



KING COUNTY HOUSING AUTHORITY

TO: Board of Commissioners
FROM: Tim Walter
DATE: March 11, 2014
RE: **Resolution No. 5459:** Authorizing KCHA to make a loan to DASH (Downtown Action to Save Housing) in a not-to-exceed amount of \$425,000 in order for DASH to acquire the investor limited partner's 99.99% ownership interest in Ashwood Court Apartments to preserve the long-term viability and affordability of the project.

Summary

Resolution No. 5459 authorizes KCHA to make a short-term loan in a not-to-exceed amount of \$425,000 to Downtown Action to Save Housing (DASH), a local non-profit housing developer/operator, in order for DASH to purchase the investor member's 99.99% leasehold interest in the Ashwood Court Associates limited partnership and to pay costs associated with the acquisition including real estate excise tax, legal and loan fees and other related expenses. Immediately upon DASH's acquisition of the investor's interest in the partnership, DASH will refinance and re-syndicate the property to a new low-income housing tax credit partnership in order to generate revenues sufficient to refinance the existing debt (\$1.15 million loan to Anchor Bank, \$235,000 loan to ARCH and \$425,000 loan to KCHA) and complete approximately \$1.3 million in repairs and upgrades to the property. The re-syndication of the property will ensure the property continues to be preserved as affordable for low and very-low income seniors for an additional 40 years.

The loan to DASH is essential to preserve the long-term affordability of the Ashwood Court Apartments. The loan is consistent with KCHA's mission to preserve the availability of low-income housing. The revenue generated by the re-syndication will provide repairs and improvements to the property and ensure the long-term viability of the project and the loan will provide for improved investment return rates to KCHA.

Background

In 1998, DASH formed the Ashwood Court Associates limited partnership, for the purpose of developing a 51 unit tax-credit apartment building located at 11018 NE 11th St in Bellevue. It has 26 units set aside for extremely low-income seniors (incomes less than 35% of the AMI) 24 units set aside for low-income seniors (incomes less than 60% of the AMI) and one manager's unit. The project was built using proceeds from the sale of low-income housing tax credits to the investor member, Midland Corporate Tax Credit IV Limited Partnership and loans from Anchor Bank, the City of Bellevue and the Washington State Housing Trust Fund.

As of January 2014, the project completed the 15th year of its tax credit compliance period and the investor limited partner has agreed to exit the partnership. Under the terms of the existing partnership agreement, DASH does not have Right of First Refusal but the investor limited partner has agreed to sell its interest to DASH for \$300,000. The current outstanding indebtedness of the property is approximately \$1.85 million and the value of the property is estimated at \$4.6 million. The opportunity for DASH to acquire the investor limited partner's interest for \$300,000 represents an exceptional opportunity to secure the long-term preservation of affordability as well as the long-term viability of the Ashwood Court Apartments. The excise tax associated with the transaction is estimated at \$82,500.

Resyndication

The low-income housing tax credit program allows properties that have completed an initial 15 year low-income use restriction period to be re-syndicated. The re-syndication provides for the initial tax-credit investor to exit the original partnership and for a new partnership to be created. The new partnership generates tax credits based on the sum total of the current value of the property plus new improvements made to the property. The tax credits generated by the re-syndication are able to be sold to a new investor member. The revenue raised by the sale of the tax credits to the new investor member plus the new financing secured by the property will generate proceeds sufficient to pay off the original debt (including the loan from KCHA), pay for the improvements at the property and provide a developer fee for DASH. The re-syndication plan for Ashwood Court developed by JH Brawner & Associates is attached.

Loan and Terms

The loan and terms are as follows:

Loan Amount:	Not to exceed \$425,000.00
Term:	Payment due at closing of the new partnership (estimated closing 10/1/2014). However, if not sooner paid, the loan shall be due in full 3/1/2015.
Interest Rate:	5%
Security:	Pledge of DASH's ownership interest in and any and all other DASH related ownership interest in Ashwood Court Associates as lessee of the Ashwood Court Apartments. Security interest shall also include a leasehold deed of trust in the Ashwood Court Apartments to the extent permitted by the underlying existing financing.
Fee:	\$10,000 origination fee.

Risks and Risk Mitigation

Failure of DASH to secure an investor and re-syndicate the development. Based on current cash flow, debt coverage ratio and loan to value projections, there is sufficient equity for DASH to re-finance Ashwood Court and repay KCHA even if DASH were not able to re-syndicate the property as a 4% low-income housing tax credit development. DASH's financial consultant, JH Brawner & Associates has also informed KCHA they have already received two notifications of

interest from potential equity investors of their interest to participate in a re-syndication of the property.

Failure of DASH to repay KCHA as required. KCHA will receive, as a condition of the loan, a pledge from DASH of its ownership interest in Ashwood Court. If DASH does not repay KCHA as required, KCHA will have the right to assume DASH's leasehold interest in the project and take direct ownership of Ashwood Court.

Failure of DASH to repay KCHA and KCHA does not take ownership of the Ashwood Court Associates limited partnership. KCHA will be secured by a leasehold deed of trust and will remain on title as a secured lender in a subordinate position to the existing lenders. The total of the existing underlying debt is less than \$2 million and the estimated market value of the property is in excess of \$4.5 million. There is more than sufficient equity in the project to secure KCHA's leasehold deed of trust.

Passage is recommended.

A Strategic Repositioning Plan for the Preservation of Affordable Housing

A LIHTC Re-Syndication Development

Ashwood Court Apartments
11018 NE 11th Street, Bellevue, WA

Prepared for:



Downtown Action to Save Housing

Prepared by:



March 8, 2014

A STRATEGIC REPOSITIONING PLAN FOR THE ASHWOOD COURT APARTMENTS

AN OUTLINE FOR FINANCIAL SUSTAINABILITY INCLUDING DELIVERY PLAN, FINANCIAL STRATEGIES AND ASSUMPTIONS

The purpose of this financing constructability review is to describe the project in a manner that key elements are defined, options are clear, risks are identified such that the decision makers are able to provide direction as to the final development strategy.

Today, especially considering the current market volatility, a financing strategy that details the issues as well as includes strategic options for financing are critical. This report seeks to explain and define those issues as it relates to project schedule, revenue and expense assumptions, construction budgets, short and long-term debt and federal low-income housing tax credits.

I. PROJECT SUMMARY

Introduction

Downtown Action to Save Housing (“DASH”) a respected nonprofit provider of housing was founded in 1991 to preserve affordable housing in Bellevue, Washington and the surrounding Eastside communities. DASH has successfully created, preserved or renovated thirteen projects containing over 1,000 units of affordable housing for residents of King County. One of these projects, Ashwood Court was developed as a LIHTC project in 1997 in downtown Bellevue. The project consists of 51 units of housing, serving independent seniors 62 and older. Now that the project is at the end of its 15-year compliance period (Dec 2013), DASH is moving forward with a tax credit re-syndication of the development. Depending upon certain structure issues, DASH would sell the project to a tax credit partnership in which DASH would be the managing member of an LLC.

The basic objective of this plan is to develop a workable plan to stabilize the property long-term, both financially and physically. The specific relief provided in this re-syndication plan is based on a thorough analysis of the project, considering the tenant mix, availability of funds to address the physical and financial needs of the project and examination of the project’s market area. This restructuring plan attempts to address the following objectives:

- A. To protect the long-term financial interest of all interested parties and ensure that the project can continue to be a viable operation.
- B. To stabilize the project’s physical and financial hurdles to ensure that an acceptable living environment is maintained for the residents.
- C. To provide the platform to support the investment of additional capital to address the project’s physical and financial goals.

Physical Description

The Ashwood Court Apartments, located at 11018 NE 11th Street, Bellevue and includes 51-units which offers affordable housing units to low and very low income elderly residents. Unit mix consists of studios, one and two-bedroom units in a single mid-rise, three story building. The project was constructed by the existing tax credit partnership in 1987



Unit Breakdown

Unit Type	No. of Units	Unit Mix % Total	Unit Sq. Ft.
STUDIO	2	3.92%	450
ONE BDRM, 1 BATH	34	66.67%	605
TWO BDRM, 1 BATH	15	29.41%	800

A specific plan is a vital tool for the systematic implementation of the general development plan. It effectively establishes a link between implementing policies of the general plan and the individual development proposals in a defined area. Specific plans and options related to various key development categories are described below.

II. OWNERSHIP STRUCTURE

DASH is currently the General Partner of the tax credit partnership as in the process of exercising an Option to acquire the limited partner's interest in the project. Under the proposed financing plan, DASH is anticipating forming another tax credit partnership to acquire, own and operate the Ashwood Court project ("Project"). As consideration, the new LIHTC LLLP will pay DASH/existing partnership an amount equal to the fair market value of the Project as restricted under the LIHTC guidelines.

The property will continue to have a long-term property tax-exemption due to the fact that the property is operated for the elderly.

III. Affordability

The current affordability requirements at the project which are a part of the initial regulatory agreement with the WSHFC will continue at the project under the new 4% credit deal. Under the existing WSHFC

Regulatory Agreement, the minimum affordability at the Project will continue to be 50% of the units at 35% of the area median income and 50% of the units at 60% of median income.

IV. Development Sources & Uses

Project Development Costs have been based on a combination of factors including those typical cost attributed with LIHTC transactions, preliminary capital needs assessments and those cost related to the issuance of bonds and other debt instruments.

Ash Wood Court Bellevue	
BUDGET TRACKING SCHEDULE	
SOURCES	Permanent Budget
Private Placement Permanent Bond	\$2,500,000
Tax Credit Equity	\$2,101,521
DASH Loan #2 (Seller Financing)	\$2,955,000
DASH Loan #1 (Deferred Developer Fee)	\$473,010
Funding Gap	\$0
Total Budget Sources	\$8,029,531
USES	Permanent Budget
Accounting	\$12,500
Appraisal & Market Studies	\$15,000
Architectural & Engineering	\$47,810
Building Acquisition	\$4,781,008
Construction Consulting	\$47,165
Construction Management	\$77,400
Developer Administrative - General	\$13,043
Developer Administrative - Overhead/Fee	\$1,000,000
Environmental	\$7,500
Financial Consulting	\$125,000
Financing Cost - Other	\$17,500
Interest Cost	\$54,225
Legal - Debt	\$55,000
Legal - Partnership	\$55,000
Legal - Other	\$50,000
Lender Loan Fees	\$71,250
Multi-Family Construction	\$1,290,000
Owner Contingency	\$50,000
Permits & Fees - Vertical	\$23,116
Pre-Construction Services	\$20,000
Reserves - Project	\$160,000
Surveys	\$5,500
Tax Credit Fees	\$28,333
Title & Closing	\$23,181
Total Budgeted Cost	\$8,029,531

Development Cost Guidelines

Projected cost associated with the development of the Project are based on budgeted allowances attributable to the type of financing being used, project size, location, tenant demographics and the property condition report.

Accounting:	An allowance of \$12,500 has been budgeted for accounting related services, including general consulting, initial audit work and cost certification all of which is to be included in the partnership cost basis. The entire amount is estimated to be included in tax credit basis.
Appraisals & Market Studies:	An allowance of \$15,000 has been assumed for appraisals and market studies. It is assumed that appraisals will be ordered by the lender for financing purposes and also by DASH to determine the fair market restricted value for acquisition purposes. In addition, a market study to be provided as part of the tax credit application is assumed as well.
Architectural & Engineering:	A&E has been estimated at \$47,000, which is approximately 2.00% of the hard repair/renovation cost. The A&E scope will be limited to specific work which will require design and/or engineering related work. In addition, A&E assistance will be required as part of the process to include energy efficient and green technology in the Project.
Building Acquisition:	<p>The current estimated Fair Market Rent as Restricted is approximately \$4,775,000. This valuation will be substantiated in an appraisal to be completed. The valuation is estimated using the lesser of market rents or those rents at 35% and 60% of median income (per WSHFC requirements). Expenses are estimated based on current market expenses for these type of projects on the east side. The corresponding NOI is then divided by a market capitalization rate, estimated in this case to be 5.40%.</p> <p>\$923,000 of the above amount is currently estimated to the value of the land as if unimproved.</p> <p>The balance of the Acquisition related cost of approximately \$6,000 is related to the sales tax that will be due on the estimated amount of personal property to be allocated within the acquisition cost.</p>
Construction Management:	A fee of 6% of the construction budget has been set-aside for a third-party Owner's Representative consultant.
Construction Consulting:	This category includes an allowance for third-party monthly draw inspections by both the lender and the LIHTC investor. Additionally, approximately \$47,165 in funds have been budgeted for other third-party consultants who would not be part of the A&E contract and would include but not be limited to roofing consultants, energy consultants, waterproofing consultants, mechanical consultants, etc.
Developer Administrative – General:	\$13,000 as travel, plan reproduction, office supplies related to the Project, deliveries, etc.
Developer Administrative – Fee:	\$1,000,000 has been estimated as the developer fee to be earned by DASH. This amount represents approximately 14.50% of the development budget. \$193,000 of

this amount is assumed to be allocated to the land cost and as such is not included in tax credit eligible basis.

100% of the fee will be earned at completion of construction. Current model projections estimate that approximately 52% of the total fee will be paid in cash to DASH at time of the final tax credit equity pay-in. The balance of the fee not paid in cash will be deferred and paid from available cash flow from operations within ten-years of the fee being earned.

Environmental:	Reports related to environmental surveys have been estimated at \$7,500, which will be a requirement of both the lender and LIHTC investor.
Financial Consulting:	\$125,000 has been budgeted for technical assistance with the development of the renovation work, of which 100% is assumed to be in basis. Work includes oversight with respect to the LIHTC, financing, investor liaison, lender requirements, partnership structuring, project cost tracking and modeling, cost certification and input related to renovation.
Interest Cost:	Interest on the various interim loans, which excludes the permanent tax-exempt loan which is paid from project operations, will equate to approximately \$54,000. Interest on the tax credit equity bridge are included. That interest which is paid up until the renovation is completed is capitalized and included in tax credit eligible basis, while the remaining interest through the equity pay-in is also capitalized in the budget but it is expensed for tax purposes and excluded from tax credit basis.
Legal:	Legal related work has been estimated at \$160,000 and includes counsel related to partnership counsel; lender legal related to the tax credit equity bridge line and the permanent bonds.
Lender Loan Fees:	Lender loan fees have been budgeted at \$71,250 and includes a 1.50% fee on the permanent bonds and the equity bridge line of credit.
Multi-Family Construction:	The total construction budget is estimated at \$1,290,000. The base "hard" cost have been estimated at \$975,000 (including sales tax). Additional cost attributed to the construction/repair cost are roughly \$97,000 in general conditions, \$97,000 in profit and 10% contingency estimated at \$121,000. State prevailing wage rates will be assumed at the Project.
Owner Contingency:	Approximately \$50,000 has been budgeted for unforeseen cost related to non-construction related work.
Permits:	An allowance of \$33,000 has been set-aside for permits related to the project repairs.
Pre-Construction Services:	Pre-Construction Services include the cost related to the Physical Needs Assessment, third-party unit inspections, bidding and related work in the estimated amount of \$23,100.
Reserves:	Operating reserves have been estimated at approximately six months of annual operating expenses, or \$110,000. In addition, a capitalized \$50,000 reserve is assumed for Replacement Reserves.
Tax Credit Fees:	Tax Credit Fees have been estimated at approximately \$28,000 and include an application fee equal to \$26 per housing unit and 12.53% of the total first year credit reservation amount.

Title & Closing: Title and Closing have been estimated at \$23,000 and include cost related to Owner's and Lender's title policy, endorsements required by the LIHTC investor and general closing cost.

Determination of Key Project Funding Revenues

Below is a schedule of the anticipated revenue sources and how those amounts have been determined.

Tax Credits The partnership anticipates that it will generate approximately \$215,000 in annual low-income housing tax credits. DASH will seek competitive proposals from various tax credit investors to make an investment in the Project.

Eligible Basis: The un-adjusted eligible basis for the project has been estimated at \$45,080,000.

Ineligible Grants/Loans: none

High Cost Area: The project is not located in a Qualified Census Tract

Qualified Basis: Based on the adjustments, the project has an adjusted qualified basis of \$6,531,000

Applicable Percentages: The applicable percentages used in the financial analysis are calculated at 3.30% for the 4% credit.

Credit Amount: The assumed ten-year credit amount is equal to \$2,149,000, or \$215,000 per year over the ten year credit period.

Equity Contribution: Estimated at approximately \$2,101,521, or \$.975 per tax credit dollar for 99.99% of the total credit allocation.

Limited Partner Entry Date: The Tax Credit Partner is expected to enter into the partnership at closing or approximately October 2014.

Contribution Timing: The financial projections assume that the equity contribution is based on a staggered pay-in of \$200,000 at closing; two months after completion of renovations (PIS) an amount equal to \$1,200,000 and the balance in July of 2016

Credit Delivery: The Partnership projects to deliver tax credits to the Tax Credit Limited Partner as follows:

		Dollar Amount	Percent of Annual
Credits Delivered in	2015	\$215,541	100.00%
Credits Delivered in	2016-2024	\$1,939,869	100.00%

Debt: To receive an allocation of 4% tax credits, a project must fund 50% of its adjusted project cost with private activity bonds. It is anticipated that King County Housing Authority as issuer of the bonds, will issue approximately \$4,600,000 in tax exempt bonds, which is approximately equal to 59% of the adjusted total project cost. To meet this 50% bond test, the partnership is anticipated to have the following debt structure.

Long-Term Tax-Exempt Debt

The financial projections assume that approximately \$2,675,000 in long-term, private-activity tax-exempt bonds will be sold via a private placement. Alternate financing plans were explored and included HUD FHA 223(f), Fannie Mae Tier IV and Freddie Mac financing, however; due to the relatively small loan amount as a percentage of total development cost and the complexity associated with the other financing alternatives, a private placement of the debt appeared to be the most feasible alternative. Additionally, the projected NOI and related Debt Coverage Ratio is such that a private placement would most likely be appealing to a regional bank seeking CRA credit.

Issuer:	King County Housing Authority
Lender:	To be Determined
Amount:	\$2,500,000
Term:	17-years
Amortization Period:	35 years
Interest Rate:	modeling assume 6.25%, fixed
Guarantee:	Non-Recourse
Debt Coverage Ratio:	1.25

** It is anticipated that the loan will be interest-only through December 2015.*

Equity Bridge Loan:

To assist in meeting the 50% bond test, the financial model assumes that the partnership will obtain a tax-exempt equity bridge loan for the Project to bridge a portion of the anticipated deferred equity contribution. As stated earlier in the report, the majority of the tax credit investor equity is anticipated to be contributed after placed-in-service date. The purpose of this extended pay-in is to not only increase the amount of equity the investor partner is willing to contribute but to provide a mechanism by which additional tax exempt debt could be issued to meet the 50% test.

Issuer:	King County Housing Authority
Lender:	To be Determined (same institution as permanent loan)
Amount:	\$2,100,000
Term:	32-months
Amortization Period:	N/A, interest only
Interest Rate:	variable based on one-month libor, assumed to be 4.25% in model
Guarantee:	DASH
Debt Coverage Ratio:	N/A

**Loan is assumed to be non-revolving. The loan is anticipated to be repaid with tax credit equity after PIS in December of 2015 and the balance with the final equity pay-in, July of 2016.*

DASH Seller Note:

Assuming an estimated acquisition payment related to the value of the project of approximately \$4,775,000, DASH is anticipated to loan back to the partnership an amount equal to \$2,955,000. At closing, DASH will lend approximately \$2,500,000 of this amount with the remaining balance of \$455,000 being loaned back to the partnership in December 2015 when the project is placed-in-service.

Lender:	DASH
Amount:	\$2,955,000
Term:	50-years
Amortization Period:	N/A, subject to available cash flow
Interest Rate:	fixed at the greater of 3.50% or AFR at time of closing
Guarantee:	N/A
Debt Coverage Ratio:	N/A

Deferred Developer Loan:

DASH is projected to earn approximately \$1,000,000 in developer fees, which equates to 14.50% of the total development cost. It is estimated that DASH will receive approximately \$522,000 in cash at the final equity pay-in (April 2016) and defer the remaining \$478,000, which shall be paid from available cash flow.

Lender:	DASH
Amount:	\$473,000
Term:	N/A
Amortization Period:	N/A, subject to available cash flow
Interest Rate:	0%

**Based on current cash flow projections, deferred developer fee loan will be repaid by 2026 (12-years from date in which fee was earned).*

V. Construction

DASH is in the process of completing in-depth inspections of the interior units and common areas at both developments and is in the process of completing a detailed scope of work and specifications for the project.

Construction/renovation is anticipated to take place over a 10-month period from November 2014 through September 2015. No existing residents located at the project will be required to either temporarily or permanently relocate.

The overall construction budget is estimated at \$1,290,000, or \$25,300 per unit, which includes general conditions, sales tax, profit and 10% contingency. The partnership will utilize a General Contractor to complete the construction under a guaranteed maximum price contract.

Based on initial inspections of the developments, the following is a schedule of repairs and upgrades to be completed as part of the renovation work.

Bakerview Development

- Roofing
- Interior unit cabinets/counters
- Interior unit carpet/vinyl
- Corridor floor replacement
- Exterior Painting/Common Area Painting
- Landscaping
- Community Room Improvements
- Upgrade kitchen appliances
- New plumbing fixtures (kitchen and bath sink, low flow toilets, shower heads, kitchen and bath faucets)

Exterior, corridor and unit lighting upgrades
 Upgrade security system video
 Upgrade automated entrance doors

VI. Development Time Lines

The determination of project time-lines are crucial in defining the overall financing plan for the development. The financial model in general has assumed the following key components of the development time line.

Select Permanent Lender	25-Apr-14
Select Tax Credit Investor	10-May-14
Submit 4% Tax Credit Application	1-Jun-14
Submit Private Activity Bond Cap Application	25-Jun-14
Lender Commitment Letter issued	15-Sept-14
Receive 52(m) letter from WSHFC	20-Sept-14
Construction Contract Executed	20-Sept-14
Close Tax Credit Partnership(s)	1-Oct-14
Close on Permanent Debt and repay subordinate lenders (Anchor Bank, KCHA and ARCH)	1-Oct-14
Begin Rehabilitation Work	19-Nov-14
Construction Completion	1-Sept15
100% Qualified Occupancy	1-Jan-15
First Equity Installment	1-Oct-15
Second Equity Installment	30-Dec-16
Final Equity Installment	5-Jul-16

VII. Economic Assumptions and Project Operations

Income:

Rental income:

Unit Types	Number of Units	Average (SF)	Median Income	Median Rent	Annual Income
Studio	2	450	35%	\$504	12,096
One Bdrm	17	605	35%	\$539	109,956
One Bdrm	17	605	60%	\$868	177,072
Two Bdrm	7	800	35%	\$631	53,004
Two Bdrm	7	800	60%	\$1,067	89,628
Two Bdrm (common area)	1	800	60%	\$1,250	15,000
Unit Total/Avg	51				456,756

Laundry and Other: current miscellaneous resident income is anticipated to equate to approximately \$3,400 per annum, which is based on historic figures.

Cable Income: income related parking and storage equate to approximately \$14,000 per annum.

Vacancy Loss: this has been estimated at approximately 5% per year or roughly nine units per month.

Operating Expenses:

Residential: The current projected operating expenses have been estimated at \$216,824 per year or \$4,238 per unit, per year. This cost includes approximately \$350 per unit in mandatory replacement reserve set-asides; no real estate taxes are anticipated to be paid from operations.

Net Operating Income:

The Project's Net Operating Income is estimated at \$222,000 per year.

VIII. Tax Credit, Partnership Related Assumptions and other Key Project Details

- a. The project generates substantial operating losses due to large DASH seller financing note, which because it is related party financing, has to have an assumed interest rate equal to at a minimum long-term AFR. To minimize DASH's potential back-end tax liability when they exercise their option, DASH will require from any potential investment partner that they have the ability to exercise such option in the year following the final year in which all credits have been delivered (year 12).
- b. 100% qualified occupancy of the residents will occur at initial closing.
- c. Depreciation for building improvements is assumed to be 40-years, 20-years for land improvements and 9-years for personal property.
- d. The existing State Housing Trust Fund loan of approximately \$405,000 will be assumed by the partnership. It is anticipated that DASH will negotiate a deferral of payments on this note and in return extend the affordability requirement with the state.
- e. The estimated \$235,000 ARCH loan is anticipated to be repaid at closing with DASH acquisition proceeds.
- f. The interim King County Housing Authority loan in the approximate amount of \$400,000 will be repaid at closing.

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5459

A RESOLUTION of the Housing Authority of the County of King preserving affordable housing by authorizing the Authority to make a loan to Downtown Action to Save Housing for the purpose of providing the funds with which to purchase the limited partnership interest in Ashwood Court Associates, A Washington Limited Partnership, which owns and operates a 51-unit multifamily apartment complex in Bellevue, Washington, and to negotiate, execute and deliver various documents in connection therewith, and determining related matters.

ADOPTED March 17, 2014

This document was prepared by:

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HOUSING AUTHORITY OF THE COUNTY OF KING

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

WHEREAS, RCW 35.82.070(1) provides that a housing authority may, among other things, “make and execute contracts and other instruments . . .”; 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, Ashwood Court Associates, A Washington Limited Partnership (the “Partnership”), owns and operates a 51-unit multifamily apartment complex in Bellevue, Washington (the “Project”), which Project provides affordable rental housing for persons of low income in the County; and

WHEREAS, Downtown Action to Save Housing, a Washington non-profit corporation (“DASH”) is General Partner of the Partnership and has applied to the Authority for financial assistance in the principal amount of up to \$425,000 for the purpose of acquiring the limited

partnership interest in the Partnership, which acquisition will allow DASH to obtain additional financing for the improvement of the Project; and

WHEREAS, the Authority has determined that the loan authorized herein is important for the feasibility of the Project and the preservation and affordability of housing for low-income persons residing within the County; and

WHEREAS, the Authority desires to facilitate the financing of improvements to the Project by making a loan to DASH to provide the interim financing necessary to acquire the limited partnership interest in the Partnership;

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

Section 1. Authorization of Loan to DASH. The Board approves the use of Authority funds to make a loan to DASH in a principal amount not to exceed \$425,000 for the purpose of providing funds with which to purchase the limited partnership interest in the Partnership (the "Loan"), all in accordance with the Loan Agreement between the Authority and DASH, the Pledge, Security Agreement and Assignment of Partnership Interest in favor of the Authority and the Note substantially in the forms on file with the Executive Director (collectively, the "Loan Documents"), upon payment by DASH of a loan fee in the amount of \$10,000. The Loan shall bear interest from the date of the Note (the "Effective Date") at the rate of 5.0% per annum, and shall be payable on the maturity date of the Note, which shall be no later than 364 days after the Effective Date. The Executive Director of the Authority is authorized to further negotiate and enter into the Loan Documents with DASH, and to determine, in his or her discretion, whether the Loan should be additionally secured by a deed of trust. The Board authorizes and directs the Executive Director of the Authority to do everything necessary for the negotiation, execution and

delivery, on behalf of the Authority, of such documents as may be useful or necessary to the purpose of this Section 1, as determined by the Executive Director.

Section 2. Expenditures. The Authority is authorized to expend such funds as are necessary to pay for all filing fees, application fees, registration fees, account fees and other costs relating to the actions authorized by this resolution, to the extent not paid by DASH.

Section 3. Execution and Delivery of Additional Documents. The Executive Director is hereby directed, and granted the discretionary authority, to execute and deliver any and all notices and other certificates, documents, agreements and instruments that are necessary or appropriate in his discretion to give effect to this resolution and to consummate the transactions contemplated herein.

Section 4. Authorization of Future Acts. The Board further authorizes and directs the Executive Director and all other proper officers, agents, attorneys and employees of the Authority to carry out, or cause to be carried out, all obligations of the Authority under the documents authorized by this resolution, and to perform or cause to be performed such other acts as they shall consider necessary or advisable in connection with the making of a loan to DASH and the application of such proceeds to carry out the purchase of the limited partnership interest in the Partnership, or in order to give effect to this resolution and the transactions contemplated herein. In addition, the Executive Director is authorized, in his or her discretion, to extend the maturity date of the loan and to modify the interest rate payable on the loan at the time of any such extension to a rate not less than the then-current Treasury rate for obligations with a similar term.

Section 5. Acting Officers Authorized. Any action required by this resolution to be taken by the Executive Director of the Authority may in the absence of such person be taken by a Deputy Executive Director of the Authority.

Section 6. 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.

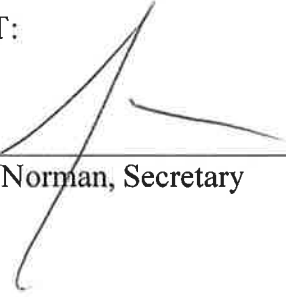
Section 7. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

ADOPTED by the Board of Commissioners of the Housing Authority of the County of King at an open public meeting this 17th day of March, 2014.

HOUSING AUTHORITY OF THE COUNTY OF KING

By: 
Chair

ATTEST:


Stephen Norman, Secretary

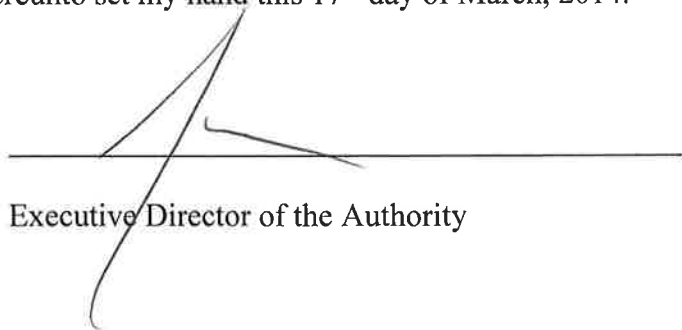
CERTIFICATE

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. 5459 (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, 2014, 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 17th day of March, 2014.



Executive Director of the Authority

CERTIFICATE