



# KING COUNTY

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

## Signature Report

### Ordinance 19888

**Proposed No.** 2024-0383.2

**Sponsors** Zahilay

1           AN ORDINANCE authorizing the King County executive  
2           to execute an amended and restated affordable housing  
3           ground lease with the tenant for the housing elements only  
4           of the existing mixed-use affordable housing project on  
5           county-owned land located at the Northgate Park and Pool  
6           lot, in council district one.

7           **STATEMENT OF FACTS:**

- 8           1. Consistent with K.C.C. 4.56.070.C.1., in 2018 King County issued a  
9           request for qualifications and concepts, number 1207-18-VLN ("the  
10          RFQ/C"), through which King County sought proposals for the  
11          development of its Northgate Park and Pool lot. Among other things, the  
12          RFQ/C required proposals to include a minimum of two hundred units of  
13          subsidized affordable housing for a minimum of fifty years to serve  
14          households earning up to sixty percent of Area Median Income ("AMI"),  
15          with a mix of unit sizes and configurations, and with a minimum of ten  
16          percent of the units to be "system connected," serving very-low to  
17          extremely-low income households below fifty percent of AMI.
- 18          2. The RFQ/C resulted in three proposals and King County selected a  
19          developer team and commenced negotiations with the selected team.

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20           3. After extensive negotiations the Metro transit department determined  
21           that the county should award a ground lease of a portion of the county-  
22           owned land located at the Northgate Park and Pool lot to Bridge Housing  
23           Corporation and the entity now known as Community Roots Housing  
24           (collectively, "Bridge/CRH") for an affordable housing project to include  
25           two hundred thirty-two units of affordable housing for seventy-five years  
26           with at least twenty-four units designated for system-connected  
27           households with incomes of fifty percent or less of AMI, as well as a child  
28           care facility, a comfort station for transit operators, and a commercial  
29           space.

30           4. The Metro transit department successfully negotiated a ground lease  
31           with entity managed by Bridge/CRH ("Northgate Affordable Housing  
32           LLLP") for a portion of the county-owned land located at the Northgate  
33           Park and Pool lot and the metropolitan King County council  
34           approved Ordinance 19363 authorizing the executive to execute the  
35           ground lease.

36           5. At the time the ground lease closed in December 2023, Bridge/CRH  
37           had not secured all necessary funding to complete the interior buildout of  
38           the child care facility.

39           6. To satisfy lenders, Bridge/CRH provided a guarantee to cover the  
40           remaining funding gap and identified funding to substantially complete the  
41           comfort station and finish the shell and core for the child care facility and  
42           retail space, in anticipation that the ground lease would be restructured to

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43 separate these commercial elements from the affordable housing element  
44 of the overall project.

45 7. To allow construction financing to proceed and to allow project  
46 construction to begin on time as planned, Bridge/CRH and the Metro  
47 transit department agreed to work together in good faith to amend and  
48 restate the existing lease into two separate leases.

49 8. The Metro transit department subsequently negotiated with  
50 Bridge/CRH to amend the existing ground lease and restate the original  
51 lease terms in:

52 a. an amended and restated ground lease with Northgate Affordable  
53 Housing, LLLP for just the affordable housing elements of the existing  
54 Bridge/CRH project; and

55 b. an amended and restated ground lease for just the commercial space,  
56 consisting of the child care facility, comfort station and retail space  
57 elements, with Northgate Retail LLC, for which CRH acts as its manager.

58 9. The parties have negotiated that the amended and restated ground lease  
59 for affordable housing will not be effective until the shell and core for the  
60 child care facility and retail space has been finished, the comfort station,  
61 including tenant improvements, has been substantially completed, and  
62 both have been accepted by the Metro transit department.

63 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

64 SECTION 1. The executive is authorized to execute an amended and restated  
65 ground lease for the affordable housing elements of the existing transit-oriented

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66 development project on county-owned land located at the Northgate Park and Pool lot,  
67 with Northgate Affordable Housing, LLLP, substantially in the form of Attachment A to  
68 this ordinance, and to take all actions necessary to implement the terms of the affordable  
69 housing ground lease.

70 SECTION 2. If any provision of this ordinance or its application to any person or

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- 71 circumstance is held invalid, the remainder of the ordinance or the application of the
- 72 provision to other persons or circumstances is not affected.

Ordinance 19888 was introduced on 11/12/2024 and passed by the Metropolitan King County Council on 1/28/2025, by the following vote:

Yes: 7 - Balducci, Barón, Dembowski, Dunn, Perry, von Reichbauer and Zahilay  
 Excused: 1 - Mosqueda

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON

Signed by:  
  
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 Girmay Zahilay, Chair

ATTEST:

DocuSigned by:  
  
 C267B914088E4A0...

Melani Hay, Clerk of the Council

APPROVED this \_\_\_\_ day of 2/6/2025, \_\_\_\_\_.

Signed by:  
  
 4FBCAB8196AE4C6...  
 Dow Constantine, County Executive

**Attachments:** A. Amended and Restated Ground Lease for Affordable Housing Between King County as Landlord and Northgate Affordable Housing LLLP as Tenant, updated January 17, 2025

ATTACHMENT A to PO 2024-0383

**AMENDED AND RESTATED GROUND LEASE FOR AFFORDABLE HOUSING**

*BETWEEN*

**KING COUNTY**

**as**

**“Landlord”**

*AND*

**NORTHGATE AFFORDABLE HOUSING LLLP**

**as**

**“Tenant”**

## **AMENDED AND RESTATED GROUND LEASE FOR AFFORDABLE HOUSING**

This AMENDED AND RESTATED GROUND LEASE FOR AFFORDABLE HOUSING (“**Lease**”) is by and between KING COUNTY, a home rule charter county and legal successor in interest to the Metropolitan Municipality of Seattle (“**Landlord**”) and NORTHGATE AFFORDABLE HOUSING LLLP, a Washington limited liability limited partnership (“**Tenant**”).

### **P R E A M B L E:**

A. Landlord owns that certain real property situated in the City of Seattle, King County, State of Washington and legally described on **Exhibit A** (the “**Property**”). The Property together with adjacent parcels and public rights of way are depicted graphically on the Site Plan attached hereto as **Exhibit A-1**.

B. In 2018, Landlord issued that certain Request for Qualifications and Concepts (“**RFQ/C**”) No. 1207-18-VLN. Through the RFQ/C, Landlord sought proposals for the development of its Northgate Park & Pool lot, of which the Property is a part. Among other things, the RFQ/C required proposals to include a minimum of 200 units of subsidized affordable housing for a minimum of 50 years to serve households earning up to 60 percent of Area Median Income (“**AMI**”), with a mix of unit sizes and configurations, and with a minimum of 10% of the units to be “system connected,” as defined in the RFQ/C, serving very-low to extremely-low income households below 50% AMI. Landlord received three responses to the RFQ/C, including a response (“**RFQ/C Response**”) dated October 29, 2018, copies of which are on file with the Parties. The RFQ/C Response proposed to construct 232 affordable housing units as well as a 10,000 square-foot child care center for use by residents and possibly others. The RFQ/C Response and the other two responses were evaluated by a five-member evaluation committee as part of the RFQ/C’s competitive selection process. Based upon the commitments described in the RFQ/C Response, on November 19, 2018, Landlord selected the team that submitted the RFQ/C Response to negotiate a definitive agreement. After more than a year of negotiations, and as allowed under the terms of the RFQ/C, Landlord subsequently elected to terminate discussions regarding the market-rate element of the proposed development, and to focus instead on the affordable housing project element. Landlord and Tenant thereafter negotiated the affordable housing project contemplated in this Lease.

C. Pursuant to the RFQ process, Landlord, BRIDGE Housing Corporation, a California nonprofit public benefit corporation (“**BRIDGE**”) and COMMUNITY ROOTS HOUSING, a Washington public corporation (“**CRH**”), which together with BRIDGE, collectively constitute the “**Affordable Housing Developer**”), entered into that certain (i) Entry, Due Diligence and Pre-Development Agreement made as of February 7, 2020 and extended from time to time (the “**Due Diligence Agreement**”), a copy of which is attached hereto as **Exhibit E**; and (ii) that certain Development Agreement made as of December 31, 2021 (the “**Development Agreement**”) a copy of which is attached hereto as **Exhibit F**. The Development Agreement and the Due Diligence Agreement are collectively referred to as the “**Existing Project Agreements**.”

D. The Parties executed a Ground Lease (the “**Original Ground Lease**”) on December 21, 2023 (the “**Commencement Date**”), for the premises described on Exhibit B to the Original Ground Lease (the “**Original Premises**”), memorandum of which Original Ground Lease was recorded on the Commencement Date in the real property records of King County, Washington as instrument number 20231221000732. To assuage lender concerns, the Parties agreed to bifurcate the Original Ground Lease into two separate amended and restated leases governing affordable housing and commercial space. This Lease contains the terms and conditions solely regarding the affordable housing development comprising the Housing Unit (as defined below). Other than bifurcation, the Parties intend no material changes to the terms and conditions set forth in the Original Ground Lease.

E. Each of Landlord and Tenant are individually referred to as a “**Party**” and collectively as “**Parties**” from time to time.

F. Tenant understands and acknowledges that Landlord reserves the right and intends to develop the remainder of its Northgate Park & Pool lot, and, while that future development will be an entirely separate development, Tenant acknowledges its obligation to cooperate and act in good faith in its development and operation of the Project (hereinafter defined) adjacent to and in anticipation of such future development.

G. Tenant understands and acknowledges that the Property and the Project adjoin an existing regional transit center as well as a significant light rail station and related transit facilities that serve the greater Northgate area and beyond. Tenant understands and acknowledges that the safe, efficient operation and maintenance of these transit facilities is a regional priority and that these transit uses will continue into the future. Tenant further understands and acknowledges that Landlord’s exercise of its discretion under this Lease will be informed by Landlord’s transit-related priorities and with the intention of protecting and preserving the existing and future use of Landlord’s transit facilities as well as the neighboring light rail station and related facilities. Tenant acknowledges its obligation to cooperate and to act in good faith in its development and operation of the Project adjacent to and in coordination with existing and future uses of these transit facilities, all as more specifically set forth in this Lease.

H. Prior to the Effective Date, the contingencies to “Closing” set forth in the Development Agreement (including without limitation completion of the Boundary Line Adjustment described therein which created the separate legal lot to be leased to Tenant as contemplated herein) shall be satisfied, and the Landlord shall lease to Tenant and Tenant shall lease from Landlord a portion of the Property comprising the Housing Unit (as defined below) as legally described on **Exhibit B** (the “**Premises**”) located in the City of Seattle, King County, State of Washington, having a street address of 10104 – 3rd Avenue NE, Seattle, WA, for a period of seventy five (75) years pursuant to the terms of this Lease.

I. Promptly following the Commencement Date, and in strict accordance with all issued permits and approvals and the Design Documents approved by Landlord pursuant to the Development Agreement, Tenant shall have commenced the construction and development at the



Original Premises of a mixed-use building that will contain a 235-unit (including two manager's units) subsidized, affordable housing project serving households with incomes of 60% or less of the area median income including a mix of at least 52 two or three-bedroom units and at least 24 units designated for system-connected households with incomes of 50% or less of the area median income (collectively, the "**Affordable Housing Units**") and certain accessory spaces, including approximately 9,750 square feet of nonresidential commercial space.

J. Prior to the Effective Date, Tenant will have submitted its leasehold interest in the Original Premises under the Original Ground Lease to a condominium regime under the Washington Uniform Common Interest Ownership Act, and subjected the Original Premises to a Condominium Declaration for Northgate, a Condominium (the "**Condominium Declaration**"), recorded in the real property records of King County, Washington, creating Northgate, a Condominium (the "**Condominium**"), which Condominium is comprised of four (4) condominium units: (a) Unit 1, a residential unit to contain a total of 235 dwelling units and associated improvements (the "**Housing Unit**"), (b) Unit 2, a unit to contain approximately 7,664 square feet of early learning facility space (the "**Child Care Unit**"), (c) Unit 3, a unit to contain approximately 1,506 square feet of commercial retail space (the "**Retail Unit**"), and (d) Unit 4, a unit to contain approximately 264 square feet of comfort station space (the "**Comfort Station Unit**." These three units, the Child Care Unit, the Retail Unit, and the Comfort Station Unit, shall be collectively referred to as the "**Commercial Space**." Tenant and Landlord desire to amend and restate the Original Ground Lease to reflect that the Premises leased by Tenant from Landlord under this Lease shall refer only to the Housing Unit. Following creation of the Condominium, Landlord and Tenant shall complete the recordation information in Exhibit B attached hereto so as to legally describe the Premises. The Housing Unit to be constructed by Tenant is sometimes referred to hereafter as the "**Improvements**," and the Improvements, together with any subsequent Alterations (as defined below) and all fixtures and personal property used in connection therewith are hereafter collectively referred to as the "**Project**." Notwithstanding anything to the contrary elsewhere in this Lease, in no event shall the Project contain fewer than 200 Affordable Housing Units serving households with incomes of 60% or less of the area median income, of which units at least 20 shall be units for system-connected households with incomes of not more than 50 percent of the area median income (the "**Minimum Affordable Housing Unit Requirement**").

K. Concurrently with the execution of this Lease, Landlord and Northgate Retail LLC, a Washington limited liability company (the "**Retail Owner**") will enter into an Amended and Restated Ground Lease for Commercial Space pursuant to which Landlord will lease the Commercial Space to Retail Owner under an Amended and Restated Ground Lease for Commercial Space (the "**Commercial Space Ground Lease**"). As of the Effective Date of this Lease and the Commercial Space Ground Lease, the three units that make up the Commercial Space shall be solely governed by the Commercial Space Ground Lease and the Housing Unit shall be solely governed by this Lease.

L. Landlord is authorized and empowered to lease the Premises to Tenant pursuant to RCW Sections 35.58.240 and RCW 36.34.135 and King County Code Sections 2.16.038, 4.56.060 and 4.56.150.

M. In RFQ/C No. 1207-18-VLN, Landlord indicated its intent to provide land to an affordable housing developer at little or no cost. In pursuit of that objective, Landlord and Tenant have negotiated a transaction in which Tenant will pay nominal rent so long as Tenant abides by the terms and conditions of this Lease and the Existing Project Agreements, including but not limited to Tenant's covenant to construct and operate the Project for the entire Term of this Lease to provide the Minimum Affordable Housing Unit Requirement consistent with all terms, conditions and requirements of this Lease and the Existing Project Agreements.

N. Until the Effective Date of this Lease, the Tenant remains bound to the terms and conditions of the Original Ground Lease and Existing Project Agreements. Prior to the Effective Date of this Lease, Tenant will have both substantially completed the Comfort Station Unit and finished the shell and core of the Child Care Unit and Retail Unit.

O. Following the Effective Date of this Lease and notwithstanding anything to the contrary in the Existing Project Agreements, the Tenant shall have no obligations with respect to any further construction of the Comfort Station Unit or of the shell and core for, or any tenant improvements related to, either the Child Care Unit or Retail Unit. For purposes of this Lease, "**Final Completion**" shall mean that a temporary or permanent certificate of occupancy for the Project has been obtained.

P. The provisions of this Preamble are incorporated into the Lease.

NOW, THEREFORE, for and in consideration of the mutual promises and agreements of Landlord and Tenant set forth in this Lease, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

**ARTICLE 1**  
**THE LEASE**

Section 1.1 Leased Premises; Access and Glazing Easements.

1.1.1 Subject to the terms and conditions hereof, Landlord hereby leases to Tenant the Premises.

1.1.2 The Parties acknowledge that Landlord has separately granted non-exclusive easements for access, utility, and glazing setback purposes to Tenant on (i) a portion of the Property to the west of the Original Premises, all as set forth in two (2) separate easement instruments (the "**West Access Easement**" and the "**Glazing Easement**"), which West Access Easement was recorded in the real property records of King County, Washington as instrument number 20231221000733, and which Glazing Easement was recorded in the real property records of King County, Washington as instrument number 20231221000734, and (ii) a portion of the Property to the south of the Original Premises, as set forth in a separate easement instrument (the "**South Access Easement**"), which South Access Easement was recorded in the real property

records of King County, Washington as instrument number 20231221000735. The Parties anticipate that any such West Access Easement, South Access Easement and Glazing Easement will remain in effect throughout the Term of this Lease and that the West Access Easement and South Access Easement will, among other things, provide access to the Property via the route described thereon as set forth in such Access Easement. However, any such South Access Easement, West Access Easement and Glazing Easement are not a part of this Lease and are not subject to or governed by this Lease, and any changes, modifications, or amendments to such South Access Easement, West Access Easement or Glazing Easement shall be subject to and be governed by such South Access Easement, West Access Easement or Glazing Easement, as applicable.

Section 1.2 Effective Date/ Term.

1.2.1 Effective Date. The Parties agree that this Lease shall only be effective if the following conditions are met:

(i) the Condominium Declaration described in paragraph J of the Preamble is recorded; and

(ii) In accordance with the Original Ground Lease and Existing Project Agreements, Northgate Affordable Housing LLLP both completes the Comfort Station Unit, including tenant improvements, and finishes the shell and core of the Child Care Unit and Retail Unit, to the reasonable satisfaction of King County Metro.

The Effective Date of this Lease shall be the later date of the two conditions listed in this subsection 1.2.1 being met.

1.2.2 Term. The term of the Original Ground Lease commenced on the Commencement Date, and unless sooner terminated pursuant to the provisions hereof, this Lease shall continue in full force and effect for a term (“**Term**”) expiring on the last day of the calendar month in which the seventy-fifth (75<sup>th</sup>) anniversary of the Commencement Date occurs (the “**Expiration Date**”). Landlord delivered exclusive possession of the Original Premises to Tenant on the Commencement Date of the Original Ground Lease and shall deliver exclusive possession of the Premises to Tenant on the Effective Date of this Lease.

Section 1.3 Use.

1.3.1 Uses Limited. Tenant shall use the Premises solely for the development, construction and operation of the Project. No other uses, activities or operations, shall be conducted by the Tenant on or from the Premises without first obtaining prior written consent of Landlord, including but not limited to the Tenant developing, constructing and/or operating the Premises at the Minimum Affordable Housing Unit Requirement. Tenant shall obtain and maintain, at its sole cost and expense, any and all licenses and permits necessary for Tenant’s contemplated use of the Premises. Tenant shall not permit any objectionable or unpleasant odors,

smoke, dust, gas, noise or vibrations to emanate from the Premises, nor take any other action which would constitute a nuisance or which would disturb or endanger any other tenants or occupants of the Property or of any adjacent parcels owned by Landlord, or unreasonably interfere with such other tenants' or occupants' use of their respective spaces. Tenant agrees not to do or permit anything to be done in or about the Premises which will in any manner obstruct or interfere with the rights of other tenants or occupants of the Property, or injure or unreasonably annoy them, or use or allow the Premises to be used for any unlawful or unreasonably objectionable purpose. Tenant shall neither commit nor suffer any waste to the Premises.

1.3.2 Tenant to Comply with Development Agreement. In using the Premises, Tenant will comply with the Development Agreement and all applicable laws, ordinances, and regulations from any and all authorities having jurisdiction. Tenant specifically agrees to comply and pay all costs associated with achieving such compliance without any notice from Landlord, and further agrees that Landlord does not waive the requirements of this section by giving notice of demand for compliance in any instance. Notwithstanding the foregoing, to the extent of any conflict between this Lease and the Existing Project Agreements (including without limitation, notice and cure rights and other protections in this Lease in favor of the Limited Partner and the Leasehold Mortgagees, and preapproved transfers under this Lease), the provisions of this Lease shall prevail. Landlord and Tenant acknowledge and agree that as of the Effective Date of this Lease, the design set forth on the Development and Milestone Schedule attached as Attachment 6 to the Development Agreement has been completed, and the parties intend that Tenant will use commercially reasonable efforts to achieve the construction Final Completion milestone set forth on **Exhibit J** to this Lease, which Exhibit J shall supersede the applicable corresponding deadlines for applicable milestones set forth in the Existing Project Agreements. If circumstances require revisions to the schedule set forth on **Exhibit J**, Tenant shall promptly notify Landlord in writing, which notice shall include a reasonably detailed explanation for the revision. Landlord and Tenant acknowledge and agree that the terms and conditions of the Development Agreement related to the design, project development work as set forth in the Development Agreement, including related provisions set forth in Sections 1 through 3 and Sections 5 through 7 of the Development Agreement, have been satisfied as of the Effective Date with respect to the Commercial Space. Landlord and Tenant further acknowledge and agree that upon written acceptance by King County Metro of both the substantial completion of the Comfort Station Unit and the finish of the shell and core of the Retail Unit and Child Care Unit, Tenant has no further obligations under the Development Agreement or under this Lease with respect to the development and operation of the Commercial Space.

#### Section 1.4 Rent.

1.4.1 GENERAL. In consideration of the restrictions and limitations set forth herein and in the Existing Project Agreements including without limitation Tenant's obligation to construct and operate the Project for the entire Term of this Lease to provide the Minimum Affordable Housing Unit Requirement consistent with all terms, conditions and requirements of this Lease

and the Existing Project Agreements, annual rent shall be One and 00/100 Dollars (\$1.00) per year which shall be prepaid for the entire Term on or before the Commencement Date.

1.4.2 RENT PAYMENT ADDRESS. All payments (Rent or otherwise) due from Tenant hereunder shall be payable to King County and are to be received at the following address:

Facilities Management Division  
Real Estate Services Section  
401 Fifth Avenue, Suite 930  
Seattle, WA 98104

Section 1.5 Tenant Taking Premises “As-Is-Where-Is.”

1.5.1 Tenant has made a thorough, independent examination of the Premises and all matters relevant to Tenant’s decision to enter into this Lease and develop the Project. Tenant expressly acknowledges and agrees that, EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS LEASE, LANDLORD MAKES NO REPRESENTATIONS OR WARRANTIES, INCLUDING WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, HABITABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR ANY OTHER EXPRESS, IMPLIED OR STATUTORY WARRANTY WHATSOEVER WITH RESPECT TO THE PREMISES, THE PROPERTY OR ANY PORTION THEREOF, OR WITH RESPECT TO THE SUITABILITY OF ANY OF THE FOREGOING FOR THE CONDUCT OF TENANT’S BUSINESS. Tenant acknowledges that, as of the Commencement Date, Tenant will have carefully inspected the Premises, including by performing its own due diligence reviews and investigations as attributable to the Affordable Housing Developer in the Existing Project Agreements, and by executing this Lease. Therefore, except as set forth elsewhere in this Lease (including without limitation in Section 8.1 below), Tenant accepts the Premises on an “AS IS” and “WHERE IS” basis, without warranty, guaranty, liability, or representation whatsoever, express or implied, oral or written, on the part of Landlord, or any person on behalf of Landlord, regarding the Premises, Property, or matters affecting the Premises or Property or Tenant’s proposed Project, including, without limitation:

(i) Physical Condition. The physical condition of the Premises and any adjacent portions of the Property, including the quality, nature, adequacy, and physical condition of (1) any systems, facilities, access, adjacent uses, and/or landscaping; (2) the air, soils, geology, and groundwater, including but not limited to the presence of peat or other organic matter; (3) the suitability of the Premises for construction of any improvements or any activities or uses that Tenant may elect to conduct on the Premises, or (4) the compaction, stability or composition, erosion or other condition of the soil or any fill or embankment on the Premises for building or any other purpose;

(ii) Existing Improvements and Installations. The quality, nature, adequacy, and physical condition of all existing at- and below-grade improvements and installations at the

Premises, including but not limited to engineering characteristics, appurtenances, access, landscaping, paving, drainage, and parking facilities;

(iii) Title. Title to the Premises and/or the nature and extent of any right-of-way, lease, possession, lien, encumbrance, license, reservation, or other title condition affecting the Premises, whether or not of record, including without limitation the existence of any easements, rights of ways or other rights across, to or in other properties that might burden or benefit the Premises;

(iv) Compliance/Zoning. The development potential and/or availability of any necessary permits or approvals (or conditions thereon) for development of the Premises and/or the zoning, comprehensive plan, land use, or other legal status of the Premises, or compliance with any public or private restrictions on the use of the Premises, as the same are in effect as of the date of mutual execution hereof or the Commencement Date, or may be thereafter modified, amended, adopted, published, promulgated or supplemented, or the compliance of the Premises with any applicable laws;

(v) Hazardous Materials. The presence or removal of Hazardous Materials (as defined in Article 14 below) in, under or about, or emanating from or migrating to, the Premises, the Property, or on any other property;

(vi) Economic Feasibility. Economic conditions or projections, market data, or other aspects of the economic feasibility of the Project and/or any business Tenant intends to conduct on the Premises;

(vii) Utilities. The availability, existence, quality, nature, adequacy and physical condition of utilities serving the Premises;

(viii) Suitability. The use, habitability, merchantability, fitness, suitability, value or adequacy of the Premises for any particular purpose (including, without limitation, the Project);

(ix) Boundaries. The boundaries of the Premises, the location of any improvements on the Premises, and/or the existence of any encroachments onto or from any adjacent lands, including the Property;

(x) Access. Vehicular and/or pedestrian access to the Premises, including from or through any particular route; and

(xi) Other Matters. Any other matter not referenced above that pertains to the Premises.

1.5.2 Tenant's Due Diligence. Tenant acknowledges: (1) Tenant is a sophisticated real estate developer with sufficient experience and expertise in the development and operation of

affordable housing projects, and will hire or have the opportunity to hire consultants with sufficient experience and expertise, to evaluate the Premises and the risks associated with acquiring a leasehold interest in the Premises; (2) Tenant will have received sufficient information and had adequate time to make such an evaluation; (3) Tenant enters into this Lease with the intention of relying upon its own investigation or that of third parties with respect to the physical, environmental, archeological, economic and legal condition of the Premises; and (4) in connection with its investigations and inspections of the Premises, including by performing its due diligence reviews and investigations pursuant to Existing Project Agreements Tenant will have the opportunity to obtain the advice of advisors and consultants, including but not limited to environmental consultants, engineers and geologists, soils and seismic experts, and archeologists to conduct such environmental, land use, permitting, geological, soil, hydrology, seismic, archeological, physical, structural, mechanical and other inspections of the Premises as Tenant deems to be necessary, and Tenant will review thoroughly the reports of such advisors and consultants, as well as all materials and other information given or made available to Tenant by Landlord or governmental authorities. Tenant further acknowledges that it has not and will not receive from or on behalf of Landlord any accounting, tax, legal, architectural, engineering, archeological, property management or other advice with respect to this transaction and is relying solely upon the advice of third party accounting, tax, legal, architectural, engineering, archeological, property management and other advisors. Tenant will satisfy itself as to such suitability and other pertinent matters by Tenant's own inquiries and tests into all matters relevant in determining whether to enter into this Lease.

1.5.3 Release of Landlord and Landlord Parties. Tenant, on behalf of itself, its directors, officers, representatives, employees and agents (the "**Tenant Parties**"), hereby waives, releases, acquits and forever discharges Landlord and all of its affiliated organizations, and its employees, representatives, agents, consultants, contractors and subcontractors (the "**Landlord Parties**"), of and from any and all claims, actions, causes of actions, demands, rights, damages, costs, expenses or compensation whatsoever, direct or indirect, known or unknown, foreseen or unforeseen, which Tenant or any Tenant Parties now have or which may arise in the future on account of or in any way related to or in connection with any past, present or future aspect, feature, characteristic, circumstance or condition arising out of or in connection with the Premises, provided however, that such release shall not apply or extend to (1) the express representation, warranties, covenants and obligations of Landlord under this Lease, (2) the affirmative obligations of Landlord under this Lease, or (3) matters arising from the negligent acts and omissions of Landlord or any Landlord Party. Tenant's release of Landlord under this Section 1.5.3 is in addition to any release provisions set forth in the Existing Project Agreements.

**Tenant Initials:** \_\_\_\_\_

**ARTICLE 2**  
**OWNERSHIP**  
**PERMITS AND LICENSES**

Section 2.1 Ownership of the Project. Landlord acknowledges and agrees that the Project, which includes any construction activity undertaken by or on behalf of the Tenant related to the construction of the Housing Unit on the Premises, including the Improvements and all subsequent Alterations thereto and replacements thereof and all appurtenances thereto, fixtures, machinery and equipment installed on the Premises, shall be owned solely by Tenant. During the Term, Tenant shall be entitled to any and all tax attributes of ownership of the Project, including, without limitation, the right to claim depreciation or cost recovery deductions, the right to claim any tax credits authorized by the Internal Revenue Code, and the right to amortize all capital costs and to claim any and all other federal or state tax benefits attributable to the Project.

Section 2.2 Permits and Licenses. All building permits and other permits, licenses, permissions, consents, and approvals required to be obtained from governmental agencies or third parties in connection with construction of the Project (including the MUP and all permits included in the definition of “Design Documents” in the Development Agreement) and any subsequent improvements, repairs, replacements, or renewals to the Project shall be acquired as required by applicable laws, ordinances, or regulations by and at the sole cost and expense of Tenant in its own right or as successor, assignee or transferee of the Affordable Housing Developer.

Section 2.3 Project Design and Development. Tenant’s initial design, development, and permitting of the Project shall comply with the Existing Project Agreements. Any changes proposed by Tenant to the approved Documents, Development Schedule, Conceptual Site Plan Detail, Schematic Design Documents, Design Development Documents, Construction Documents, and MUP (as such terms are defined in the Development Agreement) shall be subject to Landlord’s prior approval pursuant to the applicable review standards as to each such item set forth in the Development Agreement, which shall control. All design and pre-development expenses for the Project shall be borne solely by Tenant.

Section 2.4 Construction of the Project. Upon issuance of the MUP and all other shoring, grading, demolition, and building permits required for construction of the Project, and upon Tenant having received financing commitments from Project funders satisfactory to Affordable Housing Developer in its sole discretion, Tenant shall substantially commence construction of the Project and shall diligently prosecute such work to Final Completion, provided that Tenant must obtain a temporary or permanent certificate of occupancy for the Project on or before the applicable deadline set forth in **Exhibit J** to this Lease (which supersedes the applicable deadlines set forth in the Existing Project Agreements); and Tenant’s failure to do so shall constitute a material default under this Lease, provided that notwithstanding any other provisions herein, a Leasehold Mortgagee or Tenant’s Limited Partner and their successors and assigns shall have not less than one year from the scheduled Final Completion date to complete construction of the Project. All work on the Premises during the Term shall be performed in accordance with all applicable laws and all directions and regulations of all governmental agencies and representatives of such



agencies having jurisdiction. Tenant shall contract with an experienced, qualified general contractor for construction of the Project. Tenant or the Contractor shall obtain and maintain in force at all times during which construction is in progress at the Premises builder's risk insurance and such other insurance as may be required under Article 5. From and after the commencement of any construction and through the Final Completion date thereof, Tenant shall provide or cause to be provided monthly progress reports to Landlord, including without limitation a current construction schedule, revised expected completion date, a summary of all change orders approved by Tenant subsequent to the preceding monthly progress report, and notice of any laborer's or materialmen's liens filed or threatened against the Premises or the Project. Within three (3) months following the Final Completion date of the Project (including all "punch-list" items), Tenant shall deliver to Landlord copies of: (i) all final permits (including without limitation the MUP, shoring/grading permits, and building permit); and (ii) a copy of as-built drawings (which may consist of the final approved Construction Documents annotated with field notes identifying all changes made thereto in the course of construction) in electronic and hard-copy format as required by the Landlord.

Section 2.5 Construction Bonds. Prior to commencing construction of any Improvements or subsequent Alterations, Tenant shall furnish to Landlord a General Contractor's performance and payment surety bond in the amount of the total estimated construction costs for the Improvements or Alterations, as applicable. The Performance and Payment surety bond shall be acceptable to Landlord in its commercially reasonable discretion and shall identify Landlord as a dual obligee.

### **ARTICLE 3** **LIENS**

#### Section 3.1 Easements and Covenants against Fee Title and Leasehold Interests.

3.1.1 Landlord expressly acknowledges that Tenant's development of the Project may require the recording of utility easements and other customary easements necessary and incidental to the development, construction and operation of the Project, provided that all of the foregoing shall be subject to the reasonable prior approval of Landlord and shall not subject Landlord, any Landlord Parties, the Landlord's estate and interest in this Lease and the Premises, the Landlord's estate and interest in the remainder of the Property, or the Landlord's estate or interest in any other property in the vicinity of the Premises to any material adverse impacts or costs.

3.1.2 Landlord further acknowledges that Tenant is obtaining a portion of its financing for development of the Project through an allocation of low income housing tax credits, the issuance of tax exempt bonds and other private and public funding sources (the "**Funding Sources**") and that such Funding Sources may require that commercially reasonable covenants and regulatory agreements restricting the use of the Project for low income housing (the "**Covenants**") be recorded against Tenant's leasehold interest in the Premises. Tenant covenants and agrees that except for the Regulatory Agreement (Extended Use Agreement) and any covenant required for federal tax purposes to qualify the Project for tax-exempt bond financing (collectively

the “**Regulatory Agreements**”), no Covenants or any other documentation or agreements relating to or required by Tenant’s Funding Sources shall bind or encumber the Landlord’s fee interest in the Premises or the Property. Landlord shall execute the Regulatory Agreements in recordable form for recordation against Landlord’s fee interest in the Premises at Closing, subject to the terms and conditions set forth in Section 3.1.3.

3.1.3 Tenant’s right to subject Landlord’s fee estate in the Premises or Property to any Regulatory Agreement and Landlord’s obligation to execute any such Regulatory Agreement are further subject to and conditioned on each such Regulatory Agreement containing language to the effect that:

- (i) Landlord shall be obligated to execute any Regulatory Agreement only to the extent required to meet the requirements of Section 42 or Section 142(d) of the Internal Revenue Code such that such Regulatory Agreement shall be an enforceable covenant against the Premises and Property;
- (ii) Landlord shall execute such Regulatory Agreement only in its capacity as the ground lessor of the Premises and Property, and not as the “Owner” of the Project;
- (iii) The Regulatory Agreement shall expressly provide that Landlord shall have no liability under the Regulatory Agreement, and nothing therein shall obligate Landlord to make any payment to or to indemnify the housing credit agency or other grantee under such Regulatory Agreement (any such entity, the “**Agency**”) or any other third party, or to pay any amounts due before, during or following a default by Tenant thereunder, or be subject to any other rights remedies of Agency or any other third party pursuant to Section 8.2 thereunder, unless and until (A) this Lease has been terminated, and (B) Landlord has succeeded to the Tenant’s interest in the Project and is liable as a Successor Indemnitor under the Regulatory Agreement;
- (iv) In the event Landlord is deemed a successor to Tenant under the Regulatory Agreement, Landlord’s cure period in which to correct any Noncompliance thereunder shall not commence until the earlier of (A) the date on which Landlord obtains control of the Project, or (B) the effective date of termination of this Lease; and
- (v) For all purposes under the Regulatory Agreement, a termination of this Lease due to an uncured default by Tenant thereunder shall be deemed a “foreclosure” for purposes of rendering Landlord as a “successor” to Tenant under such Regulatory Agreement.

3.1.4 In the event of any conflict between the Development Agreement and this Lease, the Lease shall control.

Section 3.2 Mechanics’ Liens. It is understood and agreed that Landlord’s interest in the Premises and the Property is public property that is not subject to any lien and therefore this Lease is executed and delivered upon the express condition that Tenant will not and cannot contract any debt or debts for labor, materials, services, or otherwise which will or may become a lien against the interest of Landlord in the Premises or the Property, and Landlord hereby denies to Tenant any

right, power, or authority to do any act, or contract any obligation or liability which would in any way subject the interest of Landlord in the Premises to any lien, claim, or demand whatsoever. Tenant agrees that it will not permit any claim of lien made by any mechanic, materialman, laborer, or other similar liens to stand against Landlord's fee simple interest in the Premises for work or materials furnished to Tenant in connection with any construction, improvements, maintenance, or repair thereof made by Tenant or its agents upon the Premises. Tenant shall cause any such claim or lien to be fully discharged within thirty (30) days after the date of filing thereof; provided, however, that in the event Tenant, in good faith, disputes the validity or amount of any such claim of lien, and if Tenant shall give to Landlord such security as Landlord may reasonably require to ensure payment thereof and prevent any sale, foreclosure, or forfeiture of the Premises or any portion thereof by reason of such nonpayment, including without limitation recording a bond which complies with the requirements of RCW 60.04.161, Tenant shall not be deemed to be in breach of this Section 3.2, so long as Tenant is diligently pursuing a resolution of such dispute. Upon entry of final judgment resolving the dispute, if litigation or arbitration results therefrom, Tenant shall discharge said lien within thirty (30) days. In the event Tenant shall fail to so remove, discharge, bond around any such lien, Landlord may take such action as it shall reasonably determine to remove such lien and all costs and expenses incurred by Landlord including, without limitation, amounts paid in good faith settlement of such lien and attorneys' fees and costs, shall be paid by Tenant to Landlord together with interest thereon at the Default Rate from the date advanced until paid. Tenant's obligations pursuant to this Section 3.2 shall survive the expiration or earlier termination of this Lease.

#### **ARTICLE 4**

#### **TAXES; UTILITIES**

##### Section 4.1 Taxes.

4.1.1 Tenant shall pay before they become delinquent all real property taxes assessed or levied against the Project, including the Project and all other improvements located on the Premises from time to time. Tenant shall also pay all personal property taxes assessed or levied against the equipment, machinery, fixtures, furniture, and furnishings thereon and any and all other charges, fees or costs imposed by any governmental or quasi-governmental entity or utility. Tenant shall have the right in good faith, in a proper procedural manner, and at its sole cost, to contest and resist any taxes or assessments or other dispositions levied against or imposed upon the Premises and Project. Tenant shall defend and indemnify Landlord from any and all taxes incurred during the term of this Lease.

4.1.2 Landlord or any other party occupying any portion of the Property other than the Premises, the Project, and Tenant's leasehold estate created under this Lease, shall pay before they become delinquent all real property taxes assessed or levied against such and any improvements, equipment, machinery, fixtures, furniture, and furnishings relating and any and all other charges, fees or costs imposed by any governmental or quasi-governmental entity or utility assessed against

any portion of the Property other than the Premises, Project, and Tenant's leasehold estate created under this Lease, and shall defend and indemnify Tenant from any and all such taxes incurred.

4.1.3 Tenant shall be responsible to pay any statutory leasehold excise tax imposed in connection with this Lease pursuant to Chapter 82.29A RCW as now enacted or hereafter amended; PROVIDED, however, that Tenant shall have the right in good faith, in a proper procedural manner, and at its sole cost, to contest and resist any leasehold excise tax levied against or imposed upon the Premises and Project; PROVIDED further, that, if the Washington State Department of Revenue or other applicable Washington State authority shall conclusively determine that leasehold excise tax is or may become payable in connection herewith, then upon receiving notice of such determination Tenant shall remit to Landlord in addition to the Rent the estimated calculation of such leasehold excise tax on a monthly basis on the first (1<sup>st</sup>) day of each subsequent month, and shall include in its first monthly payment thereof any leasehold excise taxes allocable to any prior period falling within the Term. Without limiting the provisions of Section 4.1.2, Tenant shall defend and indemnify Landlord from any and all leasehold excise taxes incurred during the Term of this Lease.

Section 4.2 Utilities. Tenant shall arrange for and pay before they become delinquent all connection fees and usage charges for utility services furnished to the Premises and Project, including, but not limited to, electricity, gas, water, sewer, telephone, and trash collection. Landlord shall have no responsibility for the payment of any utility costs, fees, or charges. Tenant shall defend and indemnify Landlord from any and all such costs, fees, or charges incurred during the Term of this Lease.

## **ARTICLE 5** **INSURANCE**

Section 5.1 Tenant's Insurance. During the Term, Tenant shall keep and maintain in force (or shall cause the condominium association to be formed to govern the condominium to keep and maintain in force), at no cost or expense to Landlord, the following minimum insurance types and limits:

5.1.1 Property Insurance. "All risk" or "Special Form" property insurance covering all risks of physical loss or damage to the Project, with liability limits of not less than one hundred percent (100%) of the "full replacement value" thereof. Such policies shall be broad form and shall include, but shall not be limited to, coverage for fire, extended coverage, vandalism, malicious mischief and storm and, if required by other Project lenders and/or the Limited Partner, earthquake and flood (provided the limits of flood coverage may be a reasonable amount that is less than full replacement value). Business interruption coverage shall be provided for at least twelve (12) months' worth of estimated operating expenses and Rent following a loss from a covered peril. Landlord shall be named as loss payee on Tenant's property insurance as its interests may appear.

5.1.2 Commercial General Liability Insurance. Commercial general liability insurance, covering loss or damage resulting from accidents or occurrences on or about or in connection with the Project or any work, matters or things under, or in connection with, or related to this Lease, with personal injury, death and property damage combined single limit liability of not less than Five Million Dollars (\$5,000,000) for each occurrence. Coverage under any such policy shall be broad form and shall include, but shall not be limited to, operations, contractual, elevators, owner's and contractor's protective, products and completed operations. This limit may be achieved through the use of umbrella/excess liability policy(ies).

5.1.3 Automobile Liability. Coverage shall be at least as broad as Insurance Services Office form number CA 00 01 covering BUSINESS AUTO COVERAGE, symbol 1 "any auto" (if applicable); or the combination of symbols 2 (if applicable), 8, and 9. The policy shall provide a \$5,000,000 combined single limit per accident. This limit may be achieved through the use of umbrella/excess liability policy(ies).

5.1.4 Worker's Compensation. Coverage shall be at least as broad as Workers' Compensation coverage, as required by the Industrial Insurance Act of the State of Washington, as well as any similar coverage required for this work by applicable Federal or "other States" State Law.

5.1.5 Employer's Liability or "Stop Gap". Coverage shall be at least as broad as the protection provided by the Workers Compensation policy Part 2 (Employers Liability) or, in states with monopolistic state funds, the protection provided by the "Stop Gap" endorsement to the general liability policy.

5.1.6 Additional Insured Endorsements. Landlord and its officers, officials, employees and agents are to be covered as additional insureds for full coverage and policy limits on Tenant's liability policies (except Worker's Compensation coverage) as respects liability arising out of activities performed by or on behalf of Tenant in connection with this Lease.

5.1.7 Construction Insurance. Prior to commencement of any construction and until the Project has reached Final Completion and is accepted by Tenant, Tenant shall cause its construction general contractor to procure and maintain insurance against claims for injuries to persons or damages to property which may arise from, or in connection with the activities related to said construction; the cost of such insurance shall be paid by Tenant and/or Tenant's contractors. Prior to commencement of construction, Tenant shall furnish Landlord with certificate(s) of insurance evidencing the required insurance policies and endorsement(s) complying with the requirements of this Article 5 for the coverages required by this Section 5.1.7. Alternatively, Tenant may obtain liability insurance coverage during construction of the Project through an Owner Controlled Insurance Program ("**OCIP**") policy.

(i) General Liability. \$10,000,000 combined single limit per occurrence, and for those policies with aggregate limits, a \$10,000,000 aggregate limit. Coverage shall be at least as

broad as Insurance Services Office form number CG 00 01 or its substantive equivalent, including coverage for Products and Completed Operations. Coverage shall not exclude explosion collapse and underground damage (XCU). Limit may be achieved through the use of umbrella/excess liability policy(ies)

(ii) Automobile Liability. Coverage shall be at least as broad as Insurance Services Office form number CA 00 01 covering BUSINESS AUTO COVERAGE, symbol 1 “any auto” (if applicable); or the combination of symbols 2 (if applicable), 8, and 9. Policy shall provide \$5,000,000 combined single limit per accident. If the work involves the transport of pollutants (as defined by the standard auto policy exclusion of pollution) the auto policy shall be endorsed to include endorsement CA 9948 (or its equivalent) and MCS 90. Limit may be achieved through the use of umbrella/excess liability policy(ies)

(iii) Builder’s Risk. Tenant shall procure and maintain, or cause its general contractor to procure and maintain, during the life of the construction contract, or until acceptance of the work by Tenant, whichever is later, “All Risk” or “Special Form” Builders Risk or Installation Floater Insurance at least as broad as ISO form number CP0020 (Builders Risk Coverage Form) with ISO form number CP0030 (Causes of Loss – Special Form) including coverage for collapse, theft, off-site storage and property in transit. The coverage shall insure for direct physical loss to property of the entire construction project, for 100% of the replacement value thereof and, if required by other Project lenders and/or the Limited Partner, include the perils of earthquake and flood. The policy shall be endorsed to cover the interests, as they may appear, of Tenant (first named insured), Landlord (loss payee), and the general contractor (additional insured). In the event of a loss to any or all of the work and/or materials therein and/or to be provided at any time prior to the final close-out of the contract and acceptance of the work by Tenant, Tenant shall require the contractor to promptly reconstruct, repair, replace or restore all work and/or materials so destroyed. Nothing herein provided for shall in any way excuse Tenant or its surety from the obligation of furnishing all the required materials and completing the work in full compliance with the terms of the construction contract.

(iv) Workers’ Compensation. Coverage shall be at least as broad as Workers’ Compensation coverage, as required by the Industrial Insurance Act of the State of Washington, as well as any similar coverage required for this work by applicable Federal or “other States” State Law.

(v) Employer’s Liability or “Stop Gap”. Coverage shall be at least as broad as the protection provided by the Workers Compensation policy Part 2 (Employers Liability) or, in states with monopolistic state funds, the protection provided by the “Stop Gap” endorsement to the general liability policy.

(vi) Professional Liability Errors and Omissions. In the event that services delivered pursuant to such construction either directly or indirectly involve or require professional

services, Professional Liability Errors and Omissions coverage shall be provide at a limit of \$1,000,000 per claim and in the aggregate.

(vii) Contractor's Pollution Liability. \$1,000,000 per claim/aggregate. Tenant and/or its contractor shall provide contractor's pollution liability coverage to cover sudden and non-sudden bodily injury and/or property damage to include the destruction of tangible property, loss of use, clean up costs and the loss of use of tangible property that has not been physically injured or destroyed. If asbestos, lead or PCBs are a potential exposure, such insurance shall not exclude pollution arising out of such substances.

Section 5.2 General Requirements. All policies described in Section 5.1 shall include Landlord and any Leasehold Mortgagees, as additional insureds for full coverage and policy limits under the general, automobile, and pollution liability policies and as loss payees under the property policies (including builder's risk), as their respective interests may appear. All policies described in Section 5.1 shall be issued by insurance companies permitted to issue policies in the State of Washington and having a Best's rating of at least "A/VIII", shall be written on an "occurrence" form (claims-made policies are not acceptable except for pollution and professional liability policies), and shall contain or be endorsed to provide: (a) an agreement that such policies are primary and non-contributing with any insurance that may be carried by Landlord, and any insurance and/or self-insurance maintained by Landlord or its officers, officials, employees or agents shall not contribute with Tenant's insurance or benefit Tenant in any way; (b) reserved; (c) a provision that no act or omission of the Tenant shall affect or limit the obligation of the insurance carrier to pay the amount of any loss sustained; (d) a waiver by the insurer of all rights of subrogation against the Landlord and its authorized parties in connection with any loss or damage thereby insured against; (e) an acknowledgement that Tenant's insurance shall apply separately to each insured against whom a claim is made and/or lawsuit is brought, except with respect to the limits of the insurer's liability; and (f) terms providing that any loss covered by such insurance shall be adjusted with the Landlord and each Leasehold Mortgagee (unless such Leasehold Mortgagee elects not to participate), but shall, to the extent required by the loan documents of any Leasehold Mortgage, be payable to the holder of any Leasehold Mortgage, who shall agree to receive and disburse all proceeds of such insurance in accordance with the loan documents of the most senior Leasehold Mortgage, subject to the duty of the Tenant to repair or restore the Project if and as required herein, and only to the extent such repair or restoration is commercially feasible and can be completed within the maturity date of such loan. Coverage shall not be suspended, voided, canceled, or reduced in scope or in limits, except by the reduction of the applicable aggregate limit by claims paid, until after thirty (30) days prior written notice has been given to the Landlord and applicable Leasehold Mortgagee(s), which notice may be provided by Tenant. If at any time, any of the foregoing policies shall not be in compliance with the requirements herein, Tenant shall, upon written notice from Landlord, obtain a new policy as promptly as practicable, and shall submit the same to Landlord, with the appropriate certificates and endorsements for approval. Any deductibles or self-insured retentions must be declared to Landlord, and Tenant's deductible and or self-insured retentions shall not limit or apply to Tenant's liability to Landlord and shall be the sole responsibility of Tenant. By requiring such minimum

insurance hereunder, Landlord shall not be deemed or construed to have assessed the risks that may be applicable to Tenant under this Lease, and Tenant shall assess its own risks and if it deems appropriate and/or prudent, maintain greater limits and/or broader coverage.

Section 5.3 Evidence of Insurance. Certificates of insurance and required endorsements for all insurance required to be maintained by Tenant under this Article 5 shall be furnished by Tenant to Landlord prior to the Commencement Date and at least ten (10) days prior to expiration of any such policies. The certificate(s) and endorsement(s) for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements for each insurance policy are to be on forms approved by Landlord and are to be received and approved by Landlord prior to the commencement of activities associated with the Lease. Tenant shall also provide copies of required policies to Landlord within ten (10) days after the latter's request.

Section 5.4 Waiver of Subrogation. To the extent any loss is required to be covered by property and/or builder's risk insurance required in this Article 5 or elsewhere in this Lease, or is actually covered by property insurance carried by a party, Landlord and Tenant hereby release each other from any and all liability or responsibility (to the other or anyone claiming through or under the other by way of subrogation or otherwise) for any loss or damage to real or personal property on the Premises caused by fire or any other insured peril, even if such fire or other casualty shall have been caused by the fault or negligence of the other party or anyone for whom such party may be responsible, provided that the foregoing waivers shall be inapplicable to the extent it would have the effect of invalidating any insurance coverage of Landlord or Tenant.

Section 5.5 Periodic Adjustment of Tenant's Insurance Requirements. Due to the length of the Term of this Lease, the Parties agree that this Article 5 may, at the discretion of Landlord, be reviewed and adjusted within ninety (90) days of the end of each five (5) year anniversary of the Commencement Date hereof. Any adjustments made by Landlord with regard to limits, scope and types of insurance, shall be in accordance with such insurance customary for similar multifamily housing projects in the Seattle – King County geographical area and shall be effective on the first day of each successive five (5) year period. Adjustment, if any, in insurance premium(s) shall be the responsibility of Tenant. Any failure by Landlord to exercise its right to review and adjust at any of the aforementioned adjustment periods shall not constitute a waiver of future review and adjustment timings. Nothing contained within this Section 5.5 shall be deemed to limit the scope, application and/or limits of the coverage afforded, which coverage will apply to each insured to the full extent provided by the terms and conditions of the policy(ies). Nothing contained within this Section 5.5 shall affect and/or alter the application of any other provision contained within this Lease. Notwithstanding the foregoing, in no event shall Tenant be required to carry flood insurance covering the Premises if such coverage is not commercially available. Notwithstanding the foregoing or anything herein to the contrary, Tenant shall be deemed to be in compliance with any increases to coverage requirements or limits effected under this Section 5.5 so long as Tenant procures and maintains insurance meeting the requirements of the most senior Leasehold Mortgagee.



Section 5.6 Tenant's Failure to Carry Insurance. If Tenant at any time during the Term fails to procure or maintain insurance required hereunder or to pay the premiums therefor, and such failure continues for five (5) business days after written notice from Landlord, Landlord shall have the right to procure the same and to pay any and all premiums thereon, and any amounts paid by Landlord in connection with the acquisition of insurance shall be immediately due and payable as additional rent, and Tenant shall pay to Landlord upon demand the full amount so paid and expended by Landlord, including interest at the Default Rate defined below until paid.

## **ARTICLE 6**

### **MAINTENANCE AND ALTERATIONS**

Section 6.1 Maintenance of Leased Premises. In addition to the provisions of Section 6.3 below, during the Term, at Tenant's sole cost and expense, Tenant shall keep and maintain the Premises, the Project and all appurtenances thereunto belonging, in good and safe order, condition and repair. Tenant shall be responsible for any repairs and replacements, whether structural or nonstructural, ordinary or extraordinary, necessary to maintain the Premises and the Project. At Tenant's own expense, Tenant shall keep and maintain the Premises and the Project in compliance with the Existing Project Agreements and all applicable laws, rules, regulations and ordinances of all federal, state, county, municipal and other public authorities having or claiming jurisdiction. Additionally, Tenant shall protect against and refrain from creating or allowing the creation of a recognized hazardous environmental condition. During the Term, Tenant, at Tenant's sole cost and expense, shall take all actions necessary to eliminate, remove, remediate or otherwise clean up any recognized hazardous environmental condition, provided however, that to the extent that such hazardous environmental condition is the responsibility of the Landlord under Section 4.3.4 of the Development Agreement, the Landlord shall take all actions necessary to eliminate, remove, remediate or otherwise clean up such hazardous environmental condition. Save and except as provided in Section 4.3.4 of the Development Agreement, Landlord shall have no obligation to Tenant to make any changes or improvements, or to incur any expenses whatsoever for the maintenance, monitoring, repair or remediation of the Premises or the Project.

Section 6.2 Alterations to Leased Premises. Subject to the permitted uses of the Premises set forth in Section 1.3, following initial construction of the Project as contemplated in Article 2 above, Tenant shall make no additions, alterations or changes in or to the Project (1) with respect to the Project footprint, or (2) that materially and adversely impact Landlord's use of any adjacent property by the Landlord or Landlord's use of the reserved access rights described in Section 6.3.2 of this Lease ("**Alterations**") unless such Alterations: (A) are consistent with the Minimum Affordable Housing Unit Requirement, and (B) are approved by Landlord in its reasonable discretion. Any disputes with respect to such changes shall be subject to the Dispute Process described in the Development Agreement to resolve disagreements in connection therewith, as more particularly described in the Development Agreement. Landlord may require, at Landlord's sole option, that Tenant provide to Landlord, at Tenant's sole cost and expense, payment and performance bonds in an amount equal to one hundred twenty-five percent (125%) of the estimated

cost of any proposed Alterations, including all costs for materials, labor, and supplies. Within three (3) months following Final Completion date of any Alterations (including all “punch-list” items), Tenant shall deliver to Landlord copies of: (i) all final permits (including without limitation any building permit); and (ii) a copy of as-built drawings for the Alterations (which may consist of the final drawings for the Alterations annotated with field notes identifying all changes made thereto in the course of construction) in electronic and hard-copy format as required by the Landlord.

### Section 6.3 Landlord’s Rights.

6.3.1 Landlord’s Reserved Access Rights. Landlord reserves for itself, its transit customers, and the public a non-exclusive right to enter, use, and cross all outdoor public spaces within the Premises subject to applicable rules and regulations as may be promulgated by the Condominium Association under the Declaration from time to time; provided such rules and regulations shall not apply to the Landlord acting in its public safety, governmental capacity or role. Landlord further reserves a non-exclusive right, in an emergency, to drive and park Transit supervisor, security/first responder, or maintenance vehicles, but not coaches or buses, on those outdoor portions of the Premises that are designed and constructed for vehicle use.

## **ARTICLE 7** **PERMITTED MORTGAGES**

Section 7.1 Leasehold Mortgage Provisions. Tenant intends that the development of the Project be financed with various public and private debt and/or grants, which funding may be secured by leasehold mortgages (“**Leasehold Mortgages**”), and notwithstanding anything in this Lease or the Existing Project Agreements to the contrary, Tenant may mortgage its interest in this Lease and the leasehold interest created herein without Landlord’s consent, provided that any such Leasehold Mortgage shall remain subject and subordinate to the terms and provisions of this Lease. “**Leasehold Mortgagee**” shall include any lender who is a holder of a Leasehold Mortgage, and in connection with the senior loan on the Project, includes both the “Funding Lender” (initially, Bank of America, N.A., and its successors and assigns, including without limitation CPC Mortgage Company LLC, the Federal Home Loan Mortgage Corporation and their respective successors and assigns) and the “Fiscal Agent” (initially, U.S. Bank Trust Company, National Association) as defined in such loan documents. Subject to Landlord’s approval of Transfers to the extent required below, any Leasehold Mortgagee or transferee or designee of any Leasehold Mortgagee that acquires title to the leasehold estate or any part thereof, any person that acquires title to the leasehold estate through any judicial or nonjudicial foreclosure sale, deed or assignment in lieu thereof, or any sale or transfer made under any order of any court to satisfy wholly or in part obligations secured by any Leasehold Mortgage, and the successors and assigns of any such Leasehold Mortgagee, is referred to as a “**Transferee**”.

Section 7.2 Leasehold Mortgages; Landlord’s Consent to Transfers. Landlord acknowledges that Tenant’s financing for the Project will require Tenant to provide security interests in Tenant’s

leasehold interest in the Premises, and its ownership interest in the Project. Notwithstanding anything herein to the contrary, foreclosure of any Leasehold Mortgage, or any sale thereunder, whether by judicial proceedings or by virtue of any power contained in the Leasehold Mortgage, or any conveyance of the leasehold estate hereunder or any part thereof and Tenant's interest in the Project and other rights hereunder, or any part thereof, to any Leasehold Mortgagee or other person through, or in lieu of, foreclosure, trustee's sale or other proceedings in the nature thereof, and any subsequent sale, transfer and/or conveyance of Tenant's leasehold estate hereunder or any part thereof by such transferee, shall be expressly permitted and shall not require the consent of Landlord or constitute a breach of any provision of or a default under this Lease. Upon such foreclosure, sale or conveyance Landlord shall recognize Leasehold Mortgagee or other direct or indirect Transferee in connection therewith as the Tenant hereunder to the extent of the interest so transferred. Modifications or amendment of any Leasehold Mortgage or any document or agreement entered into connection therewith shall not require the consent of the Landlord.

Section 7.3 Notice to Leasehold Mortgagee. During any period in which a Leasehold Mortgage is in place, Landlord shall give each Leasehold Mortgagee at the address set forth in this Lease or at the last address of such Leasehold Mortgagee provided in a written notice to Landlord pursuant to the terms hereof, a duplicate copy of all notices (other than rent or periodic billing notices) as such notice is given to or served upon Tenant, provided that such notice shall be duly given when sent to the Leasehold Mortgagee at the notice address set forth herein (or the last address of such Leasehold Mortgagee provided in a written notice to Landlord pursuant to the terms hereof), by US Mail, registered, return receipt requested or by a recognized overnight commercial delivery service; and provided, further, that the failure of Landlord to send a copy of any notice of default to Leasehold Mortgagee shall not subject Landlord to any liability hereunder, subject to the subsequent sentence. Notwithstanding the foregoing, in no event may Landlord exercise any remedy following a default hereunder unless and until it has provided written notice of the same to Leasehold Mortgagees in accordance with this Lease. The address of the Leasehold Mortgagee originally designated in the Leasehold Mortgage may be changed upon written notice delivered to Landlord. Landlord may additionally provide a copy of such notice to a Leasehold Mortgagee by email as a courtesy but Landlord is under no obligation to do so.

Section 7.4 Right of Leasehold Mortgagee to Cure. Leasehold Mortgagee, at its option at any time within ninety (90) days, or such longer period as may be applicable as provided below, following the expiration of the right of Tenant to cure any default under the Lease or the Existing Project Agreements, may pay any amount or do any act or thing required of Tenant by the terms of the Lease or the Existing Project Agreements. Payments made and acts performed by such Leasehold Mortgagee within such ninety (90) day period, or such longer period as may be applicable as provided below, shall be effective to prevent a termination of the rights of Tenant hereunder and cure such default(s), if such payments and acts conform to the terms of the notice from Landlord described in Section 7.3 or if, together with any performance by Tenant or any other person with any cure rights, they are sufficient, except as to timing, to exercise the Tenant's right to cure that so expired; provided that in order to prevent termination of the Lease, a Leasehold Mortgagee shall not be required to cure (1) default on obligations of Tenant to satisfy or otherwise

discharge any lien, charge, or encumbrance against Tenant's interest in the Lease caused by a wrongful act of Tenant; (2) any default to the extent resulting from the acts or omissions of the Landlord; or (3) defaults which are of a nature personal to the Tenant and therefore not capable of being cured by a Leasehold Mortgagee or are otherwise not reasonably susceptible of cure by a Leasehold Mortgagee (collectively, "**Excluded Defaults**"). Accordingly, in such event Leasehold Mortgagee shall not be required to cure such Excluded Defaults to avoid termination of the Lease or the Existing Project Agreements. If the default by Tenant is of such nature that it cannot practicably be cured without possession of the Premises and the Project, then the ninety-day period set forth above shall be extended during such time in which the Leasehold Mortgagee shall then be proceeding with reasonable diligence to foreclose on the Tenant's interest or otherwise obtain possession of the Premises and Project for itself or a receiver.

7.4.1 Notwithstanding anything herein or the Existing Project Agreements to the contrary, prior to the expiration of the cure rights of Leasehold Mortgagees, the Landlord shall not exercise any of its remedies under this Lease or the Existing Project Agreements, including without limitation effecting or causing any purported termination of the Lease or the Existing Project Agreements, nor take any action to deny Tenant or any subtenant possession, occupancy, or quiet enjoyment of the Premises or any part thereof.

7.4.2 Without limiting the rights of Leasehold Mortgagees as stated above, and whether or not there shall be any notice of default hereunder, each Leasehold Mortgagee shall have the right, but not the obligation, at any time prior to termination of the Lease to pay all of the Rent due hereunder, with all due interest and late charges, to procure any insurance, to pay any taxes or assessments, to make any repairs or improvements, to do any other act or thing required of Tenant hereunder, and to do any act or thing which may be necessary and proper to be done in the performance and observance of the agreements, covenants and conditions hereof to prevent termination of, and/or cure a default under, the Lease and the Existing Project Agreements. Any Leasehold Mortgagee and its agents and contractors shall have full access to the Premises for purposes of accomplishing any of the foregoing, and at all times during such entry and access, Leasehold Mortgagee and its agents and contractors shall be subject to and shall comply with all indemnity and insurance obligations applicable to Tenant under this Lease. Any of the foregoing done by any Leasehold Mortgagee shall be as effective to prevent a termination of and/or cure any such default under the Lease and the Existing Project Agreements, as if the same would have been if done by Tenant.

Section 7.5 Right to New Lease. If the Lease terminates for any reason including the rejection of the Lease in a bankruptcy proceeding, then Landlord shall give written notice of such fact to each Leasehold Mortgagee, and if one or more Leasehold Mortgagees gives written notice to Landlord within sixty (60) days following delivery of such notice of termination by Landlord, Landlord agrees in such case to enter into a new ground lease for the Premises (a "**New Lease**") with the most senior Leasehold Mortgagee or its designee, for the remainder of the term of the Lease (including any option terms) effective as of the date of such termination, at the rent and additional rent and upon the other terms, conditions, covenants and agreements contained in this Lease and

the Existing Project Agreements and with equal priority thereto, on the conditions set forth in this Article 7. Notwithstanding anything to the contrary contained herein, no termination of the Lease shall become effective until, and the lien of each Leasehold Mortgage on the Project shall remain effective until, either a New Lease has been made pursuant to this Article 7 or no Leasehold Mortgagee has timely accepted (or caused to be accepted) a New Lease, upon the expiration of the 60-day period as set forth above.

7.5.1 The tenant under the New Lease shall have the same right, title and interest in and to the Premises and Project and all obligations as Tenant had under the terminated Lease (other than with respect to Excluded Defaults) and the Existing Project Agreements and the Landlord and the new tenant shall execute and deliver any deed or other instrument and take such other action as may be reasonably necessary to confirm or assure such right, title, interest or obligations.

7.5.2 If the Landlord shall, without termination of the Lease, evict the Tenant, or if the Tenant shall abandon the Premises without Landlord thereafter terminating this Lease as permitted elsewhere herein, then any reletting thereof shall be subject to the liens and rights of Leasehold Mortgagees, and in any event Landlord shall not relet the Premises or any part thereof, other than renewal of occupancies of residential tenants and leases or other occupancy agreements with new residential tenants consistent with any covenants of record for low-income housing, without sixty (60) days advance written notice to all Leasehold Mortgagees of the intended reletting and the terms thereof, and if any Leasehold Mortgagee shall, within sixty (60) days of receipt of such notice, give notice to the Landlord of such Leasehold Mortgagee's intent to pursue proceedings to foreclose on the Premises or otherwise cause the transfer thereof, then so long as the Leasehold Mortgagee shall diligently pursue such proceedings the Landlord shall not proceed with such reletting without the prior written consent of such Leasehold Mortgagee.

7.5.3 Nothing herein contained shall require any Leasehold Mortgagee to accept a New Lease.

Section 7.6 Limitation on Liability of Leasehold Mortgagee. No Leasehold Mortgagee shall be liable to Landlord as the "Tenant" under this Lease unless it expressly assumes such liability in writing. Unless any Leasehold Mortgagee or other Transferee acquires Tenant's leasehold interest created hereunder and becomes the Tenant under the Lease or under any New Lease obtained pursuant to this Article, the Leasehold Mortgagee or other Transferee shall not be liable for the obligations of the Tenant under the Lease arising on and after the transfer of the Tenant's interest in this Lease to the new "Tenant." Any liability of any Leasehold Mortgagee or other Transferee shall be limited to its interests in the leasehold and the Premises, including the rents, profits, and proceeds therefrom, and shall be enforceable solely against those interests. Further, upon the transfer or assignment of all of its right, title and interest in this Lease, any Leasehold Mortgagee or other Transferee shall be automatically released from all liability to Landlord hereunder.

Section 7.7 Estoppel Certificates. Landlord and Tenant agree that at any time and from time to time upon not less than forty-five (45) days' prior written notice by the other Party, or upon request

from any Leasehold Mortgagee or a permitted assignee or from Limited Partner, Landlord or Tenant will execute, acknowledge and deliver to the other Party or to such Leasehold Mortgagee or Limited Partner a Ground Lease Estoppel in the form attached hereto as **Exhibit C** or other statement in writing certifying (1) that the Lease is unmodified and in full force and effect if such be the case or, if not, the extent to which the Lease has been modified; (2) the date through which the Rent has been paid; and (3) that, to the knowledge of the certifier (if such be the case); (3) there is no default, set-off, defense or other claim against Landlord or Tenant, as applicable, other than those, if any, so specified under the provisions of the Lease or such statement; and (4) and any other information concerning performance, construction, tenancy, possession or other matters of reasonable interest to prospective lenders, partners, subtenants or purchasers as may be reasonably requested by the requesting party. The Parties intend that any such statement may be relied upon by any persons proposing to acquire the interest of Landlord, Tenant, or any Leasehold Mortgagee, as the case may be, in the Lease, or by any prospective Leasehold Mortgagee or assignee of any Leasehold Mortgage; provided that no such statement shall be deemed to modify or amend this Lease or to affect the rights or remedies of the party providing such statement. All reasonable costs and expenses incurred by Landlord in connection with its review and negotiation of any such estoppel certificate, or any other documentation relating to any Leasehold Mortgage and requested to be executed by Landlord by Tenant or any Lender or Transferee, including without limitation costs and fees of Landlord's counsel, shall be borne solely by Tenant, and Tenant shall reimburse Landlord either within thirty (30) days of Landlord's demand therefor or on or before Landlord's execution of the estoppel certificate or any other documentation relating to any Leasehold Mortgage.

Section 7.8 Actions not Effective Without Leasehold Mortgagee or Limited Partner Consent. No cancellation, surrender, or modification or amendment of the Lease or the Existing Project Agreements, and no waiver of any of Tenant's rights thereunder, shall be made without the prior written consent of all Leasehold Mortgagees and the Limited Partner. No subordination of the Tenant's interest in the leasehold or the Premises, or the rents or income therefrom, to any encumbrance or assignment granted by Landlord, and no joinder by Tenant in any such encumbrance or assignment, shall be binding as to a Leasehold Mortgagee without the express prior written consent of that Leasehold Mortgagee. No consent or waiver of any Leasehold Mortgagee shall be effective for purposes of the Lease unless it is made in writing. Landlord shall not encumber the fee estate with a deed of trust, mortgage, or similar lien or encumbrance, without the prior written consent of all Leasehold Mortgagees and the Limited Partner.

Section 7.9 Registration of Leasehold Mortgagees. Tenant shall promptly provide written notice to Landlord of the name and address of each Leasehold Mortgagee under this Lease.

Section 7.10 Subordination of Liens to Leasehold Mortgages. Landlord hereby subordinates its statutory landlord's lien rights to the perfected lien of the Leasehold Mortgage (including UCC-1 Financing Statements). Any Leasehold Mortgagee may enter the Premises for the purpose of exercising the rights and remedies provided under its Leasehold Mortgage including, without limitation, removing equipment, trade fixtures and other personal property from the Premises;

provided that at all times during such entry and access, Leasehold Mortgagee and its agents and contractors shall be subject to and shall comply with all indemnity and insurance obligations applicable to Tenant under this Lease, and Leasehold Mortgagee shall repair any damage resulting from such removal.

Section 7.11 Tenant's Limited Partner shall have the notice and cure rights provided in Section 11.2.7 below.

Section 7.12 During the existence of any Leasehold Mortgage, if the same person or entity holds the leasehold estate created by this Lease and the Landlord's reversionary interest or fee interest in the Premises, then such estates will remain separate and there will be no merger without the prior written consent of each Leasehold Mortgagee.

Section 7.13. Following any foreclosure or deed in lieu of foreclosure by the senior Leasehold Mortgagee, to the extent necessary for feasibility of the Project, Tenant may increase rents in accordance with applicable law, provided in all cases the Project continues to comply with the Minimum Affordable Housing Unit Requirement.

## **ARTICLE 8**

### **REPRESENTATIONS AND WARRANTIES**

Section 8.1 Representations of Landlord, Landlord represents to Tenant as follows, which representations are true and correct as of the date of this Lease to the actual knowledge of the Landlord:

8.1.1 The execution and delivery of this Lease have been or will be duly authorized by all necessary agency or other action; and

8.1.2 Landlord has received no written notice of any pending eminent domain proceeding or threatened governmental taking relating to all or any part of the Premises.

8.1.3 There are no mortgages, deeds of trust or other similar encumbrances encumbering Landlord's fee estate.

Section 8.2 Representations, Warranties and Covenants of Tenant. As an inducement to Landlord to enter into and to proceed under this Lease, Tenant warrants and represents to Landlord as follows, which warranties, representations and covenants are true and correct as of the date of this Lease and will be true and correct as of the Commencement Date:

8.2.1 Tenant has the right, power and authority to enter into this Lease and the right, power and authority to comply with the terms, obligations, provisions and conditions contained in this Lease; and

8.2.2 The entry by Tenant into this Lease and the performance of all of the terms, provisions and conditions contained herein will not, or with the giving of notice or the passage of time, or both, would not, violate or cause a breach or default under any other agreements to which Tenant is a party or by which it is bound.

8.2.3 Tenant has sufficient financial resources (which may include but are not limited to loans, grants, and/or tax credit financing) to carry out the Project on the Premises consistent with this Lease and the Existing Project Agreements.

Section 8.3 Landlord's Remedy of Specific Performance. In addition to all other remedies under this Lease, the Existing Project Agreements, or at law or equity, Landlord reserves the remedy of specific performance to require Tenant to perform consistent with its representations and warranties under Section 8.2.

## **ARTICLE 9** **EMINENT DOMAIN**

Section 9.1 Total Condemnation. If the whole of the Premises and the Project, (or such portion of the Premises as renders it infeasible, in Tenant's sole discretion but with the prior written consent of the most senior Leasehold Mortgagee, for Tenant to continue to operate and maintain the Project), shall be taken, appropriated, or condemned under power of eminent domain during the Term (including any transfer made under threat of any such taking, appropriation, or condemnation), then any award of "just compensation" shall be allocated and distributed to Landlord and Tenant taking into account (1) Landlord's fee estate and Landlord's interest in this Lease and its reversionary rights to the Project and the Premises; (2) the restricted nature of Tenant's leasehold interest under this Lease and the Existing Project Agreements; and (3) Tenant's own investment in the completed Improvements apart from financing reflected in any Leasehold Mortgages. In the event of a total taking, this Lease shall terminate when Tenant can no longer use the Premises in the manner herein intended, or when possession thereof shall be required by the appropriating or condemning authority, whichever shall first occur; but such termination of this Lease shall not preclude nor restrict Tenant's right to a reasonable allocation of just compensation as provided above. In the event that this Lease is terminated pursuant to this Section 9.1, the condemnation proceeds received as the result of such appropriation or taking shall be distributed as follows: (1) First, if any Leasehold Mortgages are in place, to the Leasehold Mortgagee to the extent of any indebtedness then owed to such Leasehold Mortgagees to be applied in accordance with the loan documents in connection with such Leasehold Mortgages; (2) to Landlord, to the extent of its interest in the Premises and this Lease, or any of them as set forth above in this Section 9.1; and (3) to Tenant to the extent of its interests in this Lease and its investment in the Premises. If there are any proceeds remaining after the distributions specified in the preceding sentence then those remaining proceeds shall be distributed to Landlord.

Section 9.2 Partial Condemnation. In the event that a part of the Premises shall be taken or condemned under circumstances in which Tenant desires to continue the Lease, this Lease shall



continue in full force and effect and shall terminate only as to that part of the Premises so taken. In that event Tenant shall, at its own cost and expense, make all repairs to the Project on the Premises affected by such taking or condemnation to the extent necessary to restore the same to a complete architectural unit (to the extent permitted, however, taking into consideration the amount of land remaining after any such taking or purchase) in accordance with the loan documents of the most Senior Leasehold Mortgage; provided that Tenant shall not be required to incur expenses in connection with the repair and/or restoration in excess of any applicable condemnation award which is paid over to Tenant for such repair and/or restoration. Any award of “just compensation” shall be allocated and distributed as follows: first, if any Leasehold Mortgages are in place, to such Leasehold Mortgagees to the extent of any indebtedness then owed to such Leasehold Mortgagees to be applied in accordance with the loan documents in connection with such Leasehold Mortgages, and then to Landlord and Tenant as provided under Section 9.1. There shall be no adjustment to Rent.

Section 9.3 Temporary Taking. If there shall be a temporary taking with respect to all or any part of the Premises or of Tenant’s interest in this Lease, then the Term shall not be reduced and Tenant shall continue to pay in full all Rent (if any) and other charges required herein, without reduction or abatement thereof at the times herein specified; provided, however, that Tenant shall not be required to perform such obligations that Tenant is prevented from performing by reason of such temporary taking. Any condemnation proceeds or other compensation attributable to such temporary taking shall be paid to Tenant subject to the rights of the Leasehold Mortgagees.

Section 9.4 Miscellaneous. It is understood and agreed that Tenant shall not be party to any negotiation or proceedings at law wherein Landlord claims compensation other than that which is defined statutorily as constituting “just compensation.” The Leasehold Mortgagees shall be provided notice of any condemnation proceedings and/or negotiations affecting the Premises in accordance with the notice provisions of this Lease, and shall have the right, but not the obligation, to participate in any such condemnation proceedings and negotiations.

## **ARTICLE 10**

### **DAMAGE OR DESTRUCTION**

Section 10.1 Damage or Destruction to Leased Premises. Tenant shall give prompt written notice to Landlord after the occurrence of any fire, earthquake, act of God or other casualty to or in connection with the Premises, the Project or any portion thereof (hereinafter sometimes referred to as a “Casualty”). Subject to Section 10.2 below, if during the Term the Project shall be damaged or destroyed by Casualty, Tenant shall, subject to the terms of the Leasehold Mortgages, promptly and with all due diligence, apply for and collect all applicable insurance proceeds recoverable with respect to such casualty, which insurance proceeds shall be payable to the most senior Leasehold Mortgagee and applied, in accordance with the loan documents of the most senior Leasehold Mortgage, to repay the indebtedness owed to such Leasehold Mortgagee or to fully repair or restore the Project or to replace damaged portions thereof with new improvements of a like quality and usefulness to those that were damaged in accordance with the requirements of the

most senior Leasehold Mortgagee, provided that Tenant shall not be required to incur expenses in connection with the repair and/or restoration in excess of any applicable insurance proceeds which are paid over to Tenant for such repair and/or restoration.

Section 10.2 Right to Terminate.

10.2.1 If Tenant determines, subject to the rights of the Leasehold Mortgagees, by notice to Landlord given within one hundred eighty (180) days after the date of such Casualty, that it is not economically practical to restore the Project and/or the Premises to substantially the same condition in which they existed prior to the occurrence of such Casualty, then Tenant may, with the prior written consent of all Leasehold Mortgagees, terminate this Lease as of a date that is not less than thirty (30) days after the date of such notice. If Tenant terminates this Lease pursuant to this Section 10.2, Tenant shall be responsible for and shall bear all costs to remove all remaining improvements and debris from the Premises, including without limitation removal of all foundations, footings, pads, and other underground, at-grade, and above-ground improvements and to promptly surrender possession of the Premises to Landlord in “pad-ready” condition with no excavations or other holes in the ground surface.

10.2.2 Prior to surrendering the Premises to Landlord, duly authorized representatives of Tenant and Landlord will together inspect the Premises to evaluate the state of the Premises. After such inspection, both representatives together will establish in writing any further work to be done by Tenant, the time schedule to perform such work and the inspection date of such work, in order to make the Premises “pad ready” upon surrender to Landlord. If Landlord is satisfied with the condition of the Premises, Landlord shall so notify Tenant in writing.

10.2.3 Tenant acknowledges and agrees that if any remaining work is not completed by Tenant to Landlord’s satisfaction within the agreed-upon timeframe, then any such work may be performed by Landlord or at Landlord’s expense in order to repair and restore the Premises to the required “pad-ready” condition. All expenses incurred by Landlord for such restoration work shall be reimbursed by Tenant within thirty (30) days of Tenant’s receipt of Landlord’s detailed invoices, it being understood that these expenses shall be limited to the cost of labor at either the Landlord’s or its contractor’s “fully loaded” union labor rates, plus the cost of necessary materials (if any).

Section 10.3 Distribution of Insurance Proceeds. In the event that this Lease is terminated pursuant to this Article 10, then insurance proceeds received as the result of such Casualty shall be distributed as follows: (1) if any Leasehold Mortgages are in place, to the Leasehold Mortgagee to the extent of any indebtedness then owed to such Leasehold Mortgagees; and (2) to Landlord or Tenant, as applicable, to reimburse for the cost of completion of demolition of the Project improvements and surrender of the Premises to Landlord in “pad ready” condition under Section 10.2, and (3) to Landlord, up to the total cost of all restoration work (if any) paid for by Landlord under Section 10.2.3, and (4) then, and only then, to Tenant.

**ARTICLE 11**  
**EVENTS OF DEFAULT AND REMEDIES**

Section 11.1 Default By Tenant. Each of the following is a material default and breach of this Lease by Tenant:

11.1.1 Failure to make any required Rent or any other payment as and when due, if the failure continues for a period of ten (10) business days after written notice from Landlord.

11.1.2 Failure to substantially commence construction of the Project by the deadline set forth in Exhibit J (which supersedes the applicable deadlines set forth in the Existing Project Agreements).

11.1.3 Failure to substantially complete construction of the Project by the deadline set forth in Exhibit J (which supersedes the applicable deadlines set forth in the Existing Project Agreements).

11.1.4 Failure to obtain or maintain any insurance required to be maintained by Tenant hereunder, and such failure continues for a period of five (5) business days after written notice from Landlord.

11.1.5 Failure to operate no less than the Minimum Affordable Housing Unit Requirement at the Project in accordance with the Covenants, if the failure continues for a period of sixty (60) days or more after written notice from Landlord or such other cure periods as may be provided in the Covenants.

11.1.6 Failure to perform any other obligation of Tenant hereunder not described in clauses 11.1.1 through 11.1.5 above, inclusive, if the failure continues for a period of thirty (30) days after written notice from Landlord (provided that, if the default cannot reasonably be cured within thirty (30) days, Tenant shall not be in default of this Lease if Tenant commences to cure the default within such thirty-day period and thereafter diligently pursues its completion).

For the avoidance of doubt, no action or omission by the Retail Owner (or other tenant or owner under the Commercial Space Ground Lease) or default under the Commercial Space Ground Lease or otherwise with respect to the Commercial Space will affect or otherwise result in a default or breach under this Lease. Further, after the Effective Date of this Lease, Tenant shall have no obligation or liability to Landlord with respect to the Commercial Space under this Lease or the Existing Project Agreements.

Section 11.2 Remedies Upon Default By Tenant. If any material default or breach by Tenant occurs, Landlord may, subject in all respects to the provisions of this Lease with respect to Landlord's rights to cure defaults by Tenant, and with respect to the rights of any Leasehold Mortgagees or limited partner (the "**Limited Partner**"), do any or all of the following:

11.2.1 Upon thirty (30) days' written notice to Tenant, terminate Tenant's right to possession of the Premises, and this Lease shall terminate. Landlord may re-enter and take possession of and remove, at Tenant's costs and expense, all persons or property, and Tenant shall immediately surrender possession of the Premises to Landlord.

11.2.2 Maintain Tenant's right to possession, and this Lease shall continue in force whether or not Tenant has abandoned the Premises. Landlord shall be entitled to enforce all of its rights and remedies under this Lease, including the right to recover Rent as it becomes due.

11.2.3 Pursue any other remedy available to Landlord under the law or equity. The remedies of Section 11.2.1 and 11.2.2 are not exclusive.

11.2.4 Any amount due from Tenant to Landlord under this Lease not paid when due shall (1) be subject to a "**Late Charge**" equal to the greater of (A) five percent (5%) of the overdue payment, or (B) \$500; and shall (2) accrue interest from date due until paid at the rate of twelve percent (12%) per annum (the "**Default Rate**"). The Parties agree that the foregoing Late Charge represents a reasonable estimate of such costs and expenses and is fair compensation to Landlord for its loss caused by Tenant's non- or late-payment of any Rent or other amount due and owing under this Lease. Landlord's acceptance of any Late Charge shall not constitute a waiver of Tenant's default with respect to any such late- or non-payment, or prevent Landlord from exercising all other rights and remedies available to Landlord under this Lease or under law. Waiver of the late charge or interest with respect to any delinquent payment will not be deemed to constitute a waiver of the late charge or interest with respect to any subsequent delinquent payment. Any payments of any kind returned for insufficient funds will be subject to an additional charge of \$50.00 payable by Tenant to Landlord. In addition, if payments are received by check or draft from Tenant, and two (2) or more of such checks or drafts are dishonored by the bank or other financial institution they were drawn upon in any twelve (12) month period, Landlord may thereafter require all Rent and other payments due hereunder from Tenant to Landlord to be made by bank cashier's or bank certified check or other similar means of payment, and Landlord shall not be required to accept any checks or drafts of Tenant that do not comply with such requirements.

11.2.5 Upon any termination of this Lease due to any uncured default by Tenant hereunder that is not cured prior to the expiration of any applicable notice and cure period, Tenant shall, within ten (10) days thereafter, deliver to Landlord at no cost to Landlord all of the Affordable Housing Developer Materials (as such term is defined in the Development Agreement) then in Tenant's possession or control.

11.2.6 If Tenant defaults in the performance of any obligation under this Lease and such default remains uncured for a period longer than specified above (including without limitation expiration of all additional notice and cure periods afforded to all Leasehold Mortgagees), then Landlord may request, and Tenant shall provide adequate assurance of the future performance of all obligations under this Lease. The adequacy of any assurance shall be determined according to

commercially reasonable standards for lessors of real property in the County of King, State of Washington. Adequate assurance shall include, but not be limited to, a deposit in escrow, a guarantee by a third party acceptable to Landlord, a surety bond, or a letter of credit. Tenant's failure to provide adequate assurance within twenty (20) days of receipt of a request shall constitute a material breach and Landlord may in its discretion terminate this Lease.

11.2.7 Notwithstanding anything to the contrary contained herein, Landlord shall not exercise any of its remedies hereunder or under the Existing Project Agreements without having given written notice of the Event of Default to the Tenant's Limited Partner reflected in the limited partnership agreement created by Affordable Housing Developer for this Project (the "**LP Agreement**") simultaneously with the giving of notice to Tenant. The Limited Partner shall have the same cure period after the giving of a notice as provided to Tenant, plus an additional period of one hundred eighty (180) days if reasonably required by Limited Partner to effect a cure (including without limitation, up to sixty (60) additional days if necessary to remove the general partner of Tenant and/or admit an additional general partner pursuant to the LP Agreement and as permitted by Section 16.2.2 below, if such removal and/or admission is reasonably necessary in order to effect cure). If the Limited Partner elects to cure the Event of Default (and nothing hereunder binds the Limited Partner to do so), Landlord agrees to accept such performance as though the same had been done or performed by Tenant, prior to exercise by Landlord of any remedies hereunder. Landlord acknowledges that, if the Limited Partner removes the general partner of Tenant as contemplated herein, the Limited Partner will not be required to cure prior defaults of that general partner that are not capable of being cured by Limited Partner, such as the bankruptcy of such general partner.

Section 11.3 Default by Landlord. Landlord shall be in default under this Lease if it fails to perform any material provision of this Lease that it is obligated to perform and if the failure to perform is not cured within thirty (30) days after written notice of the default has been given to Landlord. If the default cannot reasonably be cured within thirty (30) days, Landlord shall not be in default of this Lease if Landlord commences to cure the default within such thirty-day period and thereafter diligently pursues its completion.

Section 11.4 Remedies Upon Default by Landlord; Limitation of Landlord's Liability. Tenant's sole remedies for any claimed default by Landlord hereunder shall be an action for actual damages, the recovery of which are limited as set forth in this Section 11.4, or injunctive relief, and in no event shall Tenant have the right to: (i) abate or set-off Rent; (ii) engage in self-help remedies; or (iii) terminate this Lease; provided that, if Landlord's default (a) consists of its failure to initially deliver exclusive possession of the Premises to Tenant as required by Section 1.2 above, or (b) constitutes an actual or constructive eviction of Tenant from the entire Premises, Tenant may nevertheless elect to terminate this Lease upon ninety (90) days written notice to Landlord, provided that Tenant's notice of termination shall be void *ab initio* if Landlord cures the alleged default giving rise to Tenant's termination remedy within such 90-day period. If Tenant exercises its right to terminate this Lease as aforesaid, then all provisions of this Lease that apply in connection with the expiration or termination of this Lease shall apply. Landlord shall not be liable

for incidental or consequential damages or lost profits, and any monetary judgment obtained by Tenant hereunder shall be satisfied solely from Landlord's estate and interest in the Premises, including the Rental and other income therefrom and the insurance, condemnation, and sales proceeds thereof, and not from any other property or assets of Landlord, and shall be subject to all other limitations of liability set forth elsewhere in this Lease. Neither Landlord, nor any agent, officer, director, or employee of Landlord shall be personally liable for any portion of such a judgment.

**ARTICLE 12**  
**QUIET ENJOYMENT AND POSSESSION; LANDLORD'S RIGHT OF ENTRY**

Section 12.1 Quiet Enjoyment. So long as Tenant is not in default under this Lease after expiration of any applicable notice and cure period, Landlord covenants that Tenant, upon payment of all sums herein provided and upon performance and observance of all of its covenants herein contained, shall peaceably and quietly have, hold, occupy, use and enjoy, and shall have the full, exclusive and unrestricted use and enjoyment of, all of the Premises during the Term, subject to the provisions of this Lease, the Existing Project Agreements, and all applicable laws, ordinances and regulations.

Section 12.2 Landlord's Right of Entry. Landlord reserves the right to enter the Premises to inspect the same and to perform any maintenance, repairs, or improvement which it is permitted or entitled by this Lease or applicable law to make, at any and all reasonable times throughout the term of this Lease, provided that Landlord shall give Tenant not less than forty-eight (48) hours' prior notice (except in an emergency, in which case Landlord shall give such advance notice as is practicable under the circumstances), shall not interfere unduly with Tenant's operations and shall use reasonable efforts to cooperate with any security measures Tenant may then have in effect. The right of entry and inspection reserved to Landlord hereunder shall impose no obligation on Landlord to make inspections to ascertain the condition of the Premises, and shall impose no liability upon Landlord for failure to make such inspections.

**ARTICLE 13**  
**VACATION OF LEASED PREMISES**

Tenant covenants that upon any termination of this Lease, whether by lapse of time or because of any of the conditions or provisions contained herein, Tenant will peaceably and quietly yield and surrender possession of the Premises and Project to Landlord. Unless otherwise stipulated, all improvements or alterations, including the initial Improvements and all subsequent Alterations, erected or made on the Premises (not including personal property, equipment and removable fixtures, which shall remain the property of Tenant and which shall be removed by Tenant at its sole cost prior to the expiration or earlier termination of this Lease) shall, upon expiration or earlier termination of this Lease, belong to Landlord without compensation to Tenant and shall be delivered to Landlord clean and in reasonably good operating order and condition, reasonable wear and tear excepted. For the avoidance of doubt, all appliances shall remain on and be surrendered

with the Premises except to the extent they are owned by individual residential unit tenants, in which case Tenant shall cause such residential tenant-owned appliances to be removed at no cost to Landlord. If Tenant holds over after the expiration or earlier termination of this Lease, Tenant shall become a tenant from month-to-month at a rental rate equal to then-fair market rental value of the Premises and Project, as reasonably determined by Landlord, and otherwise subject to the terms, covenants, and conditions of this Lease, except those clearly inapplicable to the month-to-month tenancy. Acceptance by Landlord of Rent after such expiration or earlier termination shall not result in a renewal of this Lease, nor affect Landlord's right of re-entry or any rights of Landlord hereunder or as otherwise provided by law. If Tenant fails to surrender the Premises upon the expiration of this Lease, Tenant shall indemnify and hold Landlord harmless from all loss or liability including, without limitation, any claim made by any succeeding tenant or occupant founded on or resulting from such failure to surrender, together with Default Interest, reasonable attorney's fees, costs, and expenses. Within thirty (30) days after the Expiration Date or earlier termination of this Lease, Tenant shall deliver to Landlord copies of all Affordable Housing Developer Materials (as defined in the Development Agreement) then in Tenant's possession, without warranty or recourse.

**ARTICLE 14**  
**HAZARDOUS MATERIALS AND ENVIRONMENTAL COMPLIANCE**

Section 14.1 Definitions. "**Hazardous Materials**" as used herein shall mean:

14.1.1 Any toxic substances or waste, sewage, petroleum products, radioactive substances, heavy metals, medical, corrosive, noxious, acidic, bacteriological or disease-producing substances; or

14.1.2 Any dangerous waste or hazardous waste as defined in:

(i) Washington Hazardous Waste Management Act as now existing or hereafter amended (RCW Ch. 70A.300A); or

(ii) Washington Model Toxics Control Act as now existing or hereafter amended (RCW Ch. 70A.305); or

(iii) Resource Conservation and Recovery Act as now existing or hereafter amended (42 U.S.C. Sec. 6901 et seq.); or

14.1.3 Any hazardous substance as defined in:

(i) Comprehensive Environmental Response, Compensation and Liability Act as now existing or hereafter amended (42 U.S.C. Sec. 9601 et seq.); or

(ii) Washington Model Toxics Control Act as now existing or hereafter amended (RCW Ch. 70A.305); or

14.1.4 Any pollutants, contaminants, or substances posing a danger or threat to public health, safety or welfare, or the environment, which are regulated or controlled as such by any applicable federal, state or local laws, ordinances or regulations as now existing or hereafter amended.

For purposes of this Article 14, "Tenant" shall mean Tenant and its sublessees (including residential tenants), assignees, contractors, agents, employees, representatives, affiliates and/or their respective invitees.

#### Section 14.2 Environmental Compliance.

14.2.1 In the conduct of its business at the Premises, and in its use and occupancy of the Premises and adjacent public areas that are available for use by Tenant and others (the "**Public Areas**"), Tenant shall, at Tenant's own expense, comply with all federal, state and local laws, ordinances, regulations, permits, decrees or other governmental requirements now or hereafter in effect related to Hazardous Materials and other environmental laws, including, but not limited to, laws and regulations pertaining to stormwater discharges as set by the U.S. Environmental Protection Agency and the Washington Department of Ecology, as well as such rules concerning environmental matters as may be promulgated by Landlord ("**Environmental Laws**"). Tenant warrants that its business and all activities to be conducted or performed in, on, or about the Premises and the Public Areas shall comply with all of the Environmental Laws. Tenant agrees to change, reduce, or stop any non-complying activity, or install necessary equipment, safety devices, pollution control systems, or other installations as may be necessary at any time during the term of this Lease to comply with the Environmental Laws.

14.2.2 Tenant shall not without first obtaining Landlord's prior written approval use, generate, handle, store, treat, transport, or sell any Hazardous Materials in, on, or about the Premises or the Public Areas. In the event, and only in the event, that Landlord approves any of the foregoing, Tenant agrees that such activity shall occur safely and in compliance with the Environmental Laws. Without limiting the foregoing sentences, Landlord agrees that Tenant may use, handle, store, transport, and dispose of reasonable amounts and types of ordinary cleaning supplies and similar items routinely used in the normal construction, operation, maintenance, repair, and occupancy of a residential building, to the extent consistent with all applicable Environmental Laws.

14.2.3 Tenant shall not cause or permit to occur any violation of the Environmental Laws on, under, or about the Premises and the Public Areas, or arising from Tenant's use or occupancy of the Premises and the Public Areas. Tenant shall not undertake, or allow others to undertake by Tenant's permission, acquiescence, or failure to act, or negligent activities that result in a release or threatened release of Hazardous Materials. If Tenant's act, omission or breach of obligation under this Lease results in a release of Hazardous Materials into the environment on, about, or migrating from the Premises or the Property that exceeds regulatory cleanup levels, then Tenant



shall, at Tenant's sole expense, promptly take all actions necessary to mitigate such release and to fully and completely remove (and to dispose of such in accordance with applicable law) all of such Hazardous Materials.

14.2.4 Tenant shall, in a timely manner and at Tenant's own expense, make all submissions to, provide all information required by, and comply with all requirements of all governmental or regulatory authorities ("the **Authorities**" or "**Authority**") with jurisdiction under Environmental Laws. If Tenant fails to fulfill any duty imposed under this Article within the time specified by applicable law, or if no time is specified within a reasonable time, Landlord may take action; and in such case, Tenant shall cooperate with Landlord in order to prepare all documents Landlord deems necessary or appropriate to determine the applicability of the Environmental Laws to the Premises and/or the Public Areas and Tenant's use thereof, and for compliance with the Environmental Laws, and Tenant shall execute all documents promptly upon Landlord's request. No such action by Landlord and no attempt made by Landlord to mitigate damages shall constitute a waiver of any of Tenant's obligations under this Article. Tenant shall immediately notify Landlord if Tenant becomes aware of any of the following: (a) a release or threatened release of Hazardous Materials on the Premises; (b) any actual or alleged violation of any of the Environmental Laws, including any inspection reports or any other notice received from any Authority that Tenant may be in violation of any Environmental Law; and (c) any notification from any Authority that investigation, remediation or removal of Hazardous Materials is or may be required at the Premises.

14.2.5 Should any Authority demand that a remedial investigation and/or cleanup or remediation plan be prepared and that a cleanup or remediation be undertaken because of any deposit, spill, discharge or other release of Hazardous Materials that occurs during the term of this Lease and arises from Tenant's use or occupancy of the Premises, or which arises at any time from Tenant's use or occupancy of the Premises and/or the Public Areas, then Tenant shall, in a timely manner and at Tenant's own expense, prepare and submit the required plans and all related bonds and other financial assurances; and Tenant shall carry out all such investigation and/or cleanup or remediation plans. Any such plans are subject to Landlord's prior written approval, such approval not to be unreasonably withheld. Although Landlord reserves the right to review and approve such plans, Landlord assumes no responsibility for such plans or their compliance with Environmental Laws.

14.2.6 If Landlord determines in its sole discretion that an emergency exists (i) because of the deposit, spill, discharge or other release of Hazardous Materials at or from the Premises or (ii) which arises from Tenant's use or occupancy of the Premises and/or the Public Areas, Landlord will take such action as Landlord, in its sole discretion, considers reasonable to contact Tenant and advise it of the emergency situation. If Tenant is unreachable, or is unwilling to take immediate action, Landlord may, but is not required to, take immediate action to address the emergency situation, and Tenant will reimburse Landlord for all of its costs and expenses related thereto, provided, with respect to clause (i) above, that the deposit, spill, discharge or other release of Hazardous Materials arises from Tenant's use or occupancy of the Premises. The fact that

Landlord takes immediate action shall not relieve Tenant of any of its responsibilities under this Lease and the Environmental Laws including, without limitation, Tenant's responsibility for complying with reporting requirements.

### Section 14.3 Indemnification and Release.

14.3.1 Except as otherwise provided in this Section 14.3, Tenant shall be fully and completely liable to Landlord for, and shall indemnify, hold harmless and release Landlord from and against, any and all claims, liabilities, lawsuits, damages, demands, suits, losses, judgments, and costs, including but not limited to removal, remedial action, or other costs recoverable under CERCLA or MTCA; any and all other requirements, charges, interest, fees, oversight costs, or penalties (civil or criminal or both) imposed by any Authority; and all other expenses including but not limited to claims for bodily injury or death, property damage, diminution in value or loss of use, including attorney's fees and other costs of defense ("**Claims**") caused by or arising from (1) the use, disposal, transportation, generation, past, present or future release or threatened release, handling, spillage, storage, treatment, deposit and/or sale of Hazardous Materials by Tenant in, on, around, about, or emanating from the Premises, including but not limited any remediation activities conducted by Tenant or from Tenant's activities on the Premises or the Property, or from Tenant's activities on any adjoining property occurring during the term of the this Lease or at any time if caused by Tenant, including exacerbation or disturbance of existing Hazardous Materials that were released in, on or about the Premises prior to the Commencement Date of this Lease; or (2) Tenant's failure to comply with any obligation in this Article; or (3) any actions by Landlord under this Article. Without limiting the generality of the foregoing, the Parties acknowledge that Claims, as defined herein, are not limited to third party Claims, but include Claims made or incurred by the Parties. Tenant's duties under this Section 14.3 include the duty to pay or reimburse Landlord's direct and indirect costs to monitor or oversee Tenant's cleanup or other corrective work, including but not limited to engineering and other consulting services, sampling and studies, confirmatory testing, compliance monitoring, and administrative costs and expenses incurred in procuring and managing the same. Tenant's indemnity regarding Hazardous Materials and environmental compliance under this Section 14.3 is in addition to, and separate from, Tenant's indemnity obligations under Article 17 of this Lease.

14.3.2 Landlord agrees to indemnify, defend and hold Tenant harmless from and against all fines, penalties, administrative and judicial proceedings and orders, and all other direct costs and expenses incurred by Landlord or Tenant solely with respect to clean up or remediate any hazardous materials or substances that may be found to exist on the Property from past events or releases prior to the Effective Date of the Development Agreement (collectively, "Cleanup Costs"), save and except to the extent that such Cleanup Costs result from Tenant's exacerbation of such pre-existing condition, nature and/or extent of such hazardous materials or releases of hazardous substances. Landlord's limited indemnity under this Section 14.3.2 does not and shall not be construed to alter, reduce, or expand Tenant's separate indemnity obligations under this Lease, the Due Diligence Agreement, or the Development Agreement all of which are ratified and reaffirmed.

Section 14.4 Reporting Requirements. Tenant shall comply with the Environmental Laws requiring the submission, reporting, or filing of information concerning Hazardous Materials with the Authorities, and shall provide to Landlord a full copy of any such submission, filing or report as submitted within 15 days of such submission.

Section 14.5 Right to Check on the Tenant's Environmental Compliance. Landlord expressly reserves the right to conduct, and Tenant shall fully cooperate in allowing, from time to time, such examinations, tests, inspections, and reviews of the Premises as Landlord, in its sole and absolute discretion, shall determine to be advisable in order to evaluate any potential environmental problems, provided that the inspection of individual residential units shall be subject to the rights of tenants under applicable landlord/tenant laws and ordinances.

Section 14.6 Remedies. Upon any default by Tenant under this Article, and the expiration of any applicable notice and cure period provided in this Lease (including without limitation expiration of all additional notice and cure periods afforded to all Leasehold Mortgagees), Landlord shall be entitled to the following rights and remedies in addition to any other rights and remedies that may be available to Landlord:

14.6.1 At Landlord's option, to terminate this Lease, effective immediately; and/or

14.6.2 At Landlord's option, to perform such action as is required to bring the Premises and any other areas of the Property affected by Tenant's default into compliance with the Environmental Laws and to recover from Tenant all of Landlord's costs and expenses in connection therewith; and/or

14.6.3 To recover from Tenant any and all damages associated with the default, including but not limited to, response, remediation and cleanup costs, expenses and charges, civil and criminal penalties and fees, adverse impacts on marketing the Premises or any other areas of the Property, loss of business and sales by Landlord and other tenants of the Property, diminution of value of the Premises and/or other areas of the Property, the loss of or restriction of useful space in the Premises and/or other areas of the Property, and any and all damages and claims asserted by third parties, and Landlord's reasonable attorneys' fees, costs and expenses.

Section 14.7 Remediation on Termination of Lease. Upon the expiration or termination of this Lease, Tenant shall remove, remediate or clean up any Hazardous Materials on, or emanating from, the Premises caused by Tenant as required by applicable laws ("**Termination Cleanup**"). The process for such Termination Cleanup is subject to Landlord's prior written approval. Although Landlord reserves the right to review and approve the Termination Cleanup process, Landlord assumes no responsibility for it or its compliance with the Environmental Laws. If Tenant fails or refuses to commence the Termination Cleanup process, or fails to reasonably proceed toward completion of such process, within the time specified by law or within a reasonable time if no time is specified, Landlord may elect to perform such Termination Cleanup after providing Tenant with

written notice of Landlord's intent to commence Termination Cleanup, and after providing Tenant a reasonable opportunity, which shall not be less than ninety (90) days after such notice (unless Landlord is given notice by a government or regulatory agency with jurisdiction over such matter that Termination Cleanup must commence within a shorter time), to commence or resume the Termination Cleanup process. If Landlord performs such Termination Cleanup after said notice and Tenant's failure to perform same, Tenant shall pay all of Landlord's costs and expenses.

Section 14.8 Survival. Tenant's obligations and liabilities under this Article shall survive the expiration or termination of this Lease.

**ARTICLE 15**  
**TENANT'S COOPERATION WITH EXISTING AND FUTURE USES AND**  
**DEVELOPMENT OF TRANSIT CENTER AND PARK & POOL LOT**

Section 15.1 Tenant acknowledges that Landlord intends to redevelop certain parcels adjoining the Original Premises for transit-oriented development and potentially other purposes consistent with existing and future transit uses of those parcels and the neighboring light rail station and related facilities. A conceptual illustration of the potential redevelopment sites is attached hereto as **Exhibit H**.

Section 15.2 In Tenant's development, construction, and operation of the Project on the Premises, Tenant shall cooperate and act in good faith in anticipation of the future redevelopment of the parcels illustrated in **Exhibit H**.

Section 15.3 Tenant shall not perform or cause or allow others to perform any act or omission upon the Premises or in connection with the Project if such act or omission could reasonably be expected to interfere with existing or future transit uses (1) upon the parcels illustrated in **Exhibit H** or (2) upon the public streets or other rights of way adjacent to the Property. For purposes of this Section 15.3, "**transit uses**" include, but are not limited to, the turning movements, layover, and free passage of transit coaches and service and security vehicles; and pedestrian, bicycle, and other nonmotorized access to, from, and across the parcels illustrated in **Exhibit H**.

Section 15.4 Tenant shall reasonably cooperate with the operation, maintenance, use, redevelopment, and construction of transit and other facilities or improvements upon the parcels illustrated in **Exhibit H**. Tenant shall reasonably cooperate and participate in Landlord's public outreach and other planning efforts related to such use, redevelopment, and construction. Provided, that this Section 15.4 imposes no duty on Tenant to affirmatively perform or undertake any transit or transit-related function.

Section 15.5 Tenant's failure to comply with this Article 15 shall constitute a breach of the Lease, provided that in no event shall Tenant be required to perform or cause or allow others to perform any act or omission upon the Premises or in connection with the Project if such act or omission could reasonably be expected to have an adverse effect on the Premises and/or Project.

## **ARTICLE 16** **TRANSFERS**

Section 16.1 General Terms. Tenant acknowledges that: (i) Landlord is relying on the real estate and development expertise of Tenant to assure the quality of the development of the Project; (ii) the design, use, operation and maintenance of the Project and its components are deemed critical by Landlord; (iii) a change in ownership or control of Tenant, or of a substantial part thereof, or any other act or transaction involving or resulting in a significant change in ownership, could have a material adverse impact on the development of the Project; and (iv) the qualifications and identity of the Tenant are of particular concern to Landlord. Tenant further recognizes that it is because of such qualifications and identity that Landlord is entering into this Lease with Tenant. Accordingly, except to the extent expressly permitted in Article 7 above (Leasehold Mortgages), except for Exempt Transfers under Section 16.2.2 below, and except in accordance with Section 16.4, Tenant shall not voluntarily, involuntarily, or by operation of any law, sell, convey, assign, sublet or otherwise transfer or encumber all or any part of Tenant's interest in this Lease or the Premises (any of the foregoing, a "**Transfer**") without Landlord's prior written consent in each instance, which consent may be withheld in Landlord's sole and absolute discretion except as otherwise provided in this Article, and any attempt by Tenant to do so without this consent shall be, at Landlord's election, null and void and without any effect whatsoever, and may be deemed by Landlord as a default under the Lease and no cure provision shall apply.

### Section 16.2 Assignments.

16.2.1 Except as otherwise expressly permitted by this Lease, Tenant shall not assign or transfer this Lease or any interest therein, nor grant an option for such an assignment or transfer for the whole or any part of the Premises, nor shall this Lease or any interest hereunder be assignable or transferable by operation of law, or by any process or proceeding of any court or otherwise without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. It shall not be deemed unreasonable for Landlord to withhold, condition or delay its consent for a transfer or assignment of this Lease, in whole or in part, that would entail a use other than the permitted uses of the Premises set forth in Section 1.3 of this Lease.

16.2.2 Notwithstanding the provisions of Section 16.2.1 or anything to the contrary in the Existing Project Agreements, the following shall be considered "**Exempt Transfers**" which shall not require the consent of the Landlord: (i) a transfer of ownership interests of the initial Limited Partner, (ii) to the extent permitted by the initial LP Agreement, a transfer of the Limited Partner's interests in Tenant to an affiliate of the initial Limited Partner or to the General Partner or an affiliate of the General Partner; (iii) to the extent contained in or permitted by the initial LP Agreement, the grant and/or exercise of an option or right of first refusal to the General Partner, any affiliate of the General Partner or its members to acquire the Tenant's interest in this Lease or the Premises or the Limited Partner's interests in the Tenant, and (iv) to the extent provided by the

initial LP Agreement, any removal of the general partner of the Tenant by the Limited Partner; provided that: (1) within ninety (90) days thereafter a successor general partner is substituted that is, or the sole member and manager (if any) of which is either, at the option of the Limited Partner: (a) a Seattle-based nonprofit or public entity approved in writing by Landlord, or a subsidiary or Affiliate of which a Seattle-based nonprofit or public entity approved in writing by Landlord is the sole member and manager, or (b) any other non-profit or public entity approved in writing by Landlord, or limited liability company of which a nonprofit or public entity approved in writing by Landlord are the sole members; and (2) if the successor general partner is not a Seattle-based nonprofit or public entity approved in writing by Landlord then, within six (6) months of such entity becoming the successor general partner, the Limited Partner shall have replaced such successor general partner, with a general partner, that is, or the sole members of which are, Seattle-based nonprofits or public entities approved in writing by Landlord. Banc of America CDC Special Holding Company, Inc., a North Carolina corporation, or its affiliates, is hereby approved as a permitted temporary replacement general partner of Tenant during any period Limited Partner is diligently seeking a permanent replacement general partner satisfying the criteria of the foregoing sentence. If Landlord consents to any assignment or transfer or if an assignment or transfer is made pursuant to this Section 16.2.2 that does not require Landlord's consent, this Section 16.2 shall nevertheless continue in full force and effect and no further assignment or transfer shall be made except in compliance with this Section 16.2.

16.2.3 If Tenant desires to assign or transfer, or grant an option for assignment or transfer, for the whole or part of the Premises, or any portion of this Lease or any interest herein, and such assignment or transfer is not an Exempt Transfer under Section 16.2.2 above, then Tenant shall notify Landlord in writing of said desire and the details of the proposed agreement at least sixty (60) days prior to the proposed date of assignment or transfer, or grant of an option therefor, to a third party. The notification shall include but not be limited to a financial statement of the third party, including but not limited to a full disclosure of the monetary payment or any other consideration involved, and an affidavit from the third party stating it has examined this Lease, and, understanding this Lease, agrees to assume and be bound by all of the Tenant's obligations and covenants under this Lease, the same as if it were the original Tenant hereunder, and the proposed date of assignment, transfer or grant of an option therefor. Tenant shall also provide any financial, corporate or other information regarding the proposed assignment or the assignee/transferee, demonstrating the assignee's ability to perform the Tenant's obligations under the Lease, including information evidencing the managerial, operational and financial wherewithal of the assignee or transferee, as reasonably requested by Landlord (all of the aforementioned documents are collectively referred to as the "**Transfer Documents**").

16.2.4 Any assignment or transfer made in violations of this Section 16.2 shall be null and void and without any effect whatsoever and may be deemed by Landlord as a default under the Lease.

### Section 16.3 Subletting.

16.3.1 Unless the sublease sought to be entered into is (i) a Permitted Rental Agreement as defined under Section 16.4, or (ii) to an entity that controls, is controlled by or is under common control with Tenant (collectively, an “**Exempt Sublease**”), Tenant shall not sublet the whole or any part of the Premises, nor grant an option for sublease for the whole or any part of the Premises without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. Landlord shall consent to a proposed sublease or grant of an option for sublease if such use is consistent with the permitted uses of the Premises set forth in Section 1.3 in this Lease. If Landlord shall give its consent to any sublease, this Section 16.3 shall nevertheless continue in full force and effect and no further sublease shall be made without Landlord’s consent. No sublease authorized under this Section 16.3 shall relieve or release the Tenant from any obligation or responsibility required of the Tenant under this Lease. Landlord agrees to enter into non-disturbance and attornment agreements with commercial subtenants, if any, upon commercially reasonable terms if requested to do so.

16.3.2 Except with respect to an Exempt Sublease, if Tenant desires to sublease, or grant an option for sublease, for the whole or part of the Premises, or any portion of this Lease or any interest therein, Tenant shall notify Landlord in writing of said desire and the details of the proposed agreement at least sixty (60) days prior to the proposed date of sublease, or grant of an option therefor, to a third party. The notification shall include to a full disclosure of the monetary payment or any other consideration involved, the proposed date of the sublease, and a copy of the sublease agreement between the Tenant and new tenant. Tenant shall also provide any financial, corporate or other information regarding the proposed sublease or the subtenant reasonably requested by Landlord.

16.3.3 Any sublease made in violations of this Section 16.3 shall be null and void and without any effect whatsoever and may be deemed by Landlord as a default under the Lease.

Section 16.4 Permitted Rental Agreements. Notwithstanding anything to the contrary elsewhere in this Lease, Tenant shall have the unrestricted right at any time and from time to time to enter into, or as applicable, cause its affiliated subtenant to enter into apartment rental agreements with residential apartment tenants at the Project (each, a “**Permitted Rental Agreement**”), all without the necessity of obtaining Landlord’s prior consent thereto or approval thereof. All Permitted Rental Agreements shall be subject and subordinate to this Lease and in no event shall the term of any Permitted Rental Agreement extend beyond the expiration date of the Term of this Lease. Upon any earlier expiration or termination of this Lease, all then-effective Permitted Rental Agreements shall, at Landlord’s election, likewise terminate.

**ARTICLE 17**  
**RELEASE AND INDEMNIFICATION**

Section 17.1 Releases. This Lease is made upon the express condition that except as specifically set forth herein, Landlord is to be free from and Tenant assumes the risk of all liability and claims for damage, loss, cost or expense by reason of any injury, loss or theft of any property in or from the Premises or the improvements or by reason of any injury to any person or persons, including Tenant, or any property of any kind whatsoever and to whomsoever belonging, including Tenant, from any cause or causes whatsoever, in, upon or in any manner connected with the Premises or the improvements or with the sidewalks, approaches, and entrances adjacent to the Premises, during the term of this Lease or any extension or renewal thereof or any occupancy hereunder. Without limiting the generality of the foregoing, Landlord and the Landlord Parties shall not be liable for any loss or damage to persons or property resulting from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from any cause, whether the said damage or injury results from conditions arising upon the Premises, the adjacent property or from other sources or places regardless of whether the same is inaccessible to Tenant, except to the extent caused by the negligent acts and omissions of Landlord or any Landlord Party.

Section 17.2 Indemnification. Notwithstanding any other provision of this Lease, the Tenant hereby agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to the Landlord) the Landlord and the other Landlord Parties from and against any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including, but not limited to, attorneys' fees and expenses), arising directly or indirectly, in whole or in part, out of the use of and operations at the Premises, including but not limited to: (1) any claims for personal injury or property damage made by Landlord, any Landlord Party, or any third party; and (2) any act or omission by Tenant or any Tenant Parties in connection with the Premises. Notwithstanding the foregoing, the foregoing indemnification obligations by Tenant shall not extend or apply to the negligent acts and omissions of Landlord or any Landlord Party. In addition, if any contractor or subcontractor that performed any construction work for the Tenant or the Tenant's affiliates on the Project asserts any claim against the Landlord on account of any damage alleged to have been caused by the Tenant or the Tenant's affiliates, their members, partners, officers, commissioners, directors, affiliates (other than Landlord), agents or employees, or their construction contractors, then the Tenant shall defend at its own expense any suit based upon such claim; and if any judgment or claim against the Landlord shall be allowed, the Tenant shall pay or cause to be paid or satisfied such judgment or claim and pay all costs and expenses in connection therewith. Tenant hereby waives for itself and its employees any immunity to which it or they may be entitled under the industrial insurance provisions of Title 51 R.C.W. but only to the extent necessary to indemnify Landlord and the Landlord Parties, which waiver has been mutually negotiated by the Parties. In the event it is determined that RCW 4.24.115 applies to this Lease, Tenant agrees to defend, hold harmless, and



indemnify Landlord to the maximum extent permitted thereunder. These indemnities shall survive the termination of this Lease.

Section 17.3 Miscellaneous. Tenant's indemnity obligations under this Article 17 are in addition to, and separate from, Tenant's indemnity obligations under Article 14 of this Lease regarding Hazardous Materials and environmental compliance. Tenant's indemnity obligations under this Article 17 do not include Hazardous Materials and environmental compliance.

## **ARTICLE 18**

### **MISCELLANEOUS PROVISIONS**

Section 18.1 Entire Agreement. This Lease (and the Exhibits hereto), together with the Existing Project Agreements, contain the entire agreement and understanding between Landlord and Tenant concerning the subject matter of this Lease, and supersede all prior agreements, terms, understandings, conditions, representations and warranties, whether written or oral, made by Landlord or Tenant concerning the Property, Premises, or Project or the other matters which are the subject of this Lease. The Parties acknowledge that each Party and its counsel have reviewed this Lease and participated in its drafting and therefore that the rule of construction that any ambiguities are to be resolved against the drafting Party shall not be employed nor applied in the interpretation of this Lease.

Section 18.2 Governing Law; Choice of Venue; Attorneys' Fees. The interpretation, construction and enforcement of this Lease, and all matters relating hereto, shall be governed by the laws of the State of Washington without giving effect to its conflicts of law rules or choice of law provisions. Subject to matters governed by the Dispute Process pursuant to Article 19 below, any judicial proceeding brought by either of the Parties against the other Party or any dispute arising out of this Lease, the Premises, or the Project, or any matter relating thereto, shall be brought in the Superior Court of the State of Washington (in King County), or in the United States District Court for the Western District of Washington. In that regard, each Party hereby waives any defense of inconvenient forum and any bond or other security that might otherwise be required of the other Party with respect to such choice of judicial forum. If any legal action or other proceeding is commenced to enforce or interpret any provision of, or otherwise relating to, this Lease, the substantially losing Party shall pay the substantially prevailing Party's actual expenses incurred in the investigation of any claim leading to the proceeding, preparation for and participation in the proceeding, any appeal or other post judgment motion, and any action to enforce or collect the judgment including contempt, garnishment, levy, discovery and bankruptcy. For purposes of this Section 18.2 "expenses" include, without limitation, court or other proceeding costs and experts' and attorneys' fees and their expenses. The phrase "substantially prevailing Party" shall mean the Party who is determined in the proceeding to have primarily prevailed or who prevails by dismissal, default or otherwise.

Section 18.3 Binding Effect. This Lease shall inure to the benefit of and be binding upon the Parties hereto, their heirs, successors, administrators, executors, and permitted assigns.

Section 18.4 Severability. The provisions of this Lease are intended to be severable and enforced to the maximum extent permitted by law. If for any reason any provision of this Lease shall be held invalid, illegal or unenforceable in whole or in part, then that provision shall be ineffective only to the extent of the invalidity, illegality or unenforceability, without in any manner affecting the validity, legality or enforceability of the unaffected portion and the remaining provisions of the Lease. The unaffected portion and provisions of the Lease will be enforced to the maximum extent permitted by law.

Section 18.5 Further Assurances. From and after the date of this Lease, Landlord and Tenant, at the request of the other Party, shall make, execute and deliver or obtain and deliver all such affidavits, deeds, certificates, resolutions and other instruments and documents, and shall do or cause to be done all such other things that either Party may reasonably require in order to effectuate the provisions and the intention of this Lease, provided that the same may be done at no material cost to the Party receiving such request; and provided further, that where this Lease provides for specific forms of or limitations on such further instruments, the Parties shall abide by the same.

Section 18.6 References; Construction. Unless otherwise indicated, (1) all section and exhibit references are to the sections and exhibits of this Lease, and (2) all references to days are to calendar days. The Exhibits hereto are incorporated herein by this reference; provided that in the event of any conflict or inconsistency between this Lease and any of the Existing Project Agreements, the terms and provisions of this Lease shall control. Whenever under the terms of this Lease the time for performance of a covenant or condition falls upon a Saturday, Sunday or State of Washington holiday, such time for performance shall be extended to the next business day. The headings used in this Lease are provided for convenience only and this Lease shall be interpreted without reference to any headings. The masculine, feminine or neuter gender and the singular or plural number shall be deemed to include the others whenever the context so indicates or requires.

Section 18.7 Intentionally Omitted.

Section 18.8 Intentionally Omitted.

Section 18.9 Intentionally Omitted.

Section 18.10 Rights Cumulative; Amendments and Waivers. Except as expressly limited by the terms of this Lease, all rights, powers and privileges conferred hereunder shall be cumulative and not restrictive of those provided at law or in equity. No addition to or modification of this Lease shall be effective unless set forth in writing and signed by the Party against whom the addition or modification is sought to be enforced and accompanied by the prior written consent of the Leasehold Mortgagees. The Party benefited by any condition or obligation may waive the same, but such waiver shall not be enforceable by the other Party unless made in writing and signed by the waiving Party. No delay or failure to require performance of any provision of this Lease shall

constitute a waiver of that provision. Any waiver granted shall apply solely to the specific instance expressly stated.

Section 18.11 Notices. All notices, demands, approvals, and other communications provided for in this Lease shall be in writing and shall be effective (1) upon receipt when personally delivered to the recipient at the recipient's address set forth below; (2) when received by United States mail, postage prepaid, by registered or certified mail, return receipt requested, addressed to the recipient as set forth below, or when such receipt is rejected; (3) one (1) business day after deposit with a recognized overnight courier or delivery service; or (4) when electronically transmitted (including email or facsimile) to the email address or facsimile number set forth below. A Party disputing delivery or receipt of email notice shall have the burden of proving that the email notice was not delivered or received or both. If the date on which any notice to be given hereunder falls on a Saturday, Sunday or federal or state legal holiday, then such date shall automatically be extended to the next business day immediately following such Saturday, Sunday or legal holiday. A Party may change its address or other contact information by giving notice as specified in this Section 18.11.

If to Landlord: King County Metro Transit Department  
Attn: Director of Capital Division, Metro Transit Department  
201 South Jackson Street  
KSC-TR-0415  
Seattle, WA 98104-3856

With a copy to: Facilities Management Division  
Real Estate Services Section  
401 5<sup>th</sup> Ave, Suite 930  
Seattle, WA 98104

With a copy to: King County Prosecuting Attorney Office  
Attn: Chief Civil Deputy Prosecuting Attorney  
701 5th Avenue  
Seattle, WA 98104

If to Tenant: Northgate Affordable Housing LLLP  
c/o BRIDGE Housing Corporation  
350 California Street, 16<sup>th</sup> Floor  
San Francisco, CA 94104  
Attention: Rebecca Hlebasko, General Counsel

With a copy to: Community Roots Housing  
1620 – 12<sup>th</sup> Ave., Suite 205  
Seattle, WA 98122  
Attn: Thea Munchel, Vice President, Real Estate Development

With a copy to: Kantor Taylor PC  
1200 5<sup>th</sup> Avenue, Suite 1910  
Seattle, WA 98101  
Attn: Mark Kantor

If to Lender(s): Bank of America, N.A.  
4500 Amon Carter Blvd., 2nd Floor  
Fort Worth, TX 76155  
TX2-979-02-2  
Attn: Construction Servicing (Real Estate) Loan Administration  
Manager

Copy to: Buchalter, a Professional Corporation  
1000 Wilshire Blvd., Suite 1500  
Los Angeles, CA 90017  
Attn: Michael Williamson, Esq.  
Re: Northgate Apartments (B0965-0747)

If to Limited Partner: Bank of America, N.A.  
100 Federal Street, 4th Floor  
MA5-100-04-11  
Boston, MA 02110  
Attn: Asset Management

Copy to: Buchalter, a Professional Corporation  
1000 Wilshire Blvd., Suite 1500  
Los Angeles, CA 90017  
Attn: Michael Williamson, Esq.  
Re: Northgate Apartments (B0965-0748)

Section 18.12 Counterparts. This Lease may be executed and delivered in counterparts as a PDF file delivered by email, or as a facsimile copy, and each counterpart so executed and delivered is original, and such counterparts together shall constitute but one and the same instrument. It shall not be necessary that the signature of, or on behalf of, each Party, or that the signature of all persons required to bind any Party, appear on each counterpart. It shall not be necessary in making proof of this Lease to produce or account for more than a single counterpart containing the respective signatures of, or on behalf of, each Party hereto. Any executed signature page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures thereon and thereafter may be attached to another counterpart identical thereto except having attached to it such additional executed signature pages.

Section 18.13 Time of Essence. Time is of the essence in the performance of the Parties' respective obligations under this Lease, and no notice of a Party's intent to require strict compliance with the deadlines set forth in this Lease is required.

Section 18.14 No Third-Party Beneficiaries. Except for Leasehold Mortgagees and the Limited Partner with respect to rights, powers and interests granted to them hereunder, nothing in this Lease, express or implied, is intended to confer any rights or remedies under or by reason of this Lease on any person other than the Parties to it, nor is anything in this Lease intended to relieve or discharge any obligation of any third person to any Party hereto or give any third person any right of subrogation or action over or against any Party to this Lease.

Section 18.15 Commissions; Indemnity. Neither Landlord nor Tenant is represented by a broker in this transaction. Each Party represents to the other party that the representing party has incurred no liability for any brokerage commission or finder's fee arising from or relating to the negotiation or execution of this Lease. Each Party hereby indemnifies and agrees to protect, defend and hold harmless the other Party from and against all liability, cost, damage or expense (including, without limitation, attorneys' fees and costs incurred in connection therewith) on account of any brokerage commission or finder's fee which the indemnifying Party has agreed to pay or which is claimed to be due as a result of the actions of the indemnifying Party. This Section 18.15 is intended to be solely for the benefit of the Parties hereto and is not intended to benefit, nor may it be relied upon by, any person or entity not a Party to this Lease.

Section 18.16 Memorandum of Lease. This Lease shall not be recorded, but the Parties hereto shall execute an Amended and Restated Memorandum of Lease in the form attached hereto as **Exhibit D** and Tenant shall cause the same to be recorded at its expense in the real property records of King County, Washington. Tenant agrees to execute, within ten (10) days after written demand from Landlord, an appropriate release and/or cancellation instrument, in proper form for recordation, acknowledging the expiration or earlier termination of the Lease.

Section 18.17 Relationship of Parties. Nothing contained in this Lease shall be construed to create, nor shall either Party represent the existence of, a partnership, a joint venture, an association, a corporation, a trust or other entity, nor to constitute either Party the agent of the other.

Section 18.18 Intentionally Omitted.

Section 18.19 Non-publicity. Except for those matters that must be disclosed to perform the commitments of Tenant under this Lease, and except as otherwise provided by applicable law, Tenant agrees that no press releases concerning the transactions provided for in this Lease shall be made by Tenant without the prior written consent of Landlord. The provisions of this Section 18.19 shall survive any termination of this Lease. Notwithstanding the foregoing, Landlord and Tenant acknowledge that the existence of this Lease and certain of its terms will become public. Further, the provisions of this Section 18.19 shall not be applicable to Tenant with respect to

information that becomes public through parties other than Tenant, including information that may become public through information requests directed at Landlord and information that may become public as part of Landlord's internal approval processes. Finally, Landlord acknowledges that Tenant may disclose the terms of this Lease for the purposes of financing the Project.

Section 18.20 Force Majeure. The Parties hereby acknowledge and agree that the times set forth in this Lease shall not be subject to delay, except to the extent a Force Majeure Event has occurred, and then only as provided in this Section. For purposes of this Lease, a "**Force Majeure Event**" shall mean any delay due to war, insurrection, riots, civil disturbances, floods, fires, casualties, earthquakes, tsunamis, acts of God, acts of the public enemy, epidemics, quarantine restrictions of more than three (3) consecutive calendar months in duration, any actions by any Governmental Authorities beyond a Party's reasonable control (other than issuance or an appeal of any permits, approval, or other entitlements); provided, however, any financial inability, or an economic downturn as the result of any of the foregoing or any other cause, shall not be deemed a Force Majeure Event. A Force Majeure Event shall not toll or extend the Expiration Date.

Section 18.21 Waiver of Jury Trial. LANDLORD AND TENANT IRREVOCABLY WAIVE ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, COUNTERCLAIM OR OTHER LITIGATION ARISING OUT OF OR RELATING TO THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT UNDER THIS LEASE, THE ENFORCEMENT OF THIS LEASE, TENANT'S USE OR OCCUPANCY OF THE PREMISES, ANY CLAIM OF INJURY OR DAMAGE ARISING BETWEEN LANDLORD AND TENANT, OR ANY ACTIONS OF LANDLORD IN CONNECTION WITH OR RELATING TO THE ENFORCEMENT OF THIS LEASE.

Section 18.22 Acceptance of Service of Process. In the event that Landlord or a Landlord Party commences any legal action against Tenant, service of process on Tenant shall be made by personal service upon Tenant, or in such manner as may be provided by law, and shall be valid whether made within or without the State of Washington.

Section 18.23 Nondiscrimination. Tenant, on behalf of itself and its successors and assigns, as a part of the consideration hereof, does hereby covenant and agree to comply with all civil rights and anti-discrimination requirements of federal, state and local laws applicable to the Premises, including, without limitation, Chapter 49.60 RCW. Tenant shall not discriminate on the basis of race, color, marital status, national origin, religious affiliation, disability, sexual orientation, gender identity or expression or age except by minimum age and retirement provisions, unless based upon a bona fide occupational qualification, in the employment or application for employment or in the administration or delivery of services or any other benefits under King County Code Chapter 12.16, as now codified and as hereafter amended. Tenant shall comply fully with all applicable federal, state and local laws, ordinances, executive orders and regulations that prohibit such discrimination. These laws include, but are not limited to, King County Charter Section 840, Chapter 49.60 RCW, and Titles VI and VII of the Civil Rights Act of 1964. Any violation of this provision shall be considered a default of this Lease and shall be grounds for

cancellation, termination, or suspension, in whole or in part, of this Lease and may result in ineligibility for further agreements between the Parties.

**ARTICLE 19**  
**DISPUTE RESOLUTION AND RELATED MATTERS**

Section 19.1 Certain Matters Not Subject to Dispute Resolution. The following matters are not subject to dispute resolution under Section 19.2 of this Lease: (1) Any dispute or matter involving any action by Landlord that seeks repossession of the Premises as part of Landlord's remedy, whether by unlawful detainer, or ejection, or otherwise; (2) any action by Landlord seeking an injunction or temporary restraining order; (3) any action for the collection of Rent; (4) any matter related to Landlord's assertion that the Tenant is in uncured default under this Lease; or (5) any matter arising out of or related to eminent domain proceedings against the Premises or the Project by any governmental entity.

Section 19.2 Certain Disputes Subject to Dispute Resolution. Disputes that are not excluded from dispute resolution under Section 19.1 shall be subject to dispute resolution under this Section 19.2.

19.2.1 Landlord and Tenant agree to communicate regularly to discuss matters arising under this Lease and to prevent disputes from arising. Except as otherwise provided, the Parties agree further to use their best efforts to resolve any disputes arising under this Lease using good-faith negotiations through the following Dispute Process:

Step One. Landlord and Tenant or their designees shall confer and attempt to resolve the dispute within ten (10) business days of written notification by either Party.

Step Two. In the event Landlord and Tenant or their designees are unable to resolve the dispute within ten (10) business days as provided in Step One, either Party may refer the dispute to Landlord's and Tenant's authorized representatives or their respective designees. They shall confer and attempt to resolve the dispute within five (5) business days of receiving the referral.

Step Three. In the event Landlord's and Tenant's authorized representatives or their respective designees are unable to resolve the dispute within five (5) business days as provided in Step Two, either Party may refer the dispute to Landlord's Metro General Manager and such representative as designated for this purpose by Tenant. They shall confer and attempt to resolve the dispute within five (5) business days after receiving the referral.

Before initiating a step described above, each Party shall notify the other with the name and contact information of person designated to act on behalf of the respective Party.

19.2.2 If the Parties are unable to resolve the dispute using the process set forth in Steps One through Three above, the Parties may, by agreement, choose to submit the matter to a non-binding mediator. The Parties shall share equally in the cost of the mediator.

19.2.3 As to matters that are subject to dispute resolution under this Section 19.2 neither Party shall have the right to seek relief in a court of law until and unless Steps One through Three above are exhausted. At all times during the course of such dispute resolution efforts, the Parties agree to continue to perform their respective responsibilities under this Lease with due diligence.

19.2.4 The Parties agree that as between them, applicable statutes of limitation or statutes of repose shall be tolled while the Parties implement the dispute resolution process set forth in this Section 19.2.

19.2.5 For the avoidance of doubt, the dispute resolution procedures and requirements set forth in this Article 19 shall not apply to the Leasehold Mortgagees.

## **ARTICLE 20 EXHIBITS**

Section 20.1 List of Exhibits. The following Exhibits are attached to this Lease and are incorporated herein by reference:

- A. Legal Description of the Property
- A-1. Site Plan
- B. Legal Description of the Premises
- C. Form of Ground Lessor Estoppel
- D. Form of Amended and Restated Memorandum of Ground Lease for Affordable Housing
- E. Copy of Due Diligence Agreement
- F. Copy of Development Agreement
- G-1 Intentionally Omitted
- G-2 Intentionally Omitted
- G-3 Intentionally Omitted
- H. Conceptual Illustration of Potential Redevelopment Sites
- I. Intentionally Omitted
- J. Updated Development & Milestone Schedule

*[Signatures on Following Page]*



IN WITNESS WHEREOF, this Lease is made and entered into in multiple original counterparts.

**LANDLORD:**

**KING COUNTY**, a home rule charter and  
Washington political subdivision:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Approved as to form for King County:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

STATE OF WASHINGTON

ss:

COUNTY OF KING

I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the \_\_\_\_\_ of KING COUNTY, a home rule charter and Washington political subdivision, to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_.

\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,  
residing at \_\_\_\_\_

My appointment expires \_\_\_\_\_

IN WITNESS WHEREOF, this Lease is made and entered into in multiple original counterparts.

**TENANT:**

**NORTHGATE AFFORDABLE HOUSING LLLP,**  
a Washington limited liability limited partnership

By: Northgate Affordable LLC,  
a Washington limited liability company  
Its: General Partner

By: BRIDGE Housing Corporation,  
a California nonprofit public benefit corporation  
Its: Manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: Community Roots Housing,  
a Washington public corporation  
Its: Manager

By: \_\_\_\_\_  
Name: Christopher Persons  
Title: Chief Executive Officer  
Date: \_\_\_\_\_

NOTICE: COMMUNITY ROOTS HOUSING IS ORGANIZED PURSUANT TO SEATTLE MUNICIPAL CODE (SMC) CHAPTER 3.110 AND RCW 35.21.660, 35.21.670 AND 35.21.730-.755. RCW 35.21.750 PROVIDES AS FOLLOWS:

“ALL LIABILITIES INCURRED BY SUCH PUBLIC CORPORATION, COMMISSION OR AUTHORITY SHALL BE SATISFIED EXCLUSIVELY FROM THE ASSETS AND PROPERTIES OF SUCH PUBLIC CORPORATION, COMMISSION OR AUTHORITY AND NO CREDITOR OR OTHER PERSON SHALL HAVE ANY RIGHT OF ACTION AGAINST THE CITY, TOWN OR COUNTY CREATING SUCH PUBLIC CORPORATION, COMMISSION OR AUTHORITY ON ACCOUNT OF ANY DEBTS, OBLIGATIONS OR LIABILITIES OF SUCH PUBLIC CORPORATION, COMMISSION OR AUTHORITY.”

STATE OF WASHINGTON

ss:

COUNTY OF KING

I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the \_\_\_\_\_ of BRIDGE HOUSING CORPORATION, a California nonprofit public benefit corporation, the Manager of NORTHGATE AFFORDABLE LLC, a Washington limited liability company, the General Partner of NORTHGATE AFFORDABLE HOUSING LLLP, a Washington limited liability limited partnership, to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_.

\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,  
residing at \_\_\_\_\_

My appointment expires \_\_\_\_\_

STATE OF WASHINGTON

ss:

COUNTY OF KING

I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the \_\_\_\_\_ of COMMUNITY ROOTS HOUSING, a Washington public corporation, the Manager of NORTHGATE AFFORDABLE LLC, a Washington limited liability company, the General Partner of NORTHGATE AFFORDABLE HOUSING LLLP, a Washington limited liability limited partnership, to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_.

\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Legibly Print or Stamp Name of Notary)  
Notary public in and for the State of Washington,  
residing at \_\_\_\_\_  
My appointment expires \_\_\_\_\_

**Exhibit A**

**Legal Description of the Property**

PARCEL Y OF BOUNDARY ADJUSTMENT NO. 3040593-LU AS RECORDED  
SEPTEMBER 8, 2023 UNDER RECORDING NO. 20230908900001, RECORDS OF KING  
COUNTY, WASHINGTON.

**Exhibit A-1**

**Site Plan**

**[attached]**

**Exhibit B**

**Legal Description of the Premises**

The land referred to herein below is situated in the County of King, State of Washington, and is described as follows:

**PARCEL A:**

UNIT 1, [NORTHGATE], A CONDOMINIUM, ACCORDING TO DECLARATION THEREOF RECORDED [\_\_\_\_], UNDER KING COUNTY RECORDING NO. [\_\_\_\_], AND AMENDMENT(S) THERETO; SAID UNIT IS LOCATED ON SURVEY MAP AND PLANS FILED IN VOLUME [\_\_] OF CONDOMINIUMS, AT PAGES [\_\_] THROUGH [\_\_], IN KING COUNTY, WASHINGTON.

**PARCEL B:**

A NON-EXCLUSIVE EASEMENT FOR ACCESS AS CREATED BY BOUNDARY ADJUSTMENT NO. 3040593-LU AS RECORDED SEPTEMBER 8, 2023 UNDER RECORDING NO. 20230908900001, RECORDS OF KING COUNTY, WASHINGTON.

**PARCEL C:**

A NON-EXCLUSIVE EASEMENT FOR ACCESS AND UTILITIES AS CREATED BY GRANT OF NON-EXCLUSIVE EASEMENT FOR PRIVATE ACCESS AND UTILITIES RECORDED DECEMBER 21, 2023 UNDER RECORDING NO. 20231221000733, RECORDS OF KING COUNTY, WASHINGTON.

**PARCEL D:**

A NON-EXCLUSIVE EASEMENT FOR GLAZING SETBACK/NO BUILD AREAS CREATED BY GRANT OF NON-EXCLUSIVE EASEMENT FOR GLAZING SETBACK/NO-BUILD AREA RECORDED DECEMBER 21, 2023 UNDER RECORDING NO. 20231221000734, RECORDS OF KING COUNTY, WASHINGTON.

**PARCEL E:**

A NON-EXCLUSIVE EASEMENT FOR ACCESS AND SETBACK/NO BUILD AREA CREATED BY GRANT OF NON-EXCLUSIVE EASEMENT FOR ACCESS AND SETBACK/NO-BUILD AREA RECORDED DECEMBER 21, 2023 UNDER RECORDING NO. 20231221000735, RECORDS OF KING COUNTY, WASHINGTON.

**PARCEL F:**



A NON-EXCLUSIVE EASEMENT FOR CRANE BOOM, ACCESS, STAGING AND CONSTRUCTION OF IMPROVEMENTS AS CREATED BY CONSTRUCTION EASEMENT AGREEMENT RECORDED DECEMBER 21, 2023 UNDER RECORDING NO. 20231221000736, RECORDS OF KING COUNTY, WASHINGTON.

**Exhibit C**

**Form of Ground Lessor Estoppel**

**[attached]**

**Exhibit D**

**Form of Amended and Restated Memorandum of Ground Lease for Affordable Housing**

RECORDED AT THE REQUEST OF  
AND AFTER RECORDING RETURN TO:

Facilities Management Division  
Real Estate Services Section  
401 Fifth Avenue Suite 930  
Seattle, WA 98104

**AMENDED AND RESTATED MEMORANDUM OF GROUND LEASE  
FOR AFFORDABLE HOUSING**

Grantor: KING COUNTY, a home rule charter county and legal successor in interest to the Metropolitan Municipality of Seattle, as "Landlord"  
Grantee: NORTHGATE AFFORDABLE HOUSING LLLP, a Washington limited liability limited partnership, as "Tenant"  
Legal Description: [Unit 1, Volume \_\_\_\_\_ of Condominiums, Pages \_\_\_\_\_]  
Assessor's Tax Parcel ID#: 322604-9325 \_\_\_\_\_  
Reference No.: 20231221000732

THIS AMENDED AND RESTATED MEMORANDUM OF GROUND LEASE FOR AFFORDABLE HOUSING (this "A&R Memorandum") is made as of this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_\_, by and between KING COUNTY, a home rule charter county and legal successor in interest to the Metropolitan Municipality of Seattle ("Landlord"), and NORTHGATE AFFORDABLE HOUSING LLLP, a Washington limited liability limited partnership ("Tenant").

**RECITALS**

1. Landlord and Tenant are parties to that certain Ground Lease dated as of December 21, 2023 (the “**Original Lease**”), wherein Landlord leased to Tenant certain real property legally described on **Exhibit "A"** attached hereto and incorporated herein by reference (the “**Original Premises**”), a memorandum of which Original Lease was recorded in the real property records of King County, Washington as instrument number 20231221000732;

2. Landlord and Tenant have entered into that certain Amended and Restated Ground Lease for Affordable Housing dated on or about the date hereof (the “**A&R Lease**”). Pursuant to the A&R Lease, the parties replaced the legal description of the premises attached to the A&R Lease as Exhibit B in its entirety and replaced the legal description with **Exhibit "B"** attached hereto and incorporated herein by reference (the “**Amended Premises**”), such that the “Premises” under the A&R Lease shall be the Amended Premises; and

3. Landlord and Tenant have prepared and executed this A&R Memorandum for the purpose of recordation to provide notice of the amendment to the Original Premises as set forth herein.

### AGREEMENT

NOW, THEREFORE, in consideration of the A&R Lease and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. Incorporation of Recitals; Capitalized Terms. The foregoing Recitals shall be incorporated as though fully set forth herein. Any capitalized terms not defined in this A&R Memorandum shall have the meanings ascribed thereto in the A&R Lease.
2. The Lease. Landlord has leased to Tenant, and Tenant has leased from Landlord, pursuant to the terms and conditions of the A&R Lease, the Amended Premises.
3. Lease Term. The Term of the A&R Lease is a period of seventy-five (75) years, commencing on the Commencement Date defined in the Original Lease and expiring on December 21, 2098, unless sooner terminated in accordance with the A&R Lease.
4. Assignments, Subleases, and Other Transfers Restricted. Tenant acknowledges that: (i) Landlord is relying on the real estate and development expertise of Tenant to assure the quality of the development of the Project; (ii) the design, use, operation and maintenance of the Project and its components are deemed critical by Landlord; (iii) a change in ownership or control of Tenant, or of a substantial part thereof, or any other act or transaction involving or resulting in a significant change in ownership, could have a material adverse impact on the development of the Project; and (iv) the qualifications and identity of the Tenant are of particular concern to Landlord. Tenant further recognizes that it is because of such qualifications and identity that Landlord is entering into the A&R Lease with Tenant. Accordingly, except to the extent expressly permitted in Article 7 of the A&R Lease (Leasehold Mortgages), and except in connection with Permitted Rental Agreements described in Article 16 of the A&R Lease, Tenant shall not voluntarily, involuntarily, or by operation of any law, sell, convey, mortgage, assign, sublet or otherwise transfer or encumber all or any part of Tenant's interest in the A&R Lease or the Amended Premises (any of the foregoing, a "Transfer") without Landlord's prior written consent in each instance, which consent may be

withheld in Landlord's sole and absolute discretion except as otherwise provided in Article 16 of the A&R Lease, and any attempt by Tenant to do so without this consent shall be, at Landlord's election, null and void and without any effect whatsoever, and may be deemed by Landlord as a default under the A&R Lease and no cure provision shall apply.

5. Additional Provisions. The A&R Lease contains additional rights, terms and conditions not enumerated in this instrument.

6. Purpose and Intention; Conflict. This A&R Memorandum is executed for the purpose of recordation in the Records, and is not intended, and shall not be construed, to define, limit or modify the A&R Lease. This A&R Memorandum creates no leasehold or other estate with respect to the Amended Premises and this A&R Memorandum documents no leasehold or other estate other than the leasehold estate that was created with respect to the Amended Premises by the A&R Lease. This A&R Memorandum shall be governed in all respects solely by the A&R Lease and all of the provisions thereof. In the event of any inconsistency between the provisions of this A&R Memorandum and the A&R Lease, the provisions of the A&R Lease shall control.

7. Cancellation of Memorandum of Lease. Unless sooner terminated by specific written agreement of Landlord and Tenant, this A&R Memorandum shall expire and be of no further force or effect immediately, and without further action, upon the expiration or earlier termination of the A&R Lease. To evidence such termination or expiration pursuant to this Section, each Party agrees, within five (5) business days after the written request of the other Party, to enter into and record an appropriate release and/or cancellation instrument, in proper form for recordation in the Records, acknowledging the expiration or earlier termination of the A&R Lease (the "Cancellation"). If Tenant fails to timely deliver the Cancellation, and such failure continues for an additional five (5) business days after a second written notice, Tenant hereby appoints Landlord as Tenant's attorney-in-fact for the limited purpose to prepare, execute and record the Cancellation. This appointment shall be coupled with an interest and irrevocable.

8. Binding Effect. All of the provisions of this A&R Memorandum shall inure to the benefit of and shall be binding upon the successors and assigns of Landlord and Tenant; provided, however, any such assignment shall be subject to the terms and conditions of the A&R Lease.

9. Counterparts. This A&R Memorandum may be executed and delivered in counterparts as a PDF file delivered by email, or as a facsimile copy, and each counterpart so executed and delivered is original, and such counterparts together shall constitute but one and the same instrument. It shall not be necessary that the signature of, or on behalf of, each Party, or that the signature of all persons required to bind any Party, appear on each counterpart. It shall not be necessary in making proof of this A&R Memorandum to produce or account for more than a single counterpart containing the respective signatures of, or on behalf of, each Party hereto. Any executed signature page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures thereon and thereafter may be attached to another counterpart identical thereto except having attached to it such additional executed signature pages.

*[Signatures on Following Page]*

IN WITNESS WHEREOF, this Amended and Restated Memorandum of Ground Lease is made and entered into in multiple original counterparts on the day and year first above written.

**LANDLORD/KCM:**

**TENANT:**

**KING COUNTY**, a home rule charter and Washington political subdivision:

**NORTHGATE AFFORDABLE HOUSING LLLP**, a Washington limited liability limited partnership

By: \_\_\_\_\_

By: Northgate Affordable LLC,  
a Washington limited liability company

Name: \_\_\_\_\_

Its: General Partner

Title: \_\_\_\_\_

**BY:**

Approved as to form for King County:

**BRIDGE HOUSING CORPORATION**, a California nonprofit public benefit corporation  
Its: Manager

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name:

Title: \_\_\_\_\_

Title:

**And:**

**COMMUNITY ROOTS HOUSING**, a Washington public benefit corporation  
Its: Manager

By: \_\_\_\_\_

Name:

Title:

NOTICE: COMMUNITY ROOTS HOUSING IS ORGANIZED PURSUANT TO SEATTLE MUNICIPAL CODE (SMC) CHAPTER 3.110 AND RCW 35.21.660, 35.21.670 AND 35.21.730-.755. RCW 35.21.750 PROVIDES AS FOLLOWS:

“ALL LIABILITIES INCURRED BY SUCH PUBLIC CORPORATION, COMMISSION OR AUTHORITY SHALL BE SATISFIED EXCLUSIVELY FROM THE ASSETS AND PROPERTIES OF SUCH PUBLIC CORPORATION, COMMISSION OR AUTHORITY AND NO CREDITOR OR OTHER PERSON SHALL HAVE ANY RIGHT OF ACTION AGAINST THE CITY, TOWN OR COUNTY CREATING SUCH PUBLIC CORPORATION, COMMISSION OR AUTHORITY ON ACCOUNT OF ANY DEBTS, OBLIGATIONS OR LIABILITIES OF SUCH PUBLIC CORPORATION, COMMISSION OR AUTHORITY.”

STATE OF WASHINGTON

ss:

COUNTY OF KING

I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the \_\_\_\_\_ of KING COUNTY, a home rule charter and Washington political subdivision, to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_.

\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,  
residing at \_\_\_\_\_

My appointment expires \_\_\_\_\_

STATE OF WASHINGTON

COUNTY OF KING

ss:

I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the \_\_\_\_\_ of BRIDGE HOUSING CORPORATION, a California nonprofit public benefit corporation, the Manager of NORTHGATE AFFORDABLE LLC, a Washington limited liability company, the General Partner of NORTHGATE AFFORDABLE HOUSING LLLP, a Washington limited liability limited partnership, to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_.

\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,  
residing at \_\_\_\_\_

My appointment expires \_\_\_\_\_



STATE OF WASHINGTON

COUNTY OF KING

ss:

I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the \_\_\_\_\_ of COMMUNITY ROOTS HOUSING, a Washington public corporation, the Manager of NORTHGATE AFFORDABLE LLC, a Washington limited liability company, the General Partner of NORTHGATE AFFORDABLE HOUSING LLLP, a Washington limited liability limited partnership, to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_.

\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Legibly Print or Stamp Name of Notary)  
Notary public in and for the State of Washington,  
residing at \_\_\_\_\_  
My appointment expires \_\_\_\_\_

**EXHIBIT A**

**To**

**Amended and Restated Memorandum of Ground Lease**

**Legal Description of the Original Premises**

PARCEL A:

PARCEL X OF BOUNDARY ADJUSTMENT NO. 3040593-LU AS RECORDED SEPTEMBER 8, 2023 UNDER RECORDING NO. 20230908900001, RECORDS OF KING COUNTY, WASHINGTON.

PARCEL B:

A NON-EXCLUSIVE EASEMENT FOR ACCESS AS CREATED BY BOUNDARY ADJUSTMENT NO. 3040593-LU AS RECORDED SEPTEMBER 8, 2023 UNDER RECORDING NO. 20230908900001, RECORDS OF KING COUNTY, WASHINGTON.

**EXHIBIT B**  
**To**

**Amended and Restated Memorandum of Ground Lease**

**Legal Description of the Amended Premises**

The land referred to herein below is situated in the County of King, State of Washington, and is described as follows:

[insert]

**Exhibit E**

**Due Diligence Agreement**

**[attached]**

**Exhibit F**

**Development Agreement**

**[attached]**

**Exhibit G-1**

Intentionally Omitted

**Exhibit G-2**

Intentionally Omitted

**Exhibit G-3**

Intentionally Omitted



**Exhibit H**

**Conceptual Illustration of Potential Redevelopment Sites**

**[attached]**

**Exhibit I**

**Intentionally Omitted**

**Exhibit J**

**Updated Development & Milestone Schedule**

Milestone	Construction Schedule Date	Outside Date
obtain building permit	[January 2, 2024]	[April 30, 2024]
substantially commence construction of the Project	[January 2, 2024]	[April 30, 2024]
substantially complete construction of the Project	[November 5, 2025]	[May 31, 2026]
obtain temporary or permanent certificate of occupancy for the Project	[November 5, 2025]	[May 31, 2026]

## Certificate Of Completion

Envelope Id: E0C78830-AB63-4DB2-A5AA-9BF5CAF8FF0A	Status: Completed
Subject: Complete with Docusign: Ordinance 19888 Attachment A.pdf, Ordinance 19888.docx	
Source Envelope:	
Document Pages: 5	Signatures: 3
Supplemental Document Pages: 78	Initials: 0
Certificate Pages: 5	Envelope Originator:
AutoNav: Enabled	Gavin Muller
Envelopeld Stamping: Enabled	401 5TH AVE
Time Zone: (UTC-08:00) Pacific Time (US & Canada)	SEATTLE, WA 98104
	gavin.muller@kingcounty.gov
	IP Address: 198.49.222.20

## Record Tracking

Status: Original	Holder: Gavin Muller	Location: DocuSign
1/29/2025 8:06:30 PM	gavin.muller@kingcounty.gov	
Security Appliance Status: Connected	Pool: FedRamp	
Storage Appliance Status: Connected	Pool: King County-Council	Location: DocuSign

## Signer Events

Girmay Zahilay  
girmay.zahilay@kingcounty.gov  
Security Level: Email, Account Authentication (None)

## Signature

Signed by:  
  
1AEA3C5077F8485...  
Signature Adoption: Pre-selected Style  
Using IP Address: 71.227.166.164

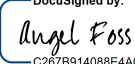
## Timestamp

Sent: 1/29/2025 8:08:07 PM  
Viewed: 1/30/2025 9:47:40 AM  
Signed: 1/30/2025 9:47:50 AM

## Electronic Record and Signature Disclosure:

Accepted: 1/30/2025 9:47:40 AM  
ID: 378e114c-6400-4e2d-a75f-9c630f250c98

Angel Foss  
angel.foss@kingcounty.gov  
Deputy Clerk of the Council  
King County Council  
Security Level: Email, Account Authentication (None)

DocuSigned by:  
  
C267B914088E4A0...  
Signature Adoption: Pre-selected Style  
Using IP Address: 198.49.222.20

Sent: 1/30/2025 9:47:51 AM  
Viewed: 1/30/2025 2:17:14 PM  
Signed: 1/30/2025 2:17:45 PM

## Electronic Record and Signature Disclosure:

Accepted: 9/30/2022 11:28:30 AM  
ID: 020c9a0a-c529-4443-8490-bad8ecc7fb95

Dow Constantine  
Dow.Constantine@kingcounty.gov  
King County Executive  
Security Level: Email, Account Authentication (None)

Signed by:  
  
4FBCAB8196AE4C6...  
Signature Adoption: Uploaded Signature Image  
Using IP Address: 146.129.84.117

Sent: 1/30/2025 2:17:47 PM  
Viewed: 2/6/2025 9:57:52 AM  
Signed: 2/6/2025 9:58:14 AM

## Electronic Record and Signature Disclosure:

Accepted: 2/6/2025 9:57:52 AM  
ID: 4f535393-8542-495a-890f-449c477914b5

In Person Signer Events	Signature	Timestamp
Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp

Certified Delivery Events	Status	Timestamp
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Carbon Copy Events	Status	Timestamp
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Ames Kessler akessler@kingcounty.gov Executive Legislative Coordinator & Public Records Officer King County Security Level: Email, Account Authentication (None) <b>Electronic Record and Signature Disclosure:</b> Not Offered via DocuSign	<b>COPIED</b>	Sent: 1/30/2025 2:17:48 PM Viewed: 1/30/2025 2:37:31 PM
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Witness Events	Signature	Timestamp
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Notary Events	Signature	Timestamp
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Envelope Summary Events	Status	Timestamps
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Envelope Sent	Hashed/Encrypted	1/29/2025 8:08:07 PM
Certified Delivered	Security Checked	2/6/2025 9:57:52 AM
Signing Complete	Security Checked	2/6/2025 9:58:14 AM
Completed	Security Checked	2/6/2025 9:58:14 AM

Payment Events	Status	Timestamps
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Electronic Record and Signature Disclosure
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## **ELECTRONIC RECORD AND SIGNATURE DISCLOSURE**

From time to time, King County-Department of 02 (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to this Electronic Record and Signature Disclosure (ERSD), please confirm your agreement by selecting the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

### **Getting paper copies**

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after the signing session and, if you elect to create a DocuSign account, you may access the documents for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

### **Withdrawing your consent**

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

### **Consequences of changing your mind**

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

### **All notices and disclosures will be sent to you electronically**

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

### **How to contact King County-Department of 02:**

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: [cipriano.dacanay@kingcounty.gov](mailto:cipriano.dacanay@kingcounty.gov)

### **To advise King County-Department of 02 of your new email address**

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at [cipriano.dacanay@kingcounty.gov](mailto:cipriano.dacanay@kingcounty.gov) and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

### **To request paper copies from King County-Department of 02**

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to [cipriano.dacanay@kingcounty.gov](mailto:cipriano.dacanay@kingcounty.gov) and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.

### **To withdraw your consent with King County-Department of 02**

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an email to [cipriano.dacanay@kingcounty.gov](mailto:cipriano.dacanay@kingcounty.gov) and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

### **Required hardware and software**

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: <https://support.docusign.com/guides/signer-guide-signing-system-requirements>.

### **Acknowledging your access and consent to receive and sign documents electronically**

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to ‘I agree to use electronic records and signatures’ before clicking ‘CONTINUE’ within the DocuSign system.

By selecting the check-box next to ‘I agree to use electronic records and signatures’, you confirm that:

- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify King County-Department of 02 as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by King County-Department of 02 during the course of your relationship with King County-Department of 02.