

Ordinance No. 122767

Council Bill No. 116285

AN ORDINANCE relating to The City of Seattle's Bridge Loan Program; authorizing the Director of the Office of Housing to execute agreements under which the City will receive supplemental funding from the United Way of King County for such program; accepting the money when received; and increasing the 2008 Budget of the Office of Housing by making a reimbursable appropriation; all by a three-fourths vote of the City Council.

CF No. _____

Date Introduced:	<u>7.28.08</u>	
Date 1st Referred:		Housing & Economic Development (HED)
Date Re - Referred:		To: (committee)
Date Re - Referred:		To: (committee)
Date of Final Passage:	<u>8-11-08</u>	Full Council Vote: <u>7-0</u>
Date Presented to Mayor:	<u>8-12-08</u>	Date Approved: <u>8.18.08</u>
Date Returned to City Clerk:	<u>8.18.08</u>	Date Published: <u>3</u>
Date Vetoes by Mayor:		T.O. <input checked="" type="checkbox"/> F.T. <input type="checkbox"/>
Date Passed Over Veto:		Date Veto Published:
		Veto Sustained:

The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by: [Signature]
Councilmember

Committee Action:

AD - Pass as Amended

BA - ~~obstained~~ Pass as Amended

8-11-08 Passed 7-0 (Excused: Licata, McIVER)

This file is complete and ready for presentation to Full Council. Committee: _____ (initial/date)

Law Department

Law Dept. Review	OMP Review	City Clerk Review	Electronic Copy Loaded	Indexed
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City of Seattle

Gregory J. Nickels, Mayor

Office of the Mayor

July 15, 2008

Honorable Richard Conlin
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Conlin:

I am pleased to transmit the attached proposed Council Bill authorizing the Director of the Office of Housing (OH) to execute agreements with the United Way of King County (UWKC) to support the development of permanent supportive housing for chronically homeless individuals.

UWKC is engaged in a \$25 million capital campaign to end chronic homelessness in King County and has committed to provide OH with up to \$5 million of those funds to expand the City's existing Bridge Loan program for site acquisition. The intent is to increase the number of permanent supportive housing units for chronically homeless individuals by providing bridge loans on a revolving basis for site acquisition and related expenses. OH will administer the program, including identifying projects and accounting for the lending of UWKC funds. The City will receive from UWKC an initial, one-time administrative fee of \$5,000 once the attached Memorandum of Understanding is approved by the UWKC Board of Directors and Seattle City Council. Thereafter, the City will receive from UWKC \$2,500 per bridge loan origination involving UWKC funds to be paid from repayment proceeds. For all projects chosen for the program, OH and UWKC will both contribute bridge loan funds.

Adoption of this legislation will enable the Office of Housing to accept funds from the United Way of King County to increase the amount of available bridge loan funding in the community. Thank you for your consideration. Should you have questions, please contact Bill Rumpf at 615-1577.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Nickels", written over a circular stamp that partially overlaps the signature.

GREG NICKELS
Mayor of Seattle

cc: Honorable Members of the Seattle City Council



1 funds, when received, are hereby accepted, and shall be deposited in the Office of Housing
2 Low Income Housing Fund (16400) and may be disbursed in accordance with the terms and
3 conditions of the Agreement.

4
5 Section 2. To carry out the purposes of the agreement authorized in Section 1, and
6 contingent upon the execution of that agreement, the appropriation for the following in the
7 2008 Budget of the Office of Housing is increased from the fund shown, as follows:

Item	Fund Name and Number	Department	Budget Control Level	Amount
1.1	Housing Low-Income Housing Fund (16400)	Office of Housing	Low-Income Housing Fund 16400 (XZR1)	\$ 2,000,000
1.2	Housing Operating Fund (16600)	Office of Housing	Operating Fund 16600 (XZ600)	\$ 5,000

15
16 Unspent funds so appropriated shall carry forward to subsequent fiscal years until they are
17 exhausted or abandoned by ordinance, pursuant to the terms of the Agreement.

18
19 Section 3. The foregoing appropriation is made to meet actual necessary
20 expenditures of the City for which no appropriation has been made due to causes which could
21 not reasonably have been foreseen at the time of the making of the 2008 Budget in
22 accordance with RCW 35.32A.060.

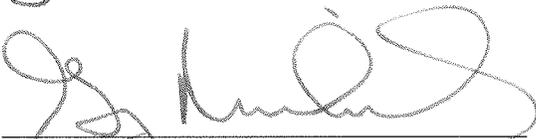


1 Section 4. This ordinance shall take effect and be in force thirty (30) days from and
2 after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10)
3 days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

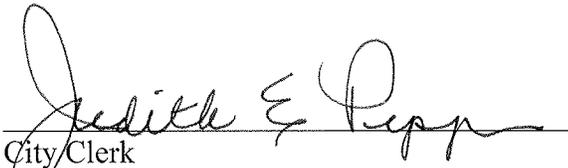
4
5 Passed by a three-fourths (3/4) vote of all the members of the City Council the 11th
6 day of August, 2008, and signed by me in open session in authentication of its
7 passage this 11th day of August, 2008.

8
9 
10 President _____ of the City Council

11 Approved by me this 18th day of August, 2008.

12
13 
14 Gregory J. Nickels, Mayor

15
16 Filed by me this 18th day of August, 2008.

17
18 
19 City Clerk

20
21 (Seal)

22
23 Attachment 1: Form of Funding Agreement

24 Exhibit to Attachment 1: Exhibit A: Form of City of Seattle Office of Housing and United
25 Way of King County Bridge Loan Policies and Procedures



ATTACHMENT 1

Form of FUNDING AGREEMENT

THIS FUNDING AGREEMENT (the "Agreement") is made between **THE CITY OF SEATTLE**, a Washington Municipal Corporation (the "City"), acting through its Office of Housing, (the "Office of Housing") and **UNITED WAY OF KING COUNTY**, a Washington nonprofit corporation ("United Way").

WHEREAS, City is a Washington municipal corporation, which administers a Bridge Loan Program ("Bridge Loan Program") to provide short-term funding ("Bridge Loans") to permit low-income housing development activities to proceed in advance of the availability of permanent project funding; and

WHEREAS, the City's Office of Housing and United Way, subject to the City of Seattle Office of Housing and United Way of King County Bridge Loan Policies and Procedures ("United Way Bridge Loan Policies"), attached to this Funding Agreement as Attachment A., desire to increase the amount of short-term funding available in the Bridge Loan Program to support the development of permanent supportive housing for chronically homeless individuals; and

WHEREAS, to increase the available funds in the Bridge Loan Program, United Way is willing to contribute funds to the City on a reimbursable basis on the terms and conditions specified in this Agreement;

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained herein, the parties hereto agree as follows:

1. Contribution to Bridge Loan Program. The United Way hereby agrees to provide the City up to Five Million and 00/100 Dollars (\$5,000,000.00) (the "Contributions"). The Contributions shall be deposited in the Office of Housing Low Income Housing Fund and may be commingled with other City funds. The Office of Housing will use the Contributions to fund Bridge Loans in accordance with the United Way Bridge Loan Policies. The United Way Contributions for 2008 will be an amount not to exceed \$2 million.

2. Repayment of Contributions. Upon receipt of any portion of an outstanding loan, City shall remit to United Way that percentage of the repayment that the United Way Contribution bore to the original combined Bridge Loan amount from United Way and City fund sources. City shall return those Contributions not previously repaid to United Way on _____, 2013 (the "Due Date"); provided, however, that if a Bridge Loan borrower is in default on the Due Date, the Due Date shall be extended by one year and the City shall pursue available remedies under its bridge loan agreements



3. Use of Funds. The Contributions shall be subject to the following conditions:

- a.) Funds shall be used solely to provide loans from the Office of Housing to nonprofit borrowers to support the development of permanent supportive housing for chronically homeless individuals within the City of Seattle to proceed in advance of the availability of permanent project funding.
- b.) Funds may be lent only when, in the judgment of the Office of Housing Director and the Chief Executive Officer of the United Way or his or her designee, the Office of Housing has assessed project developer capacity and eligibility, evaluated the project feasibility and loan risk and determined there is reasonable assurance that the funds will be used for eligible purposes and that permanent funding will be available on acceptable terms to ensure repayment of the funds before the Due Date (as it may be extended).

4. Target Population Funds shall be used solely to support the development of projects that will serve chronically homeless individuals.

5. Conditions to Loan. The United Way's obligation to make the Contribution shall be subject to the following conditions:

- a.) The City shall execute and deliver this Agreement and shall provide United Way with satisfactory evidence that the Contribution and this Agreement have been properly authorized by the Seattle City Council.
- b.) Funding decisions shall be consistent with the United Way Bridge Loan Policies attached hereto as Exhibit A, which may be amended from time to time with the written consent of the CEO of United Way and the Director of the Office of Housing.

6. Default or Loss on Bridge Loans and Limits on City's Repayment Obligation. In the event of a borrower default, City will be responsible for making a reasonable effort to exercise the remedies under its loan documents to secure performance and to collect repayment of all bridge loans. If a borrower fails to perform and, despite reasonable efforts by City to secure repayment of site acquisition loans, there is a repayment of less than 100% of the amounts owed to City and to United Way, any



shortfall will be allocated proportionally between City and United Way, based on a pro rata share of the amount due to each source of funds. United Way acknowledges that borrower repayment and loan collateral are the only source of repayment of the United Way Contributions, and that repayment is not an obligation of the City's general or other fund.

7.) Subordinated Debt. United Way agrees that the Contributions may be used to make bridge loans that are subordinate to other creditors of the low income housing project. In these cases, the City shall seek prior approval from the United Way prior to making the bridge loan.

8.) Reporting. The Office of Housing shall furnish United Way with a report of loan activity, in such detail as the United Way may from time to time reasonably request.

9.) Relationship of Parties. The relationship of United Way and City is that of independent contractors and does not constitute a partnership, joint venture, or any other type of business organization. Neither party shall have any authority to act on behalf of or obligate the other party. The City assumes no fiduciary or other obligations to United Way except as are expressly set forth herein.

In witness whereof, the parties have executed this Agreement as of the _____ day of _____, 2008.

“City”: **City of Seattle**, a Washington municipal corporation

By: _____

Print name: Adrienne E. Quinn

Title: Director, Office of Housing

City Address: 700 Fifth Ave, #5700
Seattle, WA 98104

“United Way”: **United Way of King County**, a Washington non-profit corporation

By: _____

Print name: _____

Title: _____

United Way of King County Address: 720 Second Avenue
Seattle, WA 98104



EXHIBIT A

City of Seattle Office of Housing and United Way of King County Bridge Loan Policies and Procedures

1. Loan Terms

- a. UWKC funds will be combined with Office of Housing (“OH”) funds to make Site Acquisition Bridge Loans under the Office of Housing Bridge Loan Program.
- b. Bridge loans made with UWKC funds will have a maximum term of five (5) years. The portion of bridge loan made with UWKC funds shall bear interest to the borrower at the rate of Three Percent per annum (3%) to be paid to UWKC.
- c. City Participation in Site Acquisition Loans: OH will participate financially in any UWKC site acquisition loan. United Way and OH agree that the OH allocation for each bridge loan made under this program shall be at least 50% of the amount of UWKC funds awarded. The requirement for City Participation may be waived on a case-by-case basis by the CEO of UWKC and the Director of OH.

2. Marketing and Outreach

- a. Office of Housing will market the program to potential borrowers and other lenders through outreach and written materials.

3. Pre-application meetings

- a. OH will conduct a preliminary assessment of the potential applicant and of the proposed acquisition and will promptly schedule a pre-application meeting for all proposals that appear to meet the eligibility criteria outlined below;
- b. Pre-application meetings are an opportunity for OH to give meaningful feedback related to a proposed site and its potential future development, the targeted population and proposed housing and services model and the proposed acquisition and permanent financing strategies; and
- c. Office of Housing will give UWKC staff the opportunity to participate in pre-application meetings for projects for which UWKC funds may be used.

4. Assess Project Sponsor Eligibility

OH will assess borrower capacity and eligibility for acquisition loan. To be eligible for an acquisition loan in the City of Seattle, the borrower must meet the following criteria:

- i. Has developed and operated at least three OH-funded projects;
- ii. Has at least 3 years of annual organizational audited financial statements that reflect an unqualified opinion from a certified public accountant and contain no findings or material weaknesses that would indicate concerns about the financial operations of the borrower;



- iii. Is in good standing with the Office of Housing or other local/public funders including being current with annual report submissions;
- iv. Deposits have been made in replacement and/or operating reserve accounts in accordance with OH requirements or at levels satisfactory to OH;
- v. Current with any debt service including OH loan payments, taxes, and insurance;
- vi. Borrower's development track record demonstrates that projects were completed within acceptable timelines and budgets; and
- vii. Borrower's current pipeline is sized such that they can demonstrate the ability to secure permanent funding and pay off UWKC loan within 5 years.

5. Analyze loan risk and project feasibility

- a. OH will evaluate the project feasibility for loan applications within the City of Seattle.
- b. OH's feasibility analysis will include a review and analysis of the following items:
 - i. Recent appraisal to determine value;
 - ii. Purchase and Sale Agreement;
 - iii. Phase I environmental assessment;
 - iv. Title report;
 - v. Location of project, zoning and land use restrictions and compatibility with proposed development;
 - vi. Neighborhood notification;
 - vii. Relocation strategy, if applicable;
 - viii. Preliminary acquisition and permanent long term financing strategy;
 - ix. Proposed population and housing/service model; and
 - x. Proposed operating and supportive services financing.
- c. OH may schedule additional meetings with applicants to review funding guidelines and work through potential funding issues that could be barriers to securing permanent funding.

6. Prepare written summary report and budgets

- a. OH will prepare a written underwriting summary report describing the site, zoning, proposed use, population to be served, housing model, development team capacity, organizational financial ratios, and project timeline.
- b. OH will prepare acquisition and permanent development and operating budget summaries.

7. UWKC Loan Approval

- a. OH will make funding recommendations to UWKC after completing a review of the loan application and analysis of the risk, likelihood of permanent funding, and determining the amount of OH bridge loan funds to be loaned on a project and such other factors as OH may consider relevant.



- b. UWKC will review OH funding recommendations and provide any feedback to OH within 7 days. UWKC will strive to provide a funding decision within 14 days of receipt of a loan recommendation.
8. Prepare legal documents
 - a. OH will prepare loan documents including Promissory Note, Loan Agreement, Deed of Trust and Regulatory Agreement;
 - b. OH will set up escrow for the closing; and
 - c. The OH Regulatory Agreement incorporating the affordability requirements associated with the Bridge Loan will be recorded in first lien position.
 9. Pipeline Management and Timing to Secure Permanent Funds
 - a. OH will add approved projects to the King County Homeless Housing Funder Group Homeless Pipeline Report so that other permanent lenders are aware of the project.
 - b. OH will provide information on potential capital, operating and service fund sources to the borrower to enhance their chances for securing permanent funding.
 10. Administrative Support
 - a. United Way will compensate OH for administering loans with United Way funds.
 - b. The administrative compensation will be:
 - \$5,000 for program development. Payment upon approval of the program by United Way Board of Directors and Seattle City Council.
 - \$2,500 per Bridge Loan for loan origination. Payment to the Office of Housing will occur upon repayment of the United Way Contribution used to fund the Bridge Loan.
 11. Provisions for Default, Foreclosure
 - a. The intent and expectation of OH and UWKC is that site acquisition loans will be made to sponsors to acquire sites with a good likelihood of successful development as housing for homeless. If a sponsor is unable to perform within reasonable time periods set by OH, OH will enforce the loan agreement to endeavor to either secure prompt performance by the sponsor, to facilitate a transfer of the site to another qualified sponsor for development as homeless housing, or to seek repayment of the loans made with OH and UWKC funds.
 - b. If a sponsor fails to perform and, despite reasonable efforts by OH to collect repayment of site acquisition loans, there is a repayment of less than 100% of the amounts owed to OH and to UWKC, any shortfall will be allocated proportionally between OH and UWKC, based on a pro rata share of the amount due to each source of funds.
 - c. In the event of default, foreclosure or extraordinary effort required by OH to assure repayment of UWKC loan funds from a borrower, or to facilitate the transfer of a site acquired with UWKC funds, UWKC will reimburse OH for a pro rata share of actual costs associated with securing the repayment or site transfer.



FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	DOF Analyst/Phone:
Office of Housing	Bill Rumpf 5-1577	Kathryn Wise 3-9580

Legislation Title:

AN ORDINANCE relating to The City of Seattle’s Bridge Loan Program; authorizing the Director of the Office of Housing to execute agreements under which the City will receive supplemental funding from the United Way of King County for such program; accepting the money when received; and increasing the 2008 Budget of the Office of Housing by making a reimbursable appropriation; all by a three-fourths vote of the City Council.

• **Summary of the Legislation:**

This legislation authorizes the Director of the Office of Housing (OH) to enter an agreement whereby OH will receive up to \$5 million from United Way of King County (UWKC) to increase the City’s available bridge loan funding for housing for chronically homeless individuals in Seattle. UWKC will compensate OH for administering loans made with UWKC funds by paying \$5,000 for program development once this agreement is approved by the United Way Board of Directors and Seattle City Council and, thereafter, \$2,500 per bridge loan origination, to be paid from repayment proceeds.

• **Background:** *(Include brief description of the purpose and context of legislation and include record of previous legislation and funding history, if applicable):*

UWKC is engaged in a \$25 million capital campaign to end chronic homelessness in King County and has committed to provide OH with up to \$5 million of those funds to expand the City’s existing Bridge Loan program for site acquisition. The intent is to increase the number of permanent supportive homeless housing units for chronically homeless individuals by providing bridge loans on a revolving basis to low-income housing developers for site acquisition and related expenses. Subject to Council authorization of this legislation, OH will administer the program, including identifying projects and accounting for the lending of UWKC funds. The City will receive from UWKC an initial, one-time administrative fee of \$5,000 once the agreement in the form of the attached Memorandum of Understanding (MOU) is approved by the UWKC Board of Directors and Seattle City Council. Thereafter, the City will receive from UWKC \$2,500 per bridge loan origination involving UWKC funds at the time of repayment to be paid from repayment proceeds. For all projects chosen for the program, OH and UWKC will both contribute bridge loan funds.

Based on the progress of UWKC’s capital campaign, UWKC anticipates contributing \$2 million to the program in 2008 and \$3 million in 2009. OH anticipates that the UWKC contributions will allow the City to fund four loans based on the size of prior bridge loans



made under the OH Bridge Loan program for total anticipated administrative revenues of \$15,000 between 2008 and the termination of the program.

- Please check one of the following:

This legislation does not have any financial implications. (Stop here and delete the remainder of this document prior to saving and printing.)

This legislation has financial implications. (Please complete all relevant sections that follow.)

Appropriations: This table should reflect appropriations that are a direct result of this legislation. In the event that the project/programs associated with this ordinance had, or will have, appropriations in other legislation, please provide details in the Notes section below.

Fund Name and Number	Department	Budget Control Level*	2008 Appropriation	2009 Anticipated Appropriation
Low Income Housing (16400)	Office of Housing	Low-Income Housing Fund 16400	\$ 2,000,000	\$ 3,000,000
OH Operating (16600)	Office of Housing	Office of Housing Operating Fund 16600	\$ 5,000	\$ 0
TOTAL			\$ 2,005,000	\$ 3,000,000

*See budget book to obtain the appropriate Budget Control Level for your department.

Notes: The 2008 appropriations represent the amounts the City will receive from UWKC once this agreement is approved by the United Way Board of Directors and Seattle City Council. Future appropriations will be reflected in the OH budget, beginning with the 2009-2010 budget.

Anticipated Revenue/Reimbursement: Resulting From This Legislation: This table should reflect revenues/reimbursements that are a direct result of this legislation. In the event that the issues/projects associated with this ordinance/resolution have revenues or reimbursements that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below the table.

Fund Name and Number	Department	Revenue Source	2008 Revenue	2009 Revenue
Low Income Housing (16400)	Office of Housing	UWKC	\$ 2,000,000	\$ 3,000,000
OH Operating (16600)	Office of Housing	UWKC	\$ 5,000	\$ 0
TOTAL			\$ 2,005,000	\$ 3,000,000

Notes: The City estimates receiving a total of \$15,000 from UWKC for expenses relating to administration. Pursuant to the Funding Agreement, the City will receive \$5,000 for program



development once this agreement is approved by the United Way Board of Directors and Seattle City Council, and will receive \$2,500 per Bridge Loan origination, to be paid from repayment proceeds at the time the loan is repaid. OH anticipates a total of four loans over the life of the agreement.

Total Regular Positions Created, Modified, Or Abrogated Through This Legislation, Including FTE Impact:

None.

- **Do positions sunset in the future?** *NA*

Spending/Cash Flow:

Fund Name & #	Department	Budget Control Level*	2008 Expenditures	2009 Anticipated Expenditures
Low Income Housing (16400)	Office of Housing	Low-Income Housing Fund 16400	\$ 2,000,000	\$ 3,000,000
OH Operating (16600)	Office of Housing	Office of Housing Operating Fund 16600	\$ 5,000	\$ 0
TOTAL			\$ 2,005,000	\$ 3,000,000

** See budget book to obtain the appropriate Budget Control Level for your department.*

Notes:

UWKC plans to contribute \$2 million in 2008 and \$3 million in 2009 for lending purposes once received. OH plans on using the \$2 million received in 2008 for loans granted in 2008.

- **What is the financial cost of not implementing the legislation?** *If not implemented, the City will not be able to lend the \$5 million from United Way of King County to increase its capacity to make bridge loans, thereby limiting the potential benefit of this existing program.*
- **What are the possible alternatives to the legislation that could achieve the same or similar objectives?** *None. The funds available through UWKC must be appropriated through ordinance.*
- **Is the legislation subject to public hearing requirements:** *No special public hearing requirements.*
- **Other Issues** *(including long-term implications of the legislation): None.*

Please list attachments to the fiscal note below:



ATTACHMENT 1

Form of FUNDING AGREEMENT

THIS FUNDING AGREEMENT (the "Agreement") is made between **THE CITY OF SEATTLE**, a Washington Municipal Corporation (the "City"), acting through its Office of Housing, (the "Office of Housing") and **UNITED WAY OF KING COUNTY**, a Washington nonprofit corporation ("United Way").

WHEREAS, City is a Washington municipal corporation, which administers a Bridge Loan Program ("Bridge Loan Program") to provide short-term funding ("Bridge Loans") to permit low-income housing development activities to proceed in advance of the availability of permanent project funding; and

WHEREAS, the City's Office of Housing and United Way, subject to the City of Seattle Office of Housing and United Way of King County Bridge Loan Policies and Procedures ("United Way Bridge Loan Policies"), attached to this Funding Agreement as Attachment A., desire to increase the amount of short-term funding available in the Bridge Loan Program to support the development of permanent supportive housing for chronically homeless individuals; and

WHEREAS, to increase the available funds in the Bridge Loan Program, United Way is willing to contribute funds to the City on a reimbursable basis on the terms and conditions specified in this Agreement;

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained herein, the parties hereto agree as follows:

1. Contribution to Bridge Loan Program. The United Way hereby agrees to provide the City up to Five Million and 00/100 Dollars (\$5,000,000.00) (the "Contributions"). The Contributions shall be deposited in the Office of Housing Low Income Housing Fund and may be commingled with other City funds. The Office of Housing will use the Contributions to fund Bridge Loans in accordance with the United Way Bridge Loan Policies. The initial Contribution will be in the amount of \$2 million.
2. Repayment of Contributions. Upon receipt of any portion of an outstanding loan, City shall remit to United Way that percentage of the repayment that the United Way Contribution bore to the original combined Bridge Loan amount from United Way and City fund sources. City shall return those Contributions not previously repaid to United Way on _____, 2013 (the "Due Date"); provided, however, that if a Bridge Loan borrower is in default on the Due Date, the Due Date shall be extended by one year and the City shall pursue available remedies under its bridge loan agreements



3. Use of Funds. The Contributions shall be subject to the following conditions:

- a.) Funds shall be used solely to provide loans from the Office of Housing to nonprofit borrowers to support the development of permanent supportive housing for chronically homeless individuals within the City of Seattle to proceed in advance of the availability of permanent project funding.
- b.) Funds may be lent only when, in the judgment of the Office of Housing Director and the Chief Executive Officer of the United Way or his or her designee, the Office of Housing has assessed project developer capacity and eligibility, evaluated the project feasibility and loan risk and determined there is reasonable assurance that the funds will be used for eligible purposes and that permanent funding will be available on acceptable terms to ensure repayment of the funds before the Due Date (as it may be extended).

4. Target Population Funds shall be used solely to support the development of projects that will serve chronically homeless individuals.

5. Conditions to Loan. The United Way's obligation to make the Contribution shall be subject to the following conditions:

- a.) The City shall execute and deliver this Agreement and shall provide United Way with satisfactory evidence that the Contribution and this Agreement have been properly authorized by the Seattle City Council.
- b.) Funding decisions shall be consistent with the United Way Bridge Loan Policies attached hereto as Exhibit A, which may be amended from time to time with the written consent of the CEO of United Way and the Director of the Office of Housing.

6. Default or Loss on Bridge Loans and Limits on City's Repayment Obligation. In the event of a borrower default, City will be responsible for making a reasonable effort to exercise the remedies under its loan documents to secure performance and to collect repayment of all bridge loans. If a borrower fails to perform and, despite reasonable efforts by City to secure repayment of site acquisition loans, there is a repayment of less than 100% of the amounts owed to City and to United Way, any shortfall will be allocated proportionally between City and United Way, based on a pro



rata share of the amount due to each source of funds. United Way acknowledges that borrower repayment and loan collateral are the only source of repayment of the United Way Contributions, and that repayment is not an obligation of the City's general or other fund.

7.) Subordinated Debt. United Way agrees that the Contributions may be used to make bridge loans that are subordinate to other creditors of the low income housing project. In these cases, the City shall consult with the United Way prior to making the bridge loan.

8.) Reporting. The Office of Housing shall furnish United Way with a report of loan activity, in such detail as the United Way may from time to time reasonably request.

9.) Relationship of Parties. The relationship of United Way and City is that of independent contractors and does not constitute a partnership, joint venture, or any other type of business organization. Neither party shall have any authority to act on behalf of or obligate the other party. The City assumes no fiduciary or other obligations to United Way except as are expressly set forth herein.

In witness whereof, the parties have executed this Agreement as of the _____ day of _____, 2008.

“City”: **City of Seattle**, a Washington municipal corporation

By: _____

Print name: Adrienne E. Quinn

Title: Director, Office of Housing

City Address: 700 Fifth Ave, #5700
Seattle, WA 98104

“United Way”: **United Way of King County**, a Washington non-profit corporation

By: _____

Print name: _____

Title: _____

United Way of King County Address: 720 Second Avenue
Seattle, WA 98104



EXHIBIT A

City of Seattle Office of Housing and United Way of King County Bridge Loan Policies and Procedures

1. Loan Terms

- a. UWKC funds will be combined with Office of Housing (“OH”) funds to make Site Acquisition Bridge Loans under the Office of Housing Bridge Loan Program.
- b. Bridge loans made with UWKC funds will have a maximum term of five (5) years. The portion of bridge loan made with UWKC funds shall bear interest to the borrower at the rate of Three Percent per annum (3%) to be paid to UWKC.
- c. City Participation in Site Acquisition Loans: OH will participate financially in any UWKC site acquisition loan. United Way and OH agree that the OH allocation for each bridge loan made under this program shall be at least 50% of the amount of UWKC funds awarded. The requirement for City Participation may be waived on a case-by-case basis by the CEO of UWKC and the Director of OH.

2. Marketing and Outreach

- a. Office of Housing will market the program to potential borrowers and other lenders through outreach and written materials.

3. Pre-application meetings

- a. OH will conduct a preliminary assessment of the potential applicant and of the proposed acquisition and will promptly schedule a pre-application meeting for all proposals that appear to meet the eligibility criteria outlined below;
- b. Pre-application meetings are an opportunity for OH to give meaningful feedback related to a proposed site and its potential future development, the targeted population and proposed housing and services model and the proposed acquisition and permanent financing strategies; and
- c. Office of Housing will give UWKC staff the opportunity to participate in pre-application meetings for projects for which UWKC funds may be used.

4. Assess Project Sponsor Eligibility

OH will assess borrower capacity and eligibility for acquisition loan. To be eligible for an acquisition loan in the City of Seattle, the borrower must meet the following criteria:

- i. Has developed and operated at least three OH-funded projects;
- ii. Has at least 2 years of annual organizational audited financial statements that reflect an unqualified opinion from a certified public accountant and contain no findings or material weaknesses that would indicate concerns about the financial operations of the borrower;

- iii. Is in good standing with the Office of Housing or other local/public funders including being current with annual report submissions;
 - iv. Deposits have been made in replacement and/or operating reserve accounts in accordance with OH requirements or at levels satisfactory to OH;
 - v. Current with any debt service including OH loan payments, taxes, and insurance;
 - vi. Borrower's development track record demonstrates that projects were completed within acceptable timelines and budgets; and
 - vii. Borrower's current pipeline is sized such that they can demonstrate the ability to secure permanent funding and pay off UWKC loan within 5 years.
5. Analyze loan risk and project feasibility
- a. OH will evaluate the project feasibility for loan applications within the City of Seattle.
 - b. OH's feasibility analysis will include a review and analysis of the following items:
 - i. Recent appraisal to determine value;
 - ii. Purchase and Sale Agreement;
 - iii. Phase I environmental assessment;
 - iv. Title report;
 - v. Location of project, zoning and land use restrictions and compatibility with proposed development;
 - vi. Neighborhood notification;
 - vii. Relocation strategy, if applicable;
 - viii. Preliminary acquisition and permanent long term financing strategy;
 - ix. Proposed population and housing/service model; and
 - x. Proposed operating and supportive services financing.
 - c. OH may schedule additional meetings with applicants to review funding guidelines and work through potential funding issues that could be barriers to securing permanent funding.
6. Prepare written summary report and budgets
- a. OH will prepare a written underwriting summary report describing the site, zoning, proposed use, population to be served, housing model, development team capacity, organizational financial ratios, and project timeline.
 - b. OH will prepare acquisition and permanent development and operating budget summaries.
7. UWKC Loan Approval
- a. OH will make funding recommendations to UWKC after completing a review of the loan application and analysis of the risk, likelihood of permanent funding, and determining the amount of OH bridge loan funds to be loaned on a project and such other factors as OH may consider relevant.



- b. UWKC will review OH funding recommendations and provide any feedback to OH within 7 days. UWKC will strive to provide a funding decision within 14 days of receipt of a loan recommendation.
8. Prepare legal documents
 - a. OH will prepare loan documents including Promissory Note, Loan Agreement, Deed of Trust and Regulatory Agreement;
 - b. OH will set up escrow for the closing; and
 - c. The OH Regulatory Agreement incorporating the affordability requirements associated with the Bridge Loan will be recorded in first lien position.
9. Pipeline Management and Timing to Secure Permanent Funds
 - a. OH will add approved projects to the King County Homeless Housing Funder Group Homeless Pipeline Report so that other permanent lenders are aware of the project.
 - b. OH will provide information on potential capital, operating and service fund sources to the borrower to enhance their chances for securing permanent funding.
10. Administrative Support
 - a. United Way will compensate OH for administering loans with United Way funds.
 - b. The administrative compensation will be:
 - \$5,000 for program development. Payment upon approval of the program by United Way Board of Directors and Seattle City Council.
 - \$2,500 per Bridge Loan for loan origination. Payment to the Office of Housing will occur upon repayment of the United Way Contribution used to fund the Bridge Loan.
11. Provisions for Default, Foreclosure
 - a. The intent and expectation of OH and UWKC is that site acquisition loans will be made to sponsors to acquire sites with a good likelihood of successful development as housing for homeless. If a sponsor is unable to perform within reasonable time periods set by OH, OH will enforce the loan agreement to endeavor to either secure prompt performance by the sponsor, to facilitate a transfer of the site to another qualified sponsor for development as homeless housing, or to seek repayment of the loans made with OH and UWKC funds.
 - b. If a sponsor fails to perform and, despite reasonable efforts by OH to collect repayment of site acquisition loans, there is a repayment of less than 100% of the amounts owed to OH and to UWKC, any shortfall will be allocated proportionally between OH and UWKC, based on a pro rata share of the amount due to each source of funds.
 - c. In the event of default, foreclosure or extraordinary effort required by OH to assure repayment of UWKC loan funds from a borrower, or to facilitate the transfer of a site acquired with UWKC funds, UWKC will reimburse OH for a pro rata share of actual costs associated with securing the repayment or site transfer.

STATE OF WASHINGTON – KING COUNTY

--SS.

228254
CITY OF SEATTLE, CLERKS OFFICE

No. TITLE ONLY

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:122765-122770

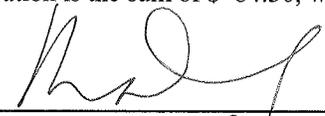
was published on

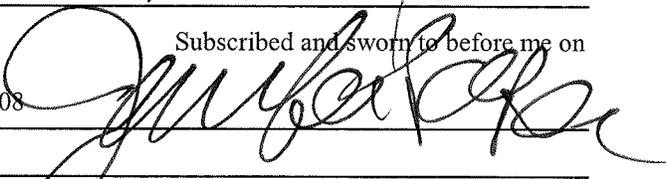
08/25/08

The amount of the fee charged for the foregoing publication is the sum of \$ 84.30, which amount has been paid in full.



Affidavit of Publication



Subscribed and sworn to before me on
08/25/08 

Notary public for the State of Washington,
residing in Seattle

State of Washington, King County

City of Seattle

TITLE-ONLY PUBLICATION

The full text of the following ordinances, passed by the City Council on August 11, 2008, and published here by title only, will be mailed, at no cost, on request for two months after this publication. For further information, contact the Seattle City Clerk at 684-8344.

ORDINANCE NO. 122770

AN ORDINANCE appropriating money to pay certain audited claims and ordering the payment thereof.

ORDINANCE NO. 122769

AN ORDINANCE relating to the budget of the Department of Planning and Development; revising a proviso in the Planning Budget Control Level in the 2008 adopted budget, directing how the funds shall be used, and directing that, if unspent, the remainder be carried forward to 2009.

ORDINANCE NO. 122768

AN ORDINANCE relating to City employment, authorizing the execution of a Memorandum of Understanding between the City of Seattle and the Seattle Police Officers' Guild.

ORDINANCE NO. 122767

AN ORDINANCE relating to The City of Seattle's Bridge Loan Program; authorizing the Director of the Office of Housing to execute agreements under which the City will receive supplemental funding from the United Way of King County for such program; accepting the money when received; and increasing the 2008 Budget of the Office of Housing by making a reimbursable appropriation; all by a three-fourths vote of the City Council.

ORDINANCE NO. 122766

AN ORDINANCE relating to the City Light Bothell Substation; declaring certain property and property rights surplus to the City of Seattle's needs and authorizing their conveyance to the Silver Lake Water and Sewer District in order for the District to provide water service to the Substation.

ORDINANCE NO. 122765

AN ORDINANCE relating to the City Light Department; amending Ordinance 121683 to clarify City Light's authority to enter into multiyear transmission arrangements when required to secure long-term transmission service from PacifiCorp for the purpose of transmitting energy purchased from the Stateline Wind Project.

Publication ordered by JUDITH PIPPIN,
City Clerk

Date of publication in the Seattle Daily
Journal of Commerce, August 25, 2008.

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