

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5274

A RESOLUTION providing for the issuance of revolving line of credit revenue notes of the Authority in the aggregate principal amount of not to exceed \$20,000,000 at any one time outstanding, which notes shall be issued in four series, to provide interim financing for infrastructure improvements in connection with the Park Lake Homes II (Seola Gardens) HOPE VI redevelopment project and the development, renovation and rehabilitation of housing and related facilities in connection with the Chinook and Fairwind portions of such redevelopment project; determining the form, terms and covenants of the notes; creating a note redemption fund; and approving the sale and providing for the delivery of the notes to Bank of America, N.A.

Adopted March 17, 2010

*This document was prepared by:*

*FOSTER PEPPER PLLC  
1111 Third Avenue, Suite 3400  
Seattle, Washington 98101  
(206) 447-4400*

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WHEREAS, pursuant to RCW 35.82.130, the Housing Authority of the County of King (the "Authority") is authorized to issue revenue bonds and notes from time to time and to use the proceeds of those obligations for any of its corporate purposes; and

WHEREAS, the Board of Commissioners of the Authority has determined that it is necessary and advisable that the Authority borrow money to provide interim financing for infrastructure improvements in connection with the Park Lake Homes II (Seola Gardens) HOPE VI redevelopment project and the development, renovation and rehabilitation of housing and related facilities in connection with the Chinook and Fairwind portions of such redevelopment project; and

WHEREAS, Bank of America, N.A. (the "Bank") has offered to extend a line of credit evidenced by four revolving line of credit notes of the Authority on the terms set forth in this resolution to provide money for those purposes; 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:

“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 Bank of America, N.A., as registered owner of the Notes.

“BBA LIBOR” means the British Bankers Association LIBOR Rate.

“BBA LIBOR Daily Floating Rate” means a fluctuating rate of interest that can change on each banking day. The rate will be adjusted on each banking day to equal BBA LIBOR for U.S. Dollar deposits for delivery on the date in question for a one-month term beginning on that date. The Bank will use the BBA LIBOR Rate as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as selected by the Bank from time to time) as determined at approximately 11:00 a.m. London time two London Banking Days prior to the date in question, as adjusted from time to time in the Bank’s sole discretion for reserve requirements, deposit insurance assessment rates and other regulatory costs. If such rate is not available at such time for any reason, then the rate will be determined by such alternate method as reasonably selected by the Bank to be substantially equivalent to BBA LIBOR for a one-month interest period.

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

“CLA Notes” means, collectively, the Series A Note and Series C Note.

“Code” means the Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

“Contingent Loan Agreement” means the Contingent Loan Agreement between the Authority and the County executed on October 30, 2009, by the Authority and on November 2, 2009, by the County, providing credit enhancement for the CLA Notes and other obligations of the Authority relating to the Park Lake Homes II (Seola Gardens) HOPE VI redevelopment project, together with any amendments or supplements thereto made in accordance with the terms thereof.

“County” means King County, Washington.

“Daily Floating Rate” means the Taxable CLA LIBOR Daily Floating Rate, the Taxable Non-CLA LIBOR Daily Floating Rate, the Tax-Exempt CLA LIBOR Daily Floating Rate or the Tax-Exempt Non-CLA LIBOR Daily Floating Rate.

“Draws” means incremental draws upon the Notes.

“Fixed Rate” means the Taxable CLA LIBOR Fixed Rate, the Taxable Non-CLA LIBOR Fixed Rate, the Tax-Exempt CLA LIBOR Fixed Rate or the Tax-Exempt Non-CLA LIBOR Fixed Rate.

“Fixed Rate Interest Period” means a period of one to twelve month(s), provided that (i) if any Fixed Rate Interest Period would end on a day other than a business day, such Fixed Rate Interest Period shall be extended to the next succeeding business day unless such next succeeding business day would fall in the next calendar month, in which case such Fixed Rate Interest Period shall end on the next preceding business day, and (ii) any Fixed Rate Interest Period that commences on the last business day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Fixed Rate Interest Period) shall end on the last business day of the last calendar month of such Fixed Rate Interest Period. No Fixed Rate Interest Period may extend beyond the Maturity Date.

“General Revenues” means all revenues of the Authority from any source, but only to the extent that those revenues are available to pay debt service on the Notes and are not now or hereafter pledged, by law, regulation, contract, covenant, resolution, deed of trust or otherwise (including restrictions relating to funds made available to the Authority under the U.S. Housing Act of 1937), solely to another particular purpose.

“LIBOR” means, for any applicable Fixed Rate Interest Period, the rate per annum equal to BBA LIBOR, as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as selected by the Bank from time to time) at approximately 11:00 a.m. London time two London Banking Days before the commencement of the Fixed Rate Interest Period, for U.S. Dollar deposits (for delivery on the first day of such Fixed Rate Interest Period) with a term equivalent to such Fixed Rate Interest Period. If such rate is not available at such time for any reason, then the rate for that Fixed Rate Interest Period will be determined by such alternate method as reasonably selected by the Bank to be substantially equivalent to BBA LIBOR for the Fixed Rate Interest Period.

“London Banking Day” means a day on which banks in London, United Kingdom, are open for business and dealing in offshore dollars.

“Non-CLA Notes” means, collectively, the Series B Note and Series D Note.

“Notes” means, collectively, the Series A Note, Series B Note, Series C Note and Series D Note.

“Note Fund” means the Authority’s Revolving Line of Credit Revenue Note Fund, 2010 (Chinook and Fairwind Projects), created by this resolution for the purpose of paying principal of and interest on the Notes.

“Note Register” means the books or records maintained by the Note Registrar containing the name and mailing address of the registered owner of the Notes.

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

“Project” means infrastructure improvements in connection with the Park Lake Homes II (Seola Gardens) HOPE VI redevelopment project and the development, renovation and rehabilitation of housing and related facilities in connection with the Chinook and Fairwind portions of such redevelopment project.

“Proposal Letter” means the proposal letter to the Authority from the Bank dated February 11, 2010, as it may be amended, proposing to purchase the Notes on the terms set forth therein and herein.

“Series A Note” means the Authority’s Tax-Exempt Revolving Line of Credit Revenue Note, 2010, Series A (CLA) (Chinook and Fairwind Projects).

“Series A Note Account” means the account of that name within the Note Fund.

“Series B Note” means the Authority’s Tax-Exempt Revolving Line of Credit Revenue Note, 2010, Series B (Non-CLA) (Chinook and Fairwind Projects).

“Series B Note Account” means the account of that name within the Note Fund.

“Series C Note” means the Authority’s Taxable Revolving Line of Credit Revenue Note, 2010, Series C (CLA) (Chinook and Fairwind Projects).

“Series C Note Account” means the account of that name within the Note Fund.

“Series D Note” means the Authority’s Taxable Revolving Line of Credit Revenue Note, 2010, Series D (Non-CLA) (Chinook and Fairwind Projects).

“Series D Note Account” means the account of that name within the Note Fund.

“Taxable CLA LIBOR Daily Floating Rate” means the variable rate of interest per annum equal to the BBA LIBOR Daily Floating Rate plus 1.25%.

“Taxable CLA LIBOR Fixed Rate” means the rate per annum equal to LIBOR for the applicable Fixed Rate Interest Period, plus 1.25%.

“Taxable Non-CLA LIBOR Daily Floating Rate” means the variable rate of interest per annum equal to the BBA LIBOR Daily Floating Rate plus 1.75%.

“Taxable Non-CLA LIBOR Fixed Rate” means the rate per annum equal to LIBOR for the applicable Fixed Rate Interest Period, plus 1.75%.

“Taxable Notes” means, collectively, the Series C Note and Series D Note.

“Tax-Exempt CLA LIBOR Daily Floating Rate” means the variable rate of interest per annum equal to 64% of the BBA LIBOR Daily Floating Rate, plus 1.05%, rounded upwards to the nearest 1/100<sup>th</sup> of one percent, and subject to a floor of 1.38% per annum.

“Tax-Exempt CLA LIBOR Fixed Rate” means the rate per annum equal to 64% of LIBOR for the applicable Fixed Rate Interest Period, plus 1.05%, rounded upwards to the nearest 1/100<sup>th</sup> of one percent, and subject to a floor of 1.38%.

“Tax-Exempt Non-CLA LIBOR Daily Floating Rate” means the variable rate of interest per annum equal to 64% the BBA LIBOR Daily Floating Rate, plus 1.35%, rounded upwards to the nearest 1/100<sup>th</sup> of one percent, and subject to a floor of 1.67%.

“Tax-Exempt Non-CLA LIBOR Fixed Rate” means the rate per annum equal to 64% of LIBOR for the applicable Fixed Rate Interest Period, plus 1.35%, rounded upwards to the nearest 1/100<sup>th</sup> of one percent, and subject to a floor of 1.67%.

“Tax-Exempt Notes” means, collectively, the Series A Note and Series B Note.

Section 2. Authorization and Description of Notes. For the purpose of providing funds with which to finance all or part of the costs of the Project and pay costs of issuing and interest on the Notes, the Authority may borrow money from time to time pursuant to a revolving line of credit extended by the Bank under the terms of this resolution and the Proposal Letter, and shall issue the Notes in an aggregate principal amount of not to exceed \$20,000,000 at any one time outstanding. With the prior written consent of the Bank, which consent may be conditioned upon the delivery of additional security to the Bank, proceeds of Draws on the Taxable Notes may be used to make a loan or loans to a tax credit entity created by the Authority in connection with the Project. The Board authorizes such loans and the assignment of any loan agreements, notes, deeds of trust or other collateral for those loans to the Bank as security for repayment of the Notes.

The Notes shall be designated the Tax-Exempt Revolving Line of Credit Revenue Note, 2010, Series A (CLA) (Chinook and Fairwind Projects), the Tax-Exempt Revolving Line of Credit Revenue Note, 2010, Series B (Non-CLA) (Chinook and Fairwind Projects), the Taxable Revolving Line of Credit Revenue Note, 2010, Series C (CLA) (Chinook and Fairwind Projects) and the Taxable Revolving Line of Credit Revenue Note, 2010, Series D (Non-CLA) (Chinook and Fairwind Projects), of the Authority; shall be issued in registered form; shall be dated as of their date of delivery to the Bank; and shall mature on the date that is three years from their date of delivery to the Bank (the "Maturity Date"). The Executive Director is authorized, without further action of the Board but with the consent and approval of the Bank, which it may withhold in its sole discretion, to extend the maturity date of any or all of the Notes beyond the Maturity Date specified herein for up to three additional years, as long as no other terms of the Notes or



this resolution are revised, and to do everything necessary for the execution and delivery of such documents as are useful or necessary to such extension of maturity.

The Authority may request Draws upon the Notes in any amount on any business day during the term of the Notes for the purposes identified above, subject to the terms of the Proposal Letter. No Draw may exceed the total amount of the costs to be paid from such Draw, and the proceeds of each Draw shall be used immediately to pay those costs, or to reimburse the Authority for such costs paid by the Authority. Draws shall be recorded in such form as the Authority and the Bank may agree. Draws shall be limited to an aggregate principal amount outstanding at any one time of \$20,000,000. Draws on the Non-CLA Notes shall be limited to an aggregate principal amount outstanding at any one time of \$3,000,000 and Draws on the Tax-Exempt Notes shall be limited to an aggregate principal amount outstanding at any one time of \$10,000,000.

Interest on each Draw shall accrue from the date of that Draw and shall be computed on the principal amount of the Draw outstanding on the basis of a 360-day year and actual days elapsed for the actual number of days the principal amount of the Draw is outstanding.

Each Draw on the Series A Note shall initially bear interest at either the Tax-Exempt CLA LIBOR Daily Floating Rate or the Tax-Exempt CLA LIBOR Fixed Rate, with such interest rate option chosen by the Executive Director or his or her designee at the time of each Draw, and if the Tax-Exempt CLA LIBOR Fixed Rate is elected, for a Fixed Rate Interest Period selected by the Authority, subject to conversion to another interest rate type or Fixed Rate Interest Period, and also to adjustment upon default.

Each Draw on the Series B Note shall initially bear interest at either the Tax-Exempt Non-CLA LIBOR Daily Floating Rate or the Tax-Exempt Non-CLA LIBOR Fixed Rate, with

such interest rate option chosen by the Executive Director or his or her designee at the time of each Draw, and if the Tax-Exempt Non-CLA LIBOR Fixed Rate is elected, for a Fixed Rate Interest Period selected by the Authority, subject to conversion to another interest rate type or Fixed Rate Interest Period, and also to adjustment upon default.

Each Draw on the Series C Note shall initially bear interest at either the Taxable CLA LIBOR Daily Floating Rate or the Taxable CLA LIBOR Fixed Rate, with such interest rate option chosen by the Executive Director or his or her designee at the time of each Draw, and if the Taxable CLA LIBOR Fixed Rate is elected, for a Fixed Rate Interest Period selected by the Authority, subject to conversion to another interest rate type or Fixed Rate Interest Period, and also to adjustment upon default.

Each Draw on the Series D Note shall initially bear interest at either the Taxable Non-CLA LIBOR Daily Floating Rate or the Taxable Non-CLA LIBOR Fixed Rate, with such interest rate option chosen by the Executive Director or his or her designee at the time of each Draw, and if the Taxable Non-CLA LIBOR Fixed Rate is elected, for a Fixed Rate Interest Period selected by the Authority, subject to conversion to another interest rate type or Fixed Rate Interest Period, and also to adjustment upon default.

Draws bearing interest at (1) the Tax-Exempt CLA LIBOR Daily Floating Rate may be converted to bear interest at the Tax-Exempt CLA LIBOR Fixed Rate, (2) the Tax-Exempt Non-CLA LIBOR Daily Floating Rate may be converted to bear interest at the Tax-Exempt Non-CLA LIBOR Fixed Rate, (3) the Taxable CLA LIBOR Daily Floating Rate may be converted to bear interest at the Taxable CLA LIBOR Fixed Rate and (4) the Taxable Non-CLA LIBOR Daily Floating Rate may be converted to bear interest at the Taxable Non-CLA LIBOR Fixed Rate, each at any time, in minimum amounts of \$100,000, upon three business days' notice to the

Bank. Draws bearing interest at a Fixed Rate will automatically be converted to bear interest at the corresponding Daily Floating Rate on the last day of the applicable Fixed Rate Interest Period unless the Authority elects to continue the Fixed Rate at least three business days prior to the last day of the applicable Fixed Rate Interest Period. The Fixed Rate Interest Period applicable to principal bearing interest at a Fixed Rate may also be changed on the last day of Fixed Rate Interest Period to a different permitted Fixed Rate Interest Period, if notice of the new Fixed Rate Interest Period is given at least three business days prior to the last day of the applicable Fixed Rate Interest Period. The rate applicable to outstanding Draws bearing interest at a Daily Floating Rate shall be adjusted on each banking day to correspond with fluctuations in the BBA LIBOR Daily Floating Rate.

Interest on the Notes shall be payable quarterly in arrears, on the first day of each March, June, September and December, to the maturity or earlier redemption of the Notes. Draws may be used for the purpose of making interest payments; provided that proceeds of a Draw on a Tax-Exempt Note may not be used to pay the principal of or interest on a Taxable Note and proceeds of a Draw on a CLA Note may not be used to pay the principal of or interest on a Non-CLA Note. Proceeds of Draws on a Tax-Exempt Note may only be used for costs of the Project that qualify for tax-exempt financing. Principal of each Note, together with all accrued and unpaid interest thereon, is payable on the Maturity Date, subject to prepayment as described in Section 6 hereof.

If the Notes are not paid when properly presented at the Maturity Date, the Authority shall be obligated to pay interest on the Notes from and after the Maturity Date until the principal of and interest on the Notes is paid in full.

If an event of default occurs in the payment to the Bank of principal, interest, fees or other amounts when due (an “Event of Default”), including failure to repay the Notes in full on or before the Maturity Date, the Bank may increase the applicable interest rate spread by 3.0% per annum.

The Authority finds that the fixing of the interest rate indices described herein and in the Proposal Letter is in the best interest of the Authority.

Section 3. Designation of Officers to Make Draws. The Board authorizes the Executive Director or his designee to make Draws against the Notes in such amounts, at such times and with such interest rate option as he or she may determine hereafter, those Draws to be made in accordance with the terms and provisions set forth herein and in the Proposal Letter.

Section 4. Note Registrar; Registration and Transfer of Notes. The Executive Director of the Authority shall serve as Note Registrar for the Notes. The Note Registrar shall keep, or cause to be kept, at his or her office in Tukwila, Washington, sufficient books for the registration of the Notes (the “Note Register”), which shall contain the name and mailing address of the registered owner of the Notes. The Note Registrar is authorized, on behalf of the Authority, to authenticate and deliver the Notes in accordance with the provisions of the Notes and this resolution, to serve as the Authority’s paying agent for the Notes and to carry out all of the Note Registrar’s powers and duties under this resolution.

The Notes shall be issued only in registered form as to both principal and interest and recorded on the Note Register. The Notes may not be assigned or transferred by the Bank, except that the Bank may assign or transfer the Notes to any successor to the business and assets of the Bank.

Section 5. Place, Manner and Medium of Payment. Both principal of and interest on the Notes shall be payable in lawful money of the United States of America solely out of the applicable accounts within the Note Fund. Payment of interest on each interest payment date, and of principal at maturity or prepayments of principal, shall be paid by check or draft of the Authority mailed or by immediately available funds delivered on or before each interest payment date or the maturity or prepayment date to the registered owner at the address appearing on the Note Register on the last day of the month preceding the payment date. Upon the final payment of principal of and interest on the Notes, the registered owner shall surrender the Notes at the principal office of the Note Registrar in Tukwila, Washington, for destruction or cancellation in accordance with law.

Section 6. Prepayment of Notes. The Authority reserves the right to prepay all or a portion of the principal of the Notes at any time. Prepayments of draws bearing interest at a Daily Floating Rate may be prepaid without premium or penalty. Draws bearing interest at a Fixed Rate are subject to the payment of a potential prepayment fee. The prepayment fee shall be in an amount sufficient to compensate the Bank for any loss, cost or expense incurred by it as a result of the prepayment, including any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain the Fixed Rate being prepaid or from fees payable to terminate the deposits from which such funds were obtained. The Authority shall also pay any customary administrative fees charged by the Bank in connection with the foregoing. For purposes of the preceding sentence, the Bank shall be deemed to have funded the Fixed Rate being prepaid by a matching deposit or other borrowing in the applicable interbank market, whether or not the Fixed Rate advance being prepaid was in fact so funded. In addition, the Authority shall repay the Notes to the extent of any proceeds received from (i) the sale of low

income housing tax credits with respect to the Project or (ii) a HOPE VI loan with respect to the Project received from the U.S. Department of Housing and Urban Development, such prepayment to be made within five days of receipt of such funds, except that such prepayment may be deferred to the end of the then current Fixed Rate Interest Period for principal bearing interest at a Fixed Rate to avoid payment of the prepayment fee. The Bank may in its sole discretion waive any prepayment fee. The selection of the series of Notes and the principal amount of such series to be redeemed shall be at the option of the Authority. Written notice to the Bank of any intended prepayment or redemption of the Notes shall not be required. Interest on the Notes or the portion thereof so prepaid shall cease to accrue on the date of such prepayment.

Section 7. Note Fund; Security for the Notes. The Note Fund is created as a special fund of the Authority and is to be known as the Revolving Line of Credit Revenue Note Fund, 2010 (Chinook and Fairwind Projects), consisting of the Series A Note Account, the Series B Note Account, the Series C Note Account and the Series D Note Account. The Note Fund shall be drawn upon for the sole purpose of paying the principal of and interest on the Notes. The Authority pledges to deposit into the Note Fund, from General Revenues, from amounts received from a limited liability company or limited partnership of which the Authority is or will be the sole managing member or the sole general partner (the "LLC") from the sale of low income housing tax credits in connection with the Project, and, with respect to the CLA Notes, from funds received from the County pursuant to the Contingent Loan Agreement, amounts sufficient to pay the principal of and interest on the Notes when due. The Authority covenants that it will cause the CLA Notes to be covered by the Contingent Loan Agreement and the LLC to execute

any documents reasonably required by the Bank to effect the pledge of such sale proceeds as security for the Notes.

The Authority reserves without limitation the right to issue other obligations, the principal of and interest on which are to be paid from the General Revenues on a parity with payments on the Notes, provided that such issuance does not cause an Event of Default. At its option, the Authority may pledge any portion of the General Revenues to the payment of other obligations of the Authority, such payments to have priority over the payments to be made on the Notes with respect to that portion of the General Revenues so pledged, provided such pledge does not cause an Event of Default.

The Notes shall not be a debt of King County, the State of Washington or any political subdivision thereof, and the Notes shall so state on their face. Neither King County, the State of Washington nor any political subdivision thereof (except the Authority from the sources specified herein) shall be liable for payment of the Notes nor in any event shall principal of and interest on the Notes be payable out of any funds other than the Note Fund. The owner of the Notes shall not have recourse to any other fund of the Authority other than the Note Fund, or to any other receipts, revenues or properties of the Authority other than as described herein and in the Notes. The Authority has no taxing power.

Neither the Authority (except to the extent of the pledge of its General Revenues) nor any of the Commissioners, officers or employees of the Authority shall be personally liable for the payment of the Notes.

Section 8. Form and Execution of Notes. The Notes shall be prepared in forms consistent with the provisions of this resolution and state law, shall bear the manual or facsimile

signatures of the Chair of the Board and Executive Director of the Authority and shall be impressed with the seal of the Authority or shall bear a facsimile thereof.

To be valid or obligatory for any purpose or entitled to the benefits of this resolution, each of the Notes shall bear a Certificate of Authentication in the following form:

#### CERTIFICATE OF AUTHENTICATION

This Note is the fully registered [Tax-Exempt/Taxable] Revolving Line of Credit Revenue Note, 2010 [Series A (CLA)/Series B (Non-CLA)/Series C (CLA)/Series D (Non-CLA)] (Chinook and Fairwind Projects), of the Authority described in the Note Resolution.

  
Executive Director of the Authority and Note Registrar

The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Note 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 Notes ceases to be an officer of the Authority authorized to sign notes before the Notes are authenticated or delivered by the Note Registrar or issued by the Authority, the Notes nevertheless may be authenticated, delivered and issued and, when authenticated, issued and delivered, shall be as binding on the Authority as though that person had continued to be an officer of the Authority authorized to sign the Notes. The Notes also may be signed on behalf of the Authority by any person who, on the actual date of signing of the Notes, is an officer of the Authority authorized to sign notes, although he or she did not hold the required office on the date of issuance of the Notes.

#### Section 9. Preservation of Tax Exemption for Interest on the Tax-Exempt Notes.

The Authority covenants that it will take all actions necessary to prevent interest on the Tax-Exempt Notes 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 Tax-Exempt Notes or other funds of the Authority treated as proceeds of the Tax-Exempt Notes at any time during the term of the Tax-Exempt Notes that would cause interest on the Tax-Exempt Notes 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 Tax-Exempt Notes, it will take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the Tax-Exempt Notes, 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 the interest on the Tax-Exempt notes from being included in gross income for federal income tax purposes.

Section 10. Designation of the Tax-Exempt Notes as “Qualified Tax Exempt Obligations.” The Authority has determined and certifies that (a) the Tax-Exempt Notes are not “private activity bonds” within the meaning of Section 141 of the Code; (b) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) that the Authority and all entities subordinate to the Authority (including any entity that the Authority controls, which derives its authority to issue tax-exempt obligations from the Authority or that issues tax-exempt obligations on behalf of the Authority) will issue during the calendar year in which the Tax-Exempt Notes are issued will not exceed \$30,000,000; and (c) the amount of tax-exempt obligations, including the Tax-Exempt Notes but excluding qualified 501(c)(3) bonds, designated by the Authority as “qualified tax-exempt obligations” for the purposes of Section 265(b)(3) of the Code during the calendar year in which the Tax-Exempt Notes are issued does not exceed

\$30,000,000. The Authority designates the Tax-Exempt Notes as “qualified tax-exempt obligations” for the purposes of Section 265(b)(3) of the Code.

Section 11. Proposal Letter Reporting Requirements; Covenants. The Authority covenants and agrees for so long as the Notes remain outstanding to deliver to the Bank the following financial information and statements:

- Within 180 days of each fiscal year end, the Authority’s internally prepared annual financial statements;
- Within 60 days of each quarter end, the Authority’s internally prepared quarterly financial statements (except the fiscal year end quarter);
- Within 45 days of adoption, the Authority’s annual budget;
- Within 60 days of each quarter end, the Authority’s internally prepared Asset Management Report and the Construction Management Report for the Project; and
- Within 10 days of receipt, the Authority’s annual State Audit Report.

The Authority further covenants and agrees, for so long as the Note remains outstanding, as follows:

(a) It will provide other financial information as the Bank may from time to time reasonably request.

(b) On or before the Maturity Date, it shall issue debt obligations in an amount sufficient to generate net proceeds, together with other available resources of the Authority, to pay the Notes in full.

(c) It will not encumber, pledge or grant any lien (whether voluntary or involuntary) against any of the Project real property, without the prior written consent of the Bank; however, this covenant shall not apply to construction and/or material liens filed in the ordinary course of business during development, renovation and rehabilitation of the Project.

(d) It shall cause the owner of the Project to preserve and maintain the Project while the Notes are outstanding;

(e) It shall cause the owner of the Project to not sell or dispose of any portion of the Project without the prior written consent of the Bank.

(f) It shall establish, maintain and collect rents and charges sufficient for payment of (i) all costs of operation and maintenance, and (ii) for payment of all amounts which the Authority is obligated to pay from its General Revenues.

Section 12. Authorization of Documents and Execution Thereof. The Authority authorizes and approves the execution and delivery of, and the performance by the Authority of its obligations contained in, the Notes and this resolution and the consummation by the Authority of all other transactions contemplated by this resolution in connection with the issuance of the Notes. The appropriate Authority officials are authorized and directed to do everything necessary for the issuance, execution and delivery of the Notes. The Executive Director of the Authority is authorized to execute the Notes and any other documents reasonably required to be executed in connection with the issuance of the Notes and to ensure the proper use and application of the proceeds of the Notes, and to effect any extension of the maturity of the Notes as described in Section 2.

The Notes will be prepared at the Authority's expense and will be delivered to the Bank together with the approving legal opinion of Foster Pepper PLLC, municipal bond counsel of Seattle, Washington, regarding the Notes.

Section 13. Approval of Transaction. The Bank has proposed to purchase the Notes at a price of par, under the terms and conditions contained in this resolution and the Proposal Letter, including the payment of a fee to the Bank in the amount of \$20,000 plus the fees and expenses of the Bank's legal counsel, not to exceed \$1,500, and any other out-of-pocket costs incurred by the Bank, each payable at closing, and payment of an unused commitment fee to be paid to the Bank quarterly in arrears on each interest payment date in the amount of 0.30% per annum of the difference between \$20,000,000 and the average aggregate principal amount outstanding under the Notes for the preceding quarterly period, calculated on the basis of the actual number of days elapsed in a 360-day year. This fee will be due only for quarters in which

the ratio of the average principal amount outstanding under the Notes to \$20,000,000 is less than 50%. The Board finds that the Bank's proposal is in the best interest of the Authority and authorizes the Executive Director of the Authority to accept an offer on the same terms and conditions as contained in the Proposal Letter, and covenants that it will comply with all terms and conditions of the Proposal Letter. The Authority covenants that it will pay or cause to be paid, when due, the fees described in this Section 13 and pledges its General Revenues to the payment of such fees.

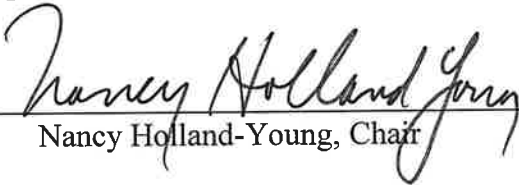
Section 14. Acting Officers Authorized. Any action required by this resolution to be taken by the Chair of the Board or Executive Director of the Authority may in the absence of such person be taken by the duly authorized acting Chair of the Board or a Deputy Executive Director of the Authority, respectively.

Section 15. 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.

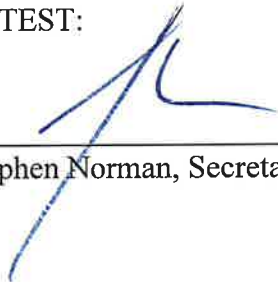
Section 16. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

ADOPTED by the Board of Commissioners of the Housing Authority of the County of King at an open public meeting this 17<sup>th</sup> day of March, 2010.

HOUSING AUTHORITY OF THE COUNTY OF KING

By:   
Nancy Holland-Young, Chair

ATTEST:

  
Stephen 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") and keeper of the records of the Authority, CERTIFY:

1. That the attached Resolution No. 5274 (the "Resolution") is a true and correct copy of the resolution of the Board of Commissioners (the "Board") of the Authority, as adopted at a meeting of the Authority held on March 17, 2010, 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 17<sup>th</sup> day of March, 2010.



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Executive Director of the Authority