

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5032

(EERNISSE APARTMENTS PROJECT)

A RESOLUTION of the Board of Commissioners of the Housing Authority of the County of King providing for the issuance of a single revenue bond in the principal amount of not to exceed \$3,800,000, the proceeds of which will be used to make a loan to Eernisse Apartments LLC, a Washington limited liability company of which Vashon House Hold, a Washington nonprofit corporation, is the managing member, to finance or refinance a portion of the costs of constructing a 26-unit apartment complex to provide housing for low income persons in King County, Washington; determining the terms and covenants of the bond; approving the form of a loan agreement providing for repayment of the loan and a regulatory agreement governing the use of the facility; authorizing and directing appropriate officers of the Authority to execute such documents as are useful or necessary to the purposes of this resolution; and providing for the sale and delivery of the bond to HomeStreet Bank.

ADOPTED November 14, 2005

This document was prepared by:

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WHEREAS, the Housing Authority of the County of King (the "Authority") seeks to encourage the provision of rental housing for low-income persons residing within King County, Washington (the "County"); and

WHEREAS, RCW 35.82.020 defines "housing project" to include, among other things, "any work or undertaking . . . to provide decent, safe and sanitary urban or rural dwellings, apartments, mobile home parks or other living accommodations for persons of low income"; and

WHEREAS, RCW 35.82.070(18) provides that a housing authority may, among other things and if certain conditions are met, "make . . . loans for the . . . acquisition, construction, . . . rehabilitation, improvement . . . or refinancing of land, buildings, or developments for housing for persons of low income"; and

WHEREAS, RCW 35.82.020(11) and RCW 35.82.130 together provide that a housing authority may issue bonds, notes or other obligations for any of its corporate purposes; and

WHEREAS, Vashon House Hold, a Washington nonprofit corporation, has formed Eernisse Apartments LLC (the “Borrower”), a Washington limited liability company of which Vashon House Hold is the managing member, to construct a 26-unit apartment complex located at 97th Place and 178th Street SW in Vashon, Washington, to provide housing for low-income persons (the “Project”); and

WHEREAS, Vashon House Hold has requested that the Authority issue and sell its revenue bond for the purpose of assisting the Borrower in financing the Project; and

WHEREAS, the Project will be used by the Borrower to provide housing for low-income persons, and no more than an insubstantial portion of the proceeds of the Bond (defined below) will be used in connection with the financing or refinancing of any portion of the Project to be used by the Borrower for any other purpose; and

WHEREAS, the Board of Commissioners of the Authority deems it necessary and advisable and in the best interest of the Authority to issue a single revenue bond in a principal amount of not to exceed \$3,800,000, the proceeds of which will be used to make a loan to the Borrower for the purposes described herein; and

WHEREAS, it is anticipated that HomeStreet Bank will offer to purchase the Bond on the terms set forth herein; NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING as follows:

Section 1. Definitions. As used in this resolution, the following words have the following meanings:

“Act” means chapter 35.82 of the Revised Code of Washington.

“Authority” means the Housing Authority of the County of King, a public body corporate and politic duly organized and existing under and by virtue of the laws of the State of Washington.

“Bank” means HomeStreet Bank as Registered Owner of the Bond, and any subsequent Registered Owner thereof.

“Board” means the Board of Commissioners of the Authority.

“Bond Fund” means the Housing Authority of the County of King Low-Income Housing Assistance Revenue Bond Fund, 2005 (Eernisse Apartments Project).

“Bond Registrar” means the Executive Director of the Authority.

“Bond” means the Low-Income Housing Assistance Revenue Bond, 2005 (Eernisse Apartments Project), of the Authority, issued pursuant to, under the authority of and for the purposes provided in this resolution.

“Borrower” means Eernisse Apartments LLC, a Washington limited liability company of which Vashon House Hold, a Washington nonprofit corporation, is the managing member.

“Code” means the Internal Revenue Code of 1986, as amended.

“Commencement Date” means the first day of the first full month following or coincidental with the date of issue of the Bond.

“Commitment Letter” means the letter dated November, 2005, prepared by the Bank setting forth certain of the terms under which the Bank may purchase the Bond, and any letter issued pursuant or supplemental thereto.

“Deed of Trust” means the deed of trust under which the Borrower is grantor and the Bank is beneficiary granting a lien on the real property and improvements and personal property constituting the Project and securing repayment of the Loan.

“Draw” means each incremental draw on the Bond.

“Loan” means the loan from the Authority to the Borrower of the proceeds of the Bond.

“Loan Agreement” means the Loan Agreement between the Authority and the Borrower providing for, evidencing and securing the obligation of the Borrower to repay the Loan, and including any supplements or amendments thereto made in conformity herewith and therewith.

“Note” means the promissory note evidencing the Loan.

“Permanent Term Commencement Date” means the date the principal of the Bond begins to amortize, as described in the Commitment Letter.

“Project” means, depending on the context (1) the construction of a 26-unit apartment complex located on real property legally described in Exhibit A to the Deed of Trust and the rental to low income persons of all or a portion of such property, or (2) the apartment units so constructed.

“Registered Owner” means the owner of the Bond registered as such on the registration books maintained by the Bond Registrar.

“Regulatory Agreement” means the Regulatory Agreement executed by the Borrower in favor of the Authority governing the use of the Project, and including any supplements or amendments thereto made in conformity herewith and therewith.

“20-year FHLB Rate” means the Federal Home Loan Bank (Seattle) Fixed Advance Rate charged to member banks and posted on the internet at FHLBSEA.com under “Rates” in the “Long Term Fixed” section of the Federal Home Loan Bank (Seattle) Daily Advances Rate Sheet as the rate for 20 years as of a date at least five (5) days prior to the date of the second Draw on the Bond.

“30-day FHLB Rate” means the Federal Home Loan Bank (Seattle) Fixed Advance Rate charged to member banks and posted on the internet at FHLBSEA.com under “Rates” in the “Short Term Fixed” section of the Federal Home Loan Bank (Seattle) Daily Advances Rate Sheet as the rate for 30 days. The interest rate will be adjusted and determined as set forth above based on the 30-day FHLB Rate as of the 14th of each month, with the interest rate for the Bond re-set on the 15th.

All other capitalized terms used but not defined herein shall have the meanings assigned to them in the Loan Agreement.

Section 2. Authorization of Bond and Application of Proceeds. For the purpose of providing financing for a portion of the costs of the Project, the Authority shall issue and sell the Bond in the principal amount of not to exceed \$3,800,000. Such Bond financing is declared and determined to be important for feasibility of the Project. All proceeds from Draws on the Bond shall be lent to the Borrower for those purposes. The Board finds that it is in the best interest of the Authority to issue the Bond for the purposes set forth in this resolution.

Section 3. Description of the Bond; Draws. The Bond shall be called the Low-Income Housing Assistance Revenue Bond, 2005 (Eernisse Apartments Project), of the Authority; shall be in the principal amount of not to exceed \$3,800,000; shall be dated its date of issue; shall be numbered A-1; and shall bear interest up to and including the Permanent Term Commencement

Date at a variable rate equal to the 30-day FHLB Rate plus 275 basis points and thereafter at a fixed rate not to exceed the 20-year FHLB Rate plus 50 basis points as described in the Commitment Letter and the Loan Documents. Interest shall be calculated on the basis of a 360-day year for the actual number of days elapsed. The interest rate shall be subject to adjustment to the taxable equivalent of the rate then in effect if interest on the Bond becomes includable in gross income of the owner thereof for federal income tax purposes. The Bond shall mature on the date that is 18 years after the Permanent Term Commencement Date.

Interest only on the Bond shall be payable on the first day of each month, commencing on the Commencement Date (unless the Commencement Date is coincidental with the date of issue of the Bond in which case such payments shall commence with the month immediately after the month in which the Commencement Date occurs) and continuing through the Permanent Term Commencement Date. Thereafter principal of and interest on the Bond shall be payable in equal monthly installments in the amount necessary to amortize the principal of and interest on the Bond over a 30-year period, such payments to commence on the first day of the month following the Permanent Term Commencement Date (unless the Permanent Term Commencement Date is the first day of the month in which case such payments shall commence with the month immediately after the month in which the Permanent Term Commencement Date occurs), and continuing on the first day of each month thereafter to maturity or prepayment of the Bond. At maturity, any remaining outstanding principal balance and accrued interest on the Bond shall be due and payable in full.

The first Draw on the Bond shall be made on the issue date in an amount not less than \$50,000. Additional Draws on the Bond may be made, subject to the restrictions of the Commitment Letter and the Loan Documents, on any business day from the date of issue of the

Bond for the Bond purposes identified in Section 2 above, provided that no Draw may exceed the total amount of the costs to be paid by the Borrower with the proceeds of the loan of such Draw, and the proceeds of such Draw shall be used immediately to make the loan and pay those costs. Draws shall be recorded on the Draw Record attached to the Bond, or in such other form as the Borrower and the Bank may agree.

Section 4. Registration and Transfer of the Bond. The Bond shall be issued only in registered form as to both principal and interest and shall be recorded on books or records maintained for the Bond by the Bond Registrar (the "Bond Registers"). The Executive Director of the Authority shall serve as Bond Registrar for the Bond. The Bond Register shall contain the name and mailing address of the Registered Owner of the Bond.

The Bond may not be transferred by the Bank without the prior written consent of the Authority (which consent shall not be unreasonably withheld), except that the Bank may transfer the Bond to a successor to the business and assets of the Bank or to an affiliate of the Bank upon completion and delivery to the Authority of the assignment form and certificate of transferee attached to the Bond. Any transfer shall be without cost to the Registered Owner or transferee, except for governmental charges imposed on any such transfer or exchange. The Bond Registrar shall not be obligated to exchange or transfer the Bond during the five days preceding any principal and interest payment or prepayment date.

Section 5. Payment of Bond. Both principal of and interest on the Bond shall be payable in lawful money of the United States of America and shall be paid by check mailed to arrive on or before each payment date, or in immediately available funds delivered on or before each payment date, to the Registered Owner at the address appearing on the Bond Register on the date

payment is mailed or delivered. Upon the final payment of principal of and interest on the Bond, the Bond shall be destroyed or cancelled in accordance with law.

Section 6. Prepayment of Bond. The Authority reserves the right and option to prepay the Bond, in whole or in part, at any time, in the amount prepaid by the Borrower under the Loan Documents, including any prepayment premium calculated as described in the Note and the Bond, provided that following the Permanent Term Commencement Date such prepayment shall only be made upon 30 days' written notice to the Registered Owner. Any such prepayment of principal of the Bond shall be applied to principal installments coming due in inverse order of their maturities.

Section 7. Security for the Bond. The Bond shall be secured by the Loan Documents. Upon the issuance of the Bond, the Authority shall cause the Loan Documents to be executed by the Borrower for the benefit of the Authority and/or the Bank, and shall assign the Loan Documents to which it is a party to the Bank, as security for the Authority's payment of the principal of and interest on the Bond, except that the Authority shall retain certain rights under the Loan Agreement as described therein. Upon that assignment, the Bank shall collect, on behalf of the Authority and the Bond Fund, the principal and interest payments received under the Loan Documents, and shall apply the same to the payment of the principal of and interest on the Bond, and the Authority shall have no obligation to make principal and interest payments on the Bond except from those payments collected by the Bank on the Authority's behalf.

The Registered Owner shall not charge the Authority, and the Authority shall not be obligated to pay to the Registered Owner, any fees for or costs of collection and application of principal and interest payments under the Note, the Loan Agreement or the Bond, including any fees for or costs of collecting such payments or exercising the power of sale or any other power

under the Deed of Trust, nor shall the Authority be obligated to pay for the application of such payments to the payment of principal of and interest on the Bond. If the Bond is assigned and transferred to a new Registered Owner, the security interest in the Loan Documents shall be assigned to such new Registered Owner, and such new Registered Owner shall have the rights and shall carry out all of the duties of the prior Registered Owner as set forth in this resolution, including the duty to collect principal and interest payments under the Note and the Loan Agreement and apply the same to the payment of principal of and interest on the Bond.

The Bond shall not be a debt of King County, the State of Washington or any political subdivision thereof, and the Bond shall so state on its face. Neither King County, the State of Washington nor any political subdivision thereof (except the Authority from the sources described herein) shall be liable for payment of the Bond nor in any event shall principal of and interest on the Bond be payable out of any funds of the Authority other than the Bond Fund. The Bond shall be secured solely by payments received by or on behalf of the Authority from the Borrower under the terms of the Loan Agreement, by the Deed of Trust and by the other Loan Documents, and the Registered Owner shall not have recourse to any fund of the Authority other than the Bond Fund, or to any receipts, revenues or properties of the Authority other than payments under the terms of the Loan Documents and proceeds of any sale resulting from foreclosure of the Deed of Trust. The Authority has no taxing power.

Neither the Authority nor any of the Commissioners, officers or employees of the Authority shall be personally liable for the payment of the Bond.

Section 8. Bond Fund. The Bond Fund is created as a special fund of the Authority and is to be known as the Low-Income Housing Assistance Revenue Bond Fund, 2005 (Eernisse Apartments Project).

The Bond Fund is to be drawn upon for the sole purpose of paying the principal of and interest on the Bond. The Authority obligates and binds itself to set aside and pay into the Bond Fund any money received by it for such purpose under the Loan Documents sufficient in amount to make the payments required to be made under the Bond, and no other payments into the Bond Fund shall be required.

Section 9. Form and Execution of the Bond. The Bond shall be in a form consistent with the provisions of this resolution and state law, shall bear the manual or facsimile signatures of the Chair of the Board and the Executive Director of the Authority and shall be impressed with the seal of the Authority or shall bear a facsimile thereof.

Only a Bond bearing a Certificate of Authentication in the following form, manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution:

CERTIFICATE OF AUTHENTICATION

This Bond is the fully registered Housing Authority of the County of King Low-Income Housing Assistance Revenue Bond, 2005 (Eernisse Apartments Project), described in the Bond Resolution.



Executive Director of the Authority, Bond Registrar

The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this resolution.

If any officer whose facsimile signature appears on the Bond ceases to be an officer of the Authority authorized to sign bonds before the Bond bearing his or her facsimile signature is authenticated or delivered by the Bond Registrar or issued by the Authority, the Bond

nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be binding on the Authority as though that person had continued to be an officer of the Authority authorized to sign bonds. The Bond also may be signed on behalf of the Authority by any person who, on the actual date of signing of the Bond, is an officer of the Authority authorized to sign bonds, although he or she did not hold the required office on the date of issuance of the Bond.

Neither the Commissioners of the Authority nor any person signing the Bond shall be liable personally by reason of the issuance and sale of the Bond.

Section 10. Preservation of Tax Exemption for Interest on the Bond. Subject to the last paragraph of this section, the Authority covenants that it will take all actions necessary to prevent interest on the Bond from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Bond or other funds of the Authority treated as proceeds of the Bond at any time during the term of the Bond which would cause interest on the Bond to be included in gross income for federal income tax purposes. The Authority also covenants that, to the extent arbitrage rebate requirements of Section 148 of the Code are applicable to the Bond, it will take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the Bond, including the calculation and payment of any penalties that the Authority has elected to pay as an alternative to calculating rebatable arbitrage, and the payment of any other penalties if required under Section 148 of the Code to prevent interest on the Bond from being included in gross income for federal income tax purposes (but only from amounts received by the Authority from the Borrower as payments for those purposes).

The Loan Agreement shall require the Borrower to reimburse the Authority for all costs to the Authority of its compliance with the covenants contained in this section, and the Authority shall not be required to expend any funds, other than such reimbursement or other money received under the terms of the Loan Agreement, in so complying.

Section 11. Approval of Commitment Letter. It is anticipated that the Bank will offer to purchase the Bond under the terms and conditions contained in this resolution and in the Commitment Letter. The Board finds that such offer is in the best interest of the Authority, and therefore approves the offer contained therein.

The Bond will be delivered to the Bank with the approving legal opinion of Foster Pepper & Shefelman PLLC (or its successor), municipal bond counsel of Seattle, Washington, regarding the Bond.

Section 12. Authorization of Documents and Execution Thereof. The Board approves the Loan Agreement and the Regulatory Agreement substantially in the forms on file with the Executive Director of the Authority, with such changes as the Executive Director of the Authority shall deem necessary or appropriate. The Executive Director of the Authority is authorized and directed to do everything necessary for the issuance, execution and delivery of the Bond and to execute and deliver the Loan Agreement, the Regulatory Agreement and any other documents that may be useful or necessary to ensure the proper use and application of the proceeds from the sale of the Bond, and the assignment of the Loan Documents to the Bank.

Section 13. Acting Officers Authorized. Any action authorized or directed to be taken by the Chair of the Board or the Executive Director of the Authority may, in his or her absence, be taken by the duly authorized acting Chair of the Board or the acting Executive Director of the Authority, respectively.

Section 14. Ratification and Confirmation. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.

Section 15. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

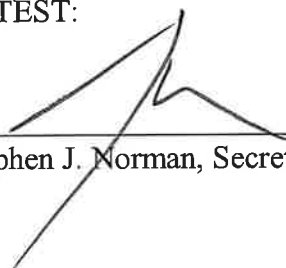
ADOPTED by the Board of Commissioners of the Housing Authority of the County of King at a regular open public meeting thereof this 14th day of November, 2005.

HOUSING AUTHORITY OF THE COUNTY OF
KING

By: 

Peter Orser, Chair
Board of Commissioners

ATTEST:



Stephen J. Norman, Secretary-Treasurer

CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Executive Director of the Housing Authority of the County of King (“the Authority”), CERTIFY:

1. That the attached Resolution No. 5032 (the “Resolution”) is a true and correct copy of a resolution of the Board of Commissioners of the Authority as adopted at a meeting of the Authority held on the 14th day of November, 2005, and duly recorded in the minute books of the Authority.

2. That such meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a quorum was present throughout the meeting and a majority of the members of the Board of Commissioners of the Authority present at the meeting voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 14th day of Nov., 2005.

HOUSING AUTHORITY OF THE COUNTY OF
KING

By: _____

Executive Director