funds for payments on this Note (the "Debt Service Reserve Account," which term shall include any related Debt Service Reserve Investment Account established under the Custodial Agreement and Letter Agreements). Each such monthly payment shall be due and payable, in immediately available funds, on the "Deposit Day," which shall be the fifteenth (15th) day of the month, or if such day is not a Business Day, then on the previous Business Day; provided that the Deposit Day in respect of any Conversion Date shall be the day which is two Business Days prior to the Conversion Date. Subject to the provisions of the next paragraph, each such payment shall be in an amount equal to the actual interest accruing on this Note during the corresponding month (the "Interest Component"), at the rate or blended rate, as the case may be, then in effect, plus one-twelfth (1/12th) of the total principal coming due on this Note on the next scheduled principal payment date ("Principal Component"); provided, that the monthly payment obligation in respect of the Interest Component shall be adjusted ratably during any month the Loan is not outstanding for the entire

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

month; and provided further, that the Principal Component shall be adjusted ratably during any period that fewer than twelve (12) Deposit Days are scheduled to occur prior to the corresponding Obligor Payment Date (as such term is defined in the next paragraph of this Note) in respect of a principal payment on this Note. Except as provided in the next paragraph, Obligor shall not be entitled to any reductions in, or credits against, deposits required to be made to the Debt Service Reserve Account based upon interest or earnings credited to the Debt Service Reserve Account (including any Debt Service Reserve Investment Account). The Custodian is hereby irrevocably authorized to transfer funds from the Debt Service Reserve Account to the Loan Repayment Account on each Obligor Payment Date, in the full amount due on this Note on each such date. Obligor's monthly installment payments into the Debt Service Reserve Account shall not constitute payments under this Note. Obligor shall be credited with the payment of interest on and the principal of this Note only when and solely to the extent that funds shall be transferred to the Loan Repayment Account in accordance with the terms of the Loan Agreement and this Note. The Custodian is further irrevocably authorized by Obligor to liquidate investments in the Debt Service Reserve Account, in the Custodian's discretion, and without liability for any loss on any such liquidation, for the purposes described in this paragraph.

[Note: the following provision " will be applicable only if City offers Obligor an interest subsidy to be paid from BEDI Grant: Obligor and Payee intend, notwithstanding the actual rate of interest payable on the Loan and Obligor Note from time to time, that to the extent feasible, Obligor's interest payment obligations shall be based upon a deemed rate of interest equal to four percent (4%) per annum. If the rate or blended rate as the case may, be of interest applicable to this Note during any month is less than four percent (4%) per annum, Obligor shall pay to the Custodian on the corresponding Deposit Day, for deposit into the Debt Service Reserve Account, an amount equal to the interest payment that would have been due on this Note on such date had the rate during such period been four percent (4%) per annum, notwithstanding that the actual interest accruing on this Note during such period may be less. If the rate or blended rate as the case may be, of interest applicable to this Note during any month exceeds four percent (4%) per annum, unless the Custodian shall have delivered to Obligor a Shortfall Notice (defined in this paragraph, below), Obligor shall pay to the Custodian on the corresponding Deposit Day, interest at a rate equal to four percent (4%) per annum on the then-outstanding principal balance of this Note, and the Custodian shall look to other funds on deposit in the Debt Service Reserve Account and the BEDI Grant Loan Payment Reserve Account to pay the balance of interest scheduled to become due on this Note on the next payment date (each an "Obligor Payment Date"); provided, that Custodian shall exhaust funds on deposit in the Debt Service Reserve Account from time to time prior to making any withdrawals from the BEDI Grant Loan Payment Reserve Account to pay any part of the Interest Component of any monthly deposit; and provided further, that the Custodian is not authorized to and shall not withdraw from the BEDI Grant Loan Payment Reserve Account for such purposes, an aggregate amount greater than _____ dollars (\$_____). If not less than five (5) Business Days prior to any Deposit Day the Custodian determines that there shall or may be insufficient funds available in the Debt Service Reserve Account and BEDI Grant Loan Payment Reserve to pay the full amount of principal and interest to become due on this Note on the next date Obligor Payment Date, taking into account the expected payment of interest at a deemed rate of four percent (4%) per annum required to be made by Obligor on such Deposit Day and on each subsequent Deposit Day scheduled to occur prior to such Obligor Payment Date, the Custodian shall promptly deliver

written notice (each, a "Shortfall Notice") to that effect to the Obligor (with a copy to City). Upon receipt of any such Shortfall Notice, and in any event, on or before the corresponding Deposit Day, the Obligor shall pay to the Custodian, for deposit into the Debt Service Reserve Account, the full amount of interest actually accruing on this Note during the corresponding month. Obligor acknowledges and agrees that interest stabilization payments made by Obligor in accordance with this paragraph and deposited in the Debt Service Reserve Account, together with the earnings thereon, if any, shall be held, without right of withdrawal until payment of this Note and all interest accrued hereon, is made, in full.]

If any deposit required to be made into the Debt Service Reserve Account is not received within ten (10) days after the date when such deposit is due, in addition to additional interest required to be paid in accordance with this Note, Obligor agrees to pay a late charge equal to five percent (5.0%) of the amount past due, as compensation to Payee for the staff time and resources required to handle such delinquencies, and not as a penalty. Such late charges shall not be credited to the Debt Service Reserve Account or Loan Repayment Account, but shall be retained by Payee. Late charges under this Section are in addition to, and not in substitution for, the other remedies provided in the Loan Documents.

Anything herein to the contrary notwithstanding, all principal, interest, fees, costs and other charges that Obligor is obligated to pay in connection with this Note and the Loan shall be due and payable, in full, on _____, 20__.

This Note, together with other obligations of Obligor under the Loan Documents (but not the Certificate and Indemnity) is secured by a Deed of Trust, Assignment of Leases and Rents, and Security Agreement with Fixture Filing (as supplemented or amended from time to time, the "Deed of Trust"), of even date herewith, from the Obligor to the Payee, and by security interests in the monies and investments held in certain Reserves established in accordance with the Loan Agreement and Master Agreement, which security interests are perfected, to the extent allowable under Washington law, by recording in the records of King County, Washington and filing of financing statements with the Washington State Department of Licensing. [Note: this provision is applicable only if Obligor is to arrange for a guaranty. This Note is further secured by a Guaranty of even date, executed and delivered by _____ (collectively, the "Guarantor").]

The principal hereof and any interest accrued hereon may be prepaid, provided, however, that any prepayment shall not reduce the principal payment required at any subsequent time until this Note is paid in full, together with interest hereon, and provided, further:

(a) On or before the Conversion Date, this Note may be prepaid in whole or in part upon thirty (30) days prior written notice to the Payee and with, and only with, the consent of HUD. Any prepayment of the principal hereof shall be accompanied by all accrued interest thereon to the date of prepayment, and partial prepayments shall be credited against the principal amount last becoming due hereunder.

(b) After the Conversion Date, this Note may be prepaid in whole or in part at any time provided Obligor shall give 90 days prior written notice of its intention to make any prepayment. Any prepayment shall be applied to the payments last becoming due under this

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

Note. No partial prepayment shall relieve the Obligor of the obligation to make any future payments due after the date of any prepayment. Any prepayment shall be in an amount not less than the amount which is sufficient to defease all of the City Note (or any portion thereof) of any maturity as provided in the Master Agreement, including the requirement that principal amounts under the City Note having the latest maturity are defeased before those with shorter maturities. If in the event of any prepayment, the Payee incurs any costs, expenses, fees, charges, premiums or losses, the Obligor shall pay such items upon demand in addition to the principal and interest due hereunder.

Any prepayment by Obligor or any third party, or recovery from the disposition of any collateral, after default shall constitute a prepayment and be subject to all terms and conditions regarding prepayment.

In the event of any default by Obligor in any term or condition of this Note, the Loan Agreement, the Deed of Trust, the Certificate and Indemnity, or any other document executed in connection herewith, or in the event of any default by Guarantor under the Guaranty, if any, in any event, which default is not cured as permitted by the applicable document, the entire principal and accrued interest hereunder shall become immediately due and payable without notice or demand at the option of the Payee.

If Obligor is in default under the provisions of this Note, the Loan Agreement, the Deed of Trust, the Certificate and Indemnity, or any other document executed in connection herewith, or in the event of any default by Guarantor under the Guaranty, and Payee commences any action to enforce collection hereof or foreclosure under any security document given in connection herewith or therewith, the Obligor agrees to pay all costs and expenses incurred by Payee, including but not limited to Payee's reasonable attorneys' fees.

Demand, protest, and notice of demand and protest are hereby waived, and the Obligor, to the extent authorized by law hereby waives any and all homestead or other exemption rights which otherwise might apply to the obligation evidenced by this Note, and/or any property covered by any security document given in connection herewith.
The Obligor executes this Note as a principal and not as a surety.

**ORAL AGREEMENTS, OR ORAL COMMITMENTS TO LEND MONEY,
EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A
DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.**

_____, a _____

By: _____
Title: _____

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

STATE OF _____)
County of _____) ss.

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath, stated that he/she was authorized to execute the instrument and acknowledged it as _____ of _____, a _____, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: _____, 2002.

NOTARY PUBLIC

Print Name: _____

Residing at: _____

My appointment expires: _____

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



ASSIGNMENT AND ACKNOWLEDGMENT:

The Payee hereby assigns to JPMorgan Chase Bank, as Trustee, with full right of assignment for the benefit of HUD under that certain Indenture of Trust and Custodial Agreement dated as of _____, 2002 and the Master Agreement, all of its rights under the foregoing Promissory Note.

Dated this ____ day of _____, 2002.

THE CITY OF SEATTLE, WASHINGTON

By: _____
[Title]

Approved as to Form:

By: _____
Assistant City Attorney

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



Obligor hereby acknowledges the foregoing assignment and agrees to recognize and render all performance to the Trustee and HUD as assignee of the Promissory Note.

_____, a _____

By: _____
[Title]

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.



NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

STATE OF WASHINGTON - KING COUNTY

--SS.

148733
City of Seattle, Clerk's Office

No.

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:120873 ORD. IN FULL

was published on

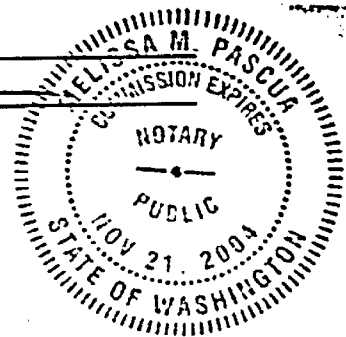
08/21/02 08/22/02

G. Stedman
Subscribed and sworn to before me on

8/22/2002

Melissa M. Pascua
Notary public for the State of Washington,
residing in Seattle

Affidavit of Publication



State of Washington

City of Seattle

ORDINANCE 230000

AN ORDINANCE relating to economic and community development; authorizing and providing for the issuance by the City of a note for the purpose of supporting eligible activities under the federal Section 108 program, including the acquisition and rehabilitation of certain brownfields properties within the City of Seattle's Brownfields Showcase and Enterprise Communities; authorizing a Funding Approval/Agreement and a contract with the United States Department of Housing and Urban Development for a Section 108 guaranty of the note; authorizing agreements with a custodian to establish separate accounts or funds; authorizing loans of a portion of the note proceeds; authorizing acceptance of a Brownfields Economic Development Initiative Grant for use to reduce debt service obligations on such loans; authorizing related agreements; and ratifying and confirming prior acts.

WHEREAS, the City's Brownfields Showcase and Enterprise Communities contain abandoned or under-used properties, where expansion or redevelopment is hindered by real or perceived environmental contamination, and which are generally known as "brownfields" properties; and

WHEREAS, the Nisqually Earthquake of February 28, 2001 further destabilized brownfields properties within the City's Brownfields Showcase and Enterprise Communities, and a number of historic and environmentally contaminated buildings in Pioneer Square and the International District are now in need of immediate rehabilitation; and

WHEREAS, acquisition and rehabilitation of certain brownfields properties in these communities, including earthquake damaged buildings, would not be economically feasible unless publicly-based financing sources were available; and

WHEREAS, HUD awarded the City a Brownfields Economic Development Initiative grant in the amount of \$1,750,000 ("BEDI Grant") to support development of the Rainier Court project in Southeast Seattle; however, due to the high levels of distress caused by the February 28, 2001 earthquake, HUD amended the terms of the BEDI Grant to allow use of funds to support redevelopment projects in the City's Brownfields Showcase and Enterprise Communities; and

WHEREAS, HUD conditioned use of the BEDI Grant of the City's ability to obtain a companion Section 108 loan; and

WHEREAS, the City Council held a public hearing on June 5, 2002 on a proposed application to the United States Department of Housing and Urban Development ("HUD") for a federal loan guaranty under Section 108 of the Housing and Community Development Act of 1974, as amended ("Section 105"), to assist in financing eligible economic and community development activities, including acquisition and rehabilitation of certain brownfields properties within the City's Brownfields Showcase and Enterprise Communities; and

WHEREAS, Resolution 30466, adopted by the City Council on June 10, 2002, authorized the Mayor to submit an application to HUD for a Section 108 loan guaranty and the Mayor did submit such application; and

WHEREAS, the City has received a Funding Approval/Agreement from HUD under which HUD will provide a Section 108 loan guaranty in an amount not to exceed Fifteen Million Five Hundred Thousand Dollars (\$15,500,000); and

WHEREAS, under the federal Section 108 program, HUD's assistance must take the form of the City's issuance of a non-recourse note guaranteed by HUD, and loans of the proceeds of the note for projects that fulfill a public purpose and provide revenues to repay the note; and

WHEREAS, the City's participation in the Section 108 loan guaranty program and the expenditure of guaranteed loan proceeds thereunder is authorized by RCW 35.21.735, and the City Council by this Ordinance

Section 1. The Mayor or the Director of the Office of Economic Development ("OED Director") is authorized, on behalf of The City of Seattle, to accept a Funding Approval/Agreement from HUD, in the form attached as Exhibit A with such additions, modifications and amendments as HUD may require or the Mayor or OED Director may deem necessary or advisable to carry out the purposes of this Ordinance, for a Section 108 loan guaranty in the amount of up to Fifteen Million Five Hundred Thousand Dollars (\$15,500,000). The Mayor or OED Director is further authorized, on behalf of The City of Seattle, to accept a BEDI Grant Agreement from HUD, in the form attached as Exhibit B with such additions, modifications and amendments as HUD may require or the Mayor or OED Director may deem necessary or advisable to carry out the purposes of this Ordinance, for a Brownfields Economic Development Initiative Grant in the amount of up to One Million Seven Hundred Fifty Thousand Dollars (\$1,750,000). The Mayor or OED Director is further authorized, on behalf of the City, to execute, deliver, perform and administer a contract with HUD (the "Contract"), based on the form attached as Exhibit C and with such additions, modifications and amendments as HUD may require or the Mayor or OED Director may deem necessary or advisable to carry out the purposes of this Ordinance. The Mayor or OED Director is further authorized, on behalf of The City of Seattle, at the request of HUD, to execute and deliver an amendment to, or replacement for, the Contract in such form as HUD may require or the Mayor or OED Director may deem necessary or advisable to carry out the purposes of this Ordinance. The Contract, and any replacement contract, shall contain in substance that the note issued by the City pursuant to Section 2 of this Ordinance shall be a non-recourse note, that the City's liability on the Note and the Contract shall be limited solely to the security pledged therefor, that they are not obligations of the City or the State of Washington, that neither the Note nor the Contract shall constitute a debt payable from the City's public funds, and that neither the faith and credit nor the taxing power of the City shall be pledged for the City's obligations under the Contract or for payment of principal, interest or premium, if any, on the Note.

Section 2. The Mayor or OED Director is authorized, on behalf of The City of Seattle, to issue a non-recourse promissory note ("Note") in the principal amount not to exceed Fifteen Million Five Hundred Dollars (\$15,500,000) based on the form attached as Exhibit D, and with such modifications, additions or amendments as HUD may require or the Mayor or OED Director may deem necessary or advisable to carry out the purposes of this Ordinance. The interest rates for the Note shall be as determined in accordance with the terms of the Note and Contract. The Note shall provide for a schedule of maturities of principal approximately as stated in Exhibit D, with such modifications and amendments as HUD may require or the Mayor or OED Director may deem necessary or advisable to carry out the purposes of this Ordinance. The Mayor or OED Director is further authorized, on behalf of the City, to cause portions of the proceeds of the Note to be disbursed, by the financial institution acting as Custodian pursuant to Section 6 of this Ordinance, to the order of 211 First Avenue Building, L.P., a Washington limited partnership, Buttnick Building, L.P., a Washington limited partnership and Triad City Loan LLC, a Washington limited liability company (these entities are referred to collectively as "Goodman Entities"), or any substitute entities approved by the Mayor or OED Director, pursuant to the Loan Agreements authorized in Section 3 of this Ordinance, to assist in the financing of the acquisition and rehabilitation of properties known as 211 First Avenue, Buttnick Building (200-204 First Avenue) and the City Loan Building (206 First Avenue), in Seattle, Washington. These three initial projects are more particularly described in the Project Description attached as Exhibit E. The Mayor or OED Director is further authorized, on behalf of the City, to cause the remaining portion of the proceeds of the Note to be disbursed by the Custodian to the order of any additional borrowers pursuant to any further loan agreements for the use of Note proceeds that are approved by the City Council by subsequent ordinance. The Mayor or OED Director is further authorized, on behalf of The City of Seattle, at the request of HUD, to execute and deliver one or more replacement non-recourse promissory notes ("Replacement Note") in the aggregate principal amount not to exceed Fifteen Million Five Hundred Thousand Dollars (\$15,500,000) which substantially the same schedule of principal repayments and with interest rates determined substantially as contemplated by the Contract, and otherwise in such form as the Mayor or OED Director may deem necessary or advisable to carry out the purposes of this Ordinance. Pursuant to RCW 35.21.735, the Note (including any Replacement Note) shall contain a recital to the effect that it is not an obligation of the City or the State of Washington, and that neither the faith and credit nor the taxing power of the State, the City or any other municipal corporation or subdivision of the State or any agency of any of the foregoing is pledged to the payment of principal, interest or premium if any, thereon.

Section 3. The Mayor or OED Director is authorized, on behalf of The City of Seattle, to execute, deliver, administer and cause to be performed Loan Agreements with the Goodman Entities, and with other borrowers to which loans of Note proceeds may be approved by any later ordinance (the Goodman Entities and any such other borrowers are collectively referred to as "Obligors"), each based on the form attached as Exhibit F, with such additions, modifications, and amendments as HUD may require or the Mayor or OED Director may deem necessary or advisable to carry out the purposes of this Ordinance, together with such ancillary and related documents as the Mayor or OED Director may deem necessary or advisable to carry out the purposes of this Ordinance. Such modifications may include, without limitation, provision for an interest rate payable by each Obligor that may be at a rate higher than or different from that interest rate payable on the Note; provision for establishing, adjusting or eliminating a periodic monitoring fee or a similar fee payable to the Obligors, or both. Each loan to an Obligor shall be secured by a first lien position deed of trust, in form and content acceptable to the OED Director, against the property being acquired and improved with such loan. The loans to the Goodman Entities shall also be secured by an unconditional guaranty of payment and performance from John A. Goodman in form and content acceptable to the OED Director. Moreover, the Loan Agreements shall provide, consistent with HUD regulations, that the Obligor shall take affirmative steps to assure that minority and women's business enterprises are used when possible, and shall maintain records of those steps, and that nothing in the agreement shall be construed to require or authorize any discrimination or preferential treatment contrary to applicable law. Disbursement of such loan proceeds for the costs of renovation of each Obligor's project to be funded from proceeds of the Note shall be governed by a construction disbursement agreement for the benefit of the City in form and content acceptable to the OED Director.

Section 4. The specific terms of the loans to the Goodman Entities, and the use of the BEDI Grant for the Goodman Entities, shall be based on the terms outlined in Exhibit E, with such adjustments as HUD may or the Mayor or OED Director may deem necessary or advisable to carry out the purposes of this Ordinance.

Section 5. The Mayor or OED Director is authorized, on behalf of the City, to negotiate and execute one or more agreements with a financial institution to act as trustee and or custodian (the "Custodian") to receive and disburse the proceeds of the City's non-recourse Note and to receive, administer and expend such funds as are received from Obligors as repayments or other payments under the Loan Agreements or from realization on the security for the loans. Such agreement shall also authorize the Custodian to

tution as may be designated by HUD, shall serve as fiscal agent with respect to the Note, on such terms and conditions as the Mayor or OED Director shall determine are necessary or appropriate to implement the purposes of this Ordinance. The authority granted in this Section shall apply notwithstanding Seattle Municipal Code subsection 8.10.060A, to the extent it might be deemed applicable to the Note. The Fiscal Agent may be the same as the Custodian, or an affiliated entity thereof.

Section 9. The Mayor or OED Director may require Obligors to pay a loan origination fee of no more than one percent (1%) of the loan amount, i.e., no more than the cumulative amount of One Hundred Fifty-five Thousand Dollars (\$155,000). Such fee shall be paid directly to the Custodian to be held in trust for the purposes set forth in this Section 9. The OED Director is authorized to cause all or a portion of this fee to be disbursed by the Custodian to pay the National Development Council for consulting services related to the loans authorized hereby, in accordance with the City's existing contract with the National Development Council, and to pay for the City's legal fees and any other costs related to the issuance and placement of the Note and the administration of the transactions authorized by this Ordinance, that are not paid by Obligors pursuant to the Loan Agreement. The OED Director is authorized to cause (i) any remaining portion of such fee and (ii) any payments received by the Custodian representing any difference between the interest rates charged to Obligors and the lower rates applicable to the Note or representing a periodic monitoring fee or similar fee, to be applied to payment of expenses incurred in the administration of any federally guaranteed or federally funded economic development loan or program administered by the OED Director or to be remitted to the City and deposited in the Housing and Community Development Revenue Sharing Fund.

Section 10. The Director of the Human Services Department ("HSD Director") is authorized to (a) amend the City's 2001-2004 Consolidated Plan, including the 2002 Action Plan to reflect the transactions contemplated by this Ordinance and (b) assist OED with technical assistance to ensure compliance with Community Development Block Grant regulations applicable to the Section 108 loan program. The Mayor, OED Director, and the HSD Director are authorized to take such other actions as they shall deem necessary to implement the actions authorized by this Ordinance.

Section 11. This Ordinance is not intended to create, and shall not be construed to create, any contractual or otherwise binding obligation upon, or commitment by, the City for the benefit of the Goodman Entities or any other party interested in the acquisition or rehabilitation projects of the Goodman Entities. The commitments to the Goodman Entities authorized by this Ordinance, subject to the limitations herein and under applicable law, shall become effective only if and when the agreements authorized hereby are duly executed and delivered by the City and other necessary parties.

Section 12. Any act pursuant to the authority and prior to the effective date of this Ordinance is hereby ratified and confirmed.

Section 13. This Ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

Passed by the City Council the 12th day of August, 2002, and signed by me in open session in authentication of its passage this 12th day of August, 2002.

PETER STEINBRUECK,
President of the City Council.

Approved by me this 13th day of August, 2002.

GREGORY J. NICKELS,
Mayor.

Filed by me this 13th day of August, 2002.

(Seal) JUDITH E. PIPPIN,
City Clerk.

Publication ordered by JUDITH PIPPIN, City Clerk.

Exhibits:

A. Funding Approval/Agreement for Section 108 Loan Guarantees.

B. BEDI Grant Agreement.

C. Form of HUD Contract for Loan Guaranty Assistance - Attachment I: Letter Agreement for Section 108 Loan Guaranty Program, Custodial Account; Attachment II: Letter Agreement for Section 108 Loan Guaranty Program, Custodial Investment Account.

D. Form of Non-Recourse Note of the City.

E. Project Descriptions.

F. Form of Loan Agreement - Attachment A: Real Property Description (Not Included); Attachment B: Reproduction Description (Not Included); Attachment C: Form of Obligor Promissory Note.

See City Clerk for Attachments.

Date of publication in the Seattle Daily Journal of Commerce, August 21 and 22, 2002.

87221(45733)

State of Washington

City of Seattle

ORDINANCE 220000

AN ORDINANCE relating to economic and community development; authorizing and providing for the issuance by the City of a note for the purpose of supporting eligible activities under the federal Section 108 program, including the acquisition and rehabilitation of certain brownfields properties within the City of Seattle's Brownfields Showcase and Enterprise Communities; authorizing a Funding Approval Agreement and a contract with the United States Department of Housing and Urban Development for a Section 108 guaranty of the note; authorizing agreements with a custodian to establish separate accounts or funds; authorizing loans of a portion of the note proceeds; authorizing acceptance of a Brownfields Economic Development Initiative Grant for use to reduce debt service obligations on such loans; authorizing related agreements; and ratifying and confirming prior acts.

WHEREAS, the City's Brownfields Showcase and Enterprise Communities contain abandoned or underused properties, where expansion or redevelopment is hindered by real or perceived environmental contamination, and which are generally known as "brownfields" properties; and

WHEREAS, the Nisqually Earthquake of February 28, 2001 further destabilized brownfields properties within the City's Brownfields Showcase and Enterprise Communities, and a number of historic and environmentally contaminated buildings in Pioneer Square and the International District are now in need of immediate rehabilitation; and

WHEREAS, acquisition and rehabilitation of certain brownfields properties in these communities, including earthquake damaged buildings, would not be economically feasible unless publicly-based financing sources were available; and

WHEREAS, HUD awarded the City a Brownfields Economic Development Initiative grant in the amount of \$1,500,000 ("BEDI Grant") to support development of the Rainier Court project in Southeast Seattle; however, due to the high levels of distress caused by the February 28, 2001 earthquake, HUD amended the terms of the BEDI Grant to allow use of funds to support redevelopment projects in the City's Brownfields Showcase and Enterprise Communities; and

WHEREAS, HUD conditioned use of the BEDI Grant on the City's ability to obtain a companion Section 108 loan; and

WHEREAS, the City Council held a public hearing on June 3, 2002 on a proposed application to the United States Department of Housing and Urban Development ("HUD") for a federal loan guaranty under Section 108 of the Housing and Community Development Act of 1974, as amended ("Section 108"), to assist in financing eligible economic and community development activities, including acquisition and rehabilitation of certain brownfields properties within the City's Brownfields Showcase and Enterprise Communities; and

WHEREAS, Resolution 30466, adopted by the City Council on June 10, 2002, authorized the Mayor to submit an application to HUD for a Section 108 loan guaranty and the Mayor did submit such application; and

WHEREAS, the City has received a Funding Approval Agreement from HUD under which HUD will provide a Section 108 loan guaranty in an amount not to exceed Fifteen Million Five Hundred Thousand Dollars (\$15,500,000); and

WHEREAS, under the federal Section 108 program, HUD's assistance must take the form of the City's issuance of a non-recourse note guaranteed by HUD, and loans of the proceeds of the note for projects that fulfill a public purpose and provide revenues to repay the note; and

WHEREAS, the City's participation in the Section 108 loan guaranty program and the expenditure of guaranteed loan proceeds thereunder is authorized by this Ordinance and the City Council by this Ordinance intends to implement the transactions authorized by that statute and in compliance therewith; and

WHEREAS, a Section 108 loan guaranty in combination with the BEDI Grant will make the acquisition and rehabilitation of certain brownfields properties economically feasible, and will assist in the economic recovery of the Pioneer Square and other neighborhoods within the City's Brownfields Showcase and Enterprise Communities still suffering from the lingering effects of the Nisqually Earthquake of February 28, 2001 and an economic recession; and

WHEREAS, a Section 108 loan guaranty in combination with the BEDI Grant will benefit low and moderate income individuals including the creation or retention of jobs, will help preserve certain historic buildings and will also address slums or blight on a spot basis; and

WHEREAS, proceeds of a Section 108 guaranteed loan will be applied to multiple projects; and

WHEREAS, 211 First Avenue Building, L.P. (211 First Avenue), Buttnick Building, L.P. (Buttnick Building) and Triad City Loan LLC (City Loan Building), all of which are controlled by John A. Goodman, will be the borrowers of loans for the three initial projects; and

WHEREAS, John A. Goodman will provide an unconditional guaranty of payment and performance of the loans for these three initial projects; and

WHEREAS, the Office of Economic Development has made public a proposed application for a Section 108 loan guaranty, and the City has held a first public hearing on June 5, 2002 and a second public hearing on August 7, 2002 on the proposed application and to obtain citizens' views on community development needs, as required by federal regulations;

NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 2. The Mayor or OED Director is authorized, on behalf of the City of Seattle, to issue a non-recourse promissory note (the "Note") in the principal amount not to exceed Fifteen Million Five Hundred Dollars (\$15,500,000), based on the form attached as Exhibit D, and with such modifications, additions or amendments as HUD may require or the Mayor or OED Director may deem necessary or advisable to carry out the purposes of this Ordinance. The interest rates for the Note shall be as determined in accordance with the terms of the Note and Contract. The Note shall provide for a schedule of maturities of principal approximately as stated in Exhibit D, with such modifications and amendments as HUD may require or the Mayor or OED Director may deem necessary or advisable to carry out the purposes of this Ordinance. The Mayor or OED Director is further authorized, on behalf of the City, to cause portions of the proceeds of the Note to be disbursed, by the financial institution acting as Custodian pursuant to Section 6 of this Ordinance, to the order of 211 First Avenue Building, L.P., Washington Limited partnership, Buttnick Building, L.P., a Washington limited partnership and Triad City Loan LLC, a Washington limited liability company (these entities are referred to collectively as "Goodman Entities"), or any substitute entities approved by the Mayor or OED Director, pursuant to the Loan Agreements authorized in Section 3 of this Ordinance, to assist in the financing of the acquisition and rehabilitation of properties known as 211 First Avenue, Buttnick Building (200-204 First Avenue), in Seattle, Washington. These three initial projects are more particularly described in the Project Description attached as Exhibit E. The Mayor or OED Director is further authorized, on behalf of the City, to cause the remaining portion of the proceeds of the Note to be disbursed by the Custodian to the order of any additional borrowers pursuant to any further loan agreements for the use of Note proceeds that are approved by the City Council by any subsequent ordinance. The Mayor or OED Director is further authorized, on behalf of the City of Seattle, at the request of HUD, to execute and deliver one or more replacement non-recourse promissory notes ("Replacement Note") in the aggregate principal amount not to exceed Fifteen Million Five Hundred Thousand Dollars (\$15,500,000), with substantially the same schedule of principal repayments and with interest rates determined substantially as contemplated by the Contract, and otherwise in such form as the Mayor or OED Director may deem necessary or advisable to carry out the purposes of this Ordinance. Pursuant to RCW 35.21.735, this Ordinance, including any Replacement Note, shall contain a recital to the effect that it is not an obligation of the City or the State of Washington, and that neither the State, the credit nor the taxing power of the State, the City or any other municipal corporation or subdivision of the State or any agency of any of the foregoing is pledged to the payment of principal, interest or premium if any, thereon.

Section 3. The Mayor or OED Director is authorized, on behalf of the City of Seattle, to execute, deliver, administer and cause to be performed Loan Agreements with the Goodman Entities, and with other borrowers to which loans of Note proceeds shall be approved by any later ordinance (the Goodman Entities and any such other borrowers are collectively referred to as "Obligors"), each based on the form attached as Exhibit F, with such additions, modifications, and amendments as HUD may require or the Mayor or OED Director may deem necessary or advisable to carry out the purposes of this Ordinance, together with such ancillary and related documents as the Mayor or OED Director may deem necessary or advisable to carry out the purposes of this Ordinance. Such modifications may include, without limitation, provision for an interest rate payable by each Obligor that may be at a rate higher than or different from that interest rate payable on the Note; provisions establishing, adjusting or eliminating a periodic monitoring fee or a similar fee payable to the Obligors, or both. Each loan position deed of trust, in form and content acceptable to the OED Director, against the property being acquired and improved with such loan. The loans to the Goodman Entities shall also be secured by an unconditional guaranty of payment and performance from John A. Goodman in form and content acceptable to the OED Director. Moreover, the Loan Agreements shall provide, consistent with HUD regulations, that the Obligor shall take affirmative steps to ensure that minority and women's business enterprises are used when possible, and shall maintain records of those steps, and that nothing in the agreement shall be construed to require or authorize any discrimination or preferential treatment of such loan proceeds for the costs of renovation of each Obligor's project to be funded from proceeds of the Note shall be governed by a construction disbursement agreement for the benefit of the City in form and content acceptable to the OED Director.

Section 4. The specific terms of the loans to the Goodman Entities, and the use of the BEDI Grant for the Goodman Entities, shall be based on the terms outlined in Exhibit E, with such adjustments as HUD may or the Mayor or OED Director deem necessary or advisable to carry out the purposes of this Ordinance.

Section 5. The Mayor or OED Director is authorized, on behalf of the City, to negotiate and execute one or more agreements with a financial institution to act as trustee and/or custodian (the "Custodian") to receive and disburse the proceeds of the City's non-recourse Note and to receive, administer and expend such funds as are received from Obligors as repayments or other payments under the Loan Agreements or from realization on the security for the loans. Such agreement shall also authorize the Custodian to receive and disburse BEDI Grant funds to defray in part the debt service obligations of the Obligors over the term of the Contract, as support for the activities funded from the Note proceeds. Such agreement shall also include establishment by the Custodian of one or more special funds or accounts from which the City's Note shall be repaid, and any other funds or accounts the HUD may require or the Mayor or OED Director may deem necessary or appropriate. Such funds or accounts shall at all times be kept segregated and set apart from all funds and accounts of the City, and into such funds or accounts shall be deposited all money that is pledged as security to HUD in connection with the guaranty that is required under the HUD Contract to be deposited therein. The agreement(s) with the Custodian and all funds or accounts established thereunder shall comply with RCW 35.21.735.

Section 6. The Mayor or OED Director is authorized to cause BEDI Grant funds to be delivered by HUD directly to the Custodian pursuant to the Custodial Agreement, and to direct the Custodian to apply such funds for the purposes of reducing or subsidizing interest obligations on loans to Obligors made from proceeds of the Note. BEDI Grant funds shall be apportioned pro rata among the loans based on the ratio of the maximum amount of each loan to the total Note proceeds (i.e., \$15,500,000).

Section 7. The Mayor or OED Director is further authorized to negotiate and execute such additional agreements as the Mayor or OED Director deem necessary or advisable to carry out the purposes of this Ordinance and to implement the Section 108 loan guaranty. The agreement(s) with the Custodian and this Ordinance shall be in the form and contain such terms and conditions as the Mayor or OED Director may deem necessary or advisable to carry out the purposes of this Ordinance.

Section 8. The Mayor or OED Director may enter into a fiscal agency agreement, for and on behalf of the City, under which JP Morgan Chase, or such other financial insti-

regulations applicable to the Section 108 program. The Mayor, OED Director, and the HUD Director are authorized to take such other actions as they shall deem necessary to implement the actions authorized by this Ordinance.

Section 11. This Ordinance is not intended to create, and shall not be construed to create, any contractual or otherwise binding obligation upon, or commitment by, the City for the benefit of the Goodman Entities or any other party interested in the acquisition or rehabilitation projects of the Goodman Entities. The commitments to the Goodman Entities authorized by this Ordinance, subject to the limitations herein and under applicable law, shall become effective only if and when the agreements authorized hereby are duly executed and delivered by the City and other necessary parties.

Section 12. Any act pursuant to the authority and prior to the effective date of this Ordinance is hereby ratified and confirmed.

Section 13. This Ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

Passed by the City Council the 12th day of August, 2002, and signed by me in open session in authentication of its passage this 12th day of August, 2002.

PETER STEINBRUECK,

President of the City Council.

Approved by me this 13th day of August, 2002.

GREGORY J. NICKELS,

Mayor.

Filed by me this 13th day of August, 2002.

(Seal) JUDITH E. PIPPIN,

City Clerk.

Publication ordered by JUDITH PIPPIN, City Clerk.

Exhibits:

A. Funding Approval Agreement for Section 108 Loan Guaranty.

B. BEDI Grant Agreement.

C. Form of HUD Contract for Loan Guaranty Assistance - Attachment 1: Letter Agreement for Section 108 Loan Guaranty Program, Custodial Account; Attachment 2: Letter Agreement for Section 108 Loan Guaranty Program, Custodial Investment Account.

D. Form of Non-Recourse Note of the City.

E. Project Descriptions.

F. Form of Loan Agreement - Attachment A: Real Property Description (Not Included); Attachment B: Renovation Description (Not Included); Attachment C: Form of Obligor Promissory Note.

See City Clerk for Attachments.

Dates of publication in the Seattle Daily Journal of Commerce, August 21 and 22, 2002.

8-22(148733)

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

STATE OF WASHINGTON - KING COUNTY

-SS.

148728
City of Seattle, Clerk's Office

No. ORDINANCE IN FULL

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:120874 ORD IN FULL

was published on

8/21/2002

G. Sedman
Subscribed and sworn to before me on

8/21/2002

Melissa M. Pascua
Notary public for the State of Washington,
residing in Seattle

Affidavit of Publication

