

**RENTAL PROJECT OWNER, SPONSOR, DEVELOPER AGREEMENT
HOME INVESTMENT PARTNERSHIPS PROGRAM**

AN AGREEMENT, by and between Kitsap County hereinafter referred to as "County" and **Pendleton Place LLC**, a Washington limited liability company, as project owner, sponsor or developer, hereinafter referred to as "Contractor" or "Subgrantee" by which the Contractor or Subgrantee agrees to carry out specific activities under Kitsap County's HOME Investment Partnership Program and establishing certain other terms and conditions of operation.

IN ADDITION TO THE TERMS AND CONDITIONS OF THIS AGREEMENT, the parties acknowledge that the following attachments, which are attached to this Agreement, are expressly incorporated by this reference.

ATTACHMENTS

- Attachment A – Budget Summary
- Attachment B – Certification Regarding Debarment, Suspension, and Other Responsibility Matters
- Attachment C – Certification Regarding Lobbying

The Contractor or Subgrantee shall also enter into the following instruments or agreements as a condition of the County to make a loan. These agreements are collectively known as the **LOAN DOCUMENTS**:

LOAN AGREEMENT

- Exhibit A: Promissory Note
- Exhibit B: Deed of Trust

LOW INCOME HOUSING COVENANT

PRIORITY AND SUBORDINATION AGREEMENT

IT IS MUTUALLY AGREED AS FOLLOWS:

ARTICLE I. PROJECT

SECTION 1. SCOPE OF SERVICES

The County, as recipient of HOME funds from the United States Department of Housing and Urban Development (HUD), hereby designates the Contractor or Subgrantee to undertake, and the Contractor or Subgrantee hereby agrees to undertake, subject to the terms of Article I Section 5 of this contract, the activities specifically described in the application and summarized below:

A. General Statement:

HOME funds will be used to construct seventy-two (72) units of permanent supportive rental housing called Pendleton Place, located in the city of Bremerton. The property will serve individuals with chronic mental illness or substance abuse disorders, chronic homelessness, and other disabling conditions, with incomes at or below 30% of the area median income for Kitsap County. The project will consist of thirty-six studio units and thirty-six 1-bedroom units.

All tenants will receive housing placement through Kitsap Mental Health Services (“KMHS”). The project will have six (6) HOME designated units.

B. The Contractor or Subgrantee shall:

- 1. Use 24 CFR Part 5 (Section 8) definition of Income for household eligibility determination of HOME units.*
- 2. Ensure the selected construction contractor(s) are not on the federal debarment list.*
- 3. Follow Section 3 of the Housing and Urban Development Act of 1968 regulatory requirements in hiring for the project and submit required documentation at the start of construction.*
- 4. Designate 6 **fixed** HOME units as follows: three studio units and three 1-bedroom unit, including one ADA unit and one A/C unit, with the unit numbers to be identified at project completion.*
- 5. Record the Low-Income Housing Covenant – HOME funds in this project are subject to affordability restrictions pursuant to 24 CFR 92.252. The affordability restriction will be enforced through the Low-Income Housing Covenant recorded on the property. This restriction will assure rent affordability to low income individuals with chronic mental illness or substance abuse disorders, chronic homelessness, and other disabling conditions, with incomes at or below 30% of the area median income for Kitsap County for **Twenty (20)** years.*
- 6. Follow High and Low HOME rents for all HOME units unless the HOME unit is also a Project Based Voucher Unit. In that case, the rent can go up to the maximum rent allowed under the project-based voucher program - Rents are determined by HUD and published annually for Kitsap County (Bremerton-Silverdale MSA). Initial rent will be based on published rents in affect at the time of project lease-up. HOME rent limits include utilities. All utilities are being paid by KMHS, so no deductions for tenant-paid utilities are required from the published HOME rents to determine the maximum rents that can be charged for a HOME assisted unit.*
- 7. Prior to rent-up, provide to the Kitsap County Block Grant Program for review and approval the lease, management plan and marketing plan to be used.*
- 8. Submit project rent schedule, including proposed rent increases, annually throughout the period of affordability. The Kitsap County Block Grant Program must approve the initial rent schedule and then annually thereafter.*
- 9. Participate in Period of Affordability Monitoring. This includes annual submittal to the Kitsap County Block Grant Program the Rent and Occupancy Report, Certification of Suitable Occupancy, and any changes to the lease, management plan, or marketing plan.*
- 10. Adopt and implement an affirmative marketing plan for the property.*
- 11. Provide documentation of 25% match requirement for HOME funds.*
- 12. Notify County Block Grant Program staff immediately of any modifications to proposed project scope of work or schedule changes.*

13. *Submit quarterly reports and billing vouchers in a timely manner for the term of the agreement including HOME Set-up and Completion Reports.*
14. *Maintain documentation of tenant eligibility and demographics and submit HOME Completion reports at occupancy. Maintain eligibility, income verification and other required information on future tenants through the period of affordability. Tenant incomes must be verified with full documentation annually.*
15. *Obtain appropriate development and building permits from the City of Bremerton. Provide the Block Grant Program office a copy of the Certificate of Occupancy at project completion.*
16. *Provide documentation of appropriate noise mitigation as required by the NEPA approval process.*
17. *Ensure housing is occupied by eligible tenants within six months following date of project completion (24 CFR 92.252).*
18. *Request reimbursement consistent with the costs identified in the attached budget (attachment A). Eligible cost incurred beginning November 30, 2020 can be reimbursed.*

SECTION 2. PROJECT DESCRIPTION

Project Details	
Project Name:	Pendleton Place
Funded Amount:	\$744,000
Action Plan Year:	2020
Type of Project:	Construction of new rental housing
Service Area:	Kitsap County
Tax Parcel Number:	3719-001-028-0200
Project Address/Location:	5454 Kitsap Way, Bremerton WA 98312
Eligibility	
Activity Category:	Rental
Basic Eligible Activity Citation:	24 CFR 92.205(a)(1)
Setup Activity Type:	New Construction
Strategic Plan Objective and Strategy:	Preserve and Increase Affordable Housing
HUD Performance Measures	
HUD Objective of Activity:	Decent Housing
HUD Outcome:	Affordability
Federal Contract Requirements – 2 CFR Part 200	
DUNS Number:	021312129
Federal Award Identifier Number (FAIN)	M20DC530205
Research or Development Contract:	No
Indirect Cost (IDC) Rate for Federal Award:	
<input type="checkbox"/> Approved Rate	%
<input type="checkbox"/> De Minimis for IDC Rate	
<input checked="" type="checkbox"/> Not Applicable	

SECTION 3. SCHEDULE FOR COMPLETION (specific milestones)

Specific Tasks	Start Date	End Date
Selection of construction team	10/28/19	12/1/2019
SEPA, Site Development Permit, NEPA	3/18/2020	9/24/2020
Site Work	9/28/2020	4/30/2021
Building Permit Approval from City of Bremerton	9/15/2020	12/8/2020
Construction	9/28/2020	1/28/2022
Certificate of Occupancy		3/1/2022
Project Closeout – submission of HOME Completion Reports and final inspection	3/1/2022	6/1/2022

In accordance with 24 CFR 92.205(e), a project that is terminated before completion, either voluntarily or involuntarily, requires the repayment of HOME funds to the County. If the project is not completed within 4 years of the date of execution of this Agreement, the project will be considered terminated pursuant to 24 CFR 92.205(e)(2), and any HOME funds disbursed for the project must be repaid to the County. In accordance with 24 CFR 92.252, HOME-assisted units in a rental housing project must be occupied by eligible tenants within 18 months after completion. If such units are not occupied within that time, HOME funds must be repaid to the County.

SECTION 4. TERM OF AGREEMENT

Subject to its other provisions, the period of performance of this Agreement shall commence upon EXECUTION of this Agreement and is in effect through the period of affordability described in Article I Section 7. Close out of funds will occur when project specific activities described above are complete, but at most within 48 months of the execution date of this Agreement. The date of close out of funds may be changed through a general amendment of this Agreement hereafter executed which shall be appended hereto and incorporated herein. Such amendment must be made under the provisions of Article V, Section 9 (Amendments to Agreement.)

SECTION 5. PROJECT REQUIREMENTS

The Contractor or Subgrantee shall carry out each activity in compliance with all applicable Federal laws and regulations, including those described in Subparts F and H of 24 CFR 92, regardless whether the law or regulation is specifically stated in this Agreement.

SECTION 6. AFFORDABILITY

The Contractor or Subgrantee shall comply with requirements of 24 CFR 92.252, relating to affordability for rental housing projects. The housing assisted with HOME funds under this Agreement will remain affordable for **Twenty (20) years** beginning after project completion. In the event the housing does not meet the affordability requirements for the specified time period, the Contractor or Subgrantee shall repay to the County all HOME funds expended on the project. During the affordability period, all conditions specified in this Agreement must be satisfactorily fulfilled. Affordability requirements must be enforced by deed restrictions or recorded covenants or other mechanisms approved by HUD. The mechanism used to enforce affordability shall also include requirements that the County is notified prior to sale of the property or prior to changes in the deed restrictions or covenants prior to execution.

SECTION 7. PROPERTY STANDARDS

The Contractor or Subgrantee shall ensure that housing assisted with HOME funds is decent, safe, sanitary, and in good repair. In accordance with 24 CFR 92.251, housing that is newly constructed or substantially rehabilitated with HOME funds will meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances and the HUD requirements under 24 CFR 92.251.

The Contractor or Subgrantee, as owners of rental housing assisted with HOME funds, shall maintain the housing in compliance with applicable state and local housing standards or code requirements through the affordability period as set forth in Article I, Section 7 (Affordability).

Owners of rental housing assisted with HOME funds agree to maintain the housing in compliance with 24 CFR 92.251 for the duration of the affordability period.

ARTICLE II. PROGRAM RECORDS/REPORTS

SECTION 1. RECORDS

The Contractor or Subgrantee shall compile and maintain as applicable the following records:

- (A) Financial Management Records - Such records shall adequately identify the source and application of funds for activities within this Agreement, in accordance with the provisions of *2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. These records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.
- (B) Project Records - The following project information must be kept on each HOME assisted project in written record form:

A full description of each project assisted with HOME funds, including the location, form of HOME assistance, and the units or tenants assisted with HOME funds. The source and application of funds for each project, including supporting documentation in accordance with 24 CFR 85.20. Data on equal opportunity and fair housing records; records regarding affirmative marketing and MBE/WBE requirements as required by 24 CFR 92.508(7).

Contractor or Subgrantee records must demonstrate that each rental housing project meets the requirements of 24 CFR 92.252 and/or 24 CFR 92.250 for the required period of affordability.

Contractor or Subgrantee records must demonstrate compliance with the requirements of 24 CFR 92.253 for tenant and participant protections, if applicable.

Contractor or Subgrantee records must demonstrate that each project meets the property standards of 24 CFR 92.251 and the lead based paint requirements of 24 CFR 92.355.

Contractor or Subgrantee records must demonstrate compliance with the requirements in 24 CFR 92.252 for affordable housing, rental, including rent

limitations, initial rent schedules and utility allowances, affordability period, subsequent rents during the affordability period, tenant income, over-income tenants, fixed and floating HOME units, tenant selection, and ongoing responsibilities. Individual records must be kept for each family assisted. Records demonstrating that each family is income eligible in accordance with 24 CFR 92.203.

Contractor or Subgrantee records must indicate whether the project is mixed-income, mixed-use, or both.

- (C) Relocation - Contractor or Subgrantee record keeping must comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and implementing regulations at 24 CFR Part 42, 49 CFR part 24, and 24 CFR 92.353. Indication of the overall status of the relocation workload and a separate relocation record for each person, business, organization, and farm operation displaced in the relocation workload must be kept.
- (D) Equal Opportunity - The Contractor or Subgrantee shall maintain racial/ethnicity, persons with disabilities, and gender data showing the extent to which these categories of persons have participated in, or benefited from, the activities carried out under this Agreement. The Contractor or Subgrantee shall also maintain data which records its affirmative action in equal opportunity employment, and its good faith efforts to identify, train, and/or hire lower-income residents of the project area and to utilize business concerns which are located in or owned in substantial part by persons residing in the area of the project.
- (E) Labor Standards - Records shall be maintained regarding compliance of all contractors performing construction work under this Agreement with the labor standards made applicable by 24 CFR 92.354.
- (F) Miscellaneous Records - The Contractor or Subgrantee shall maintain such other records as may be required by 24 CFR 92.508, HUD and/or the County.

SECTION 2. REPORTS

The Contractor or Subgrantee shall submit such reports as required by the County to meet its local obligations and its obligation to the Department of Housing and Urban Development. The County will prescribe the report format, as well as the time and location for submission of such reports. Required reports may include but are not limited to the following:

- (A) Quarterly reports which shall include the progress made to date, or justification for lack of progress, in providing the services specified in Article I Section 1 of this Agreement according to the schedule for completion in Article I Section 3 of the Agreement.
- (B) Quarterly reports on income information regarding persons assisted by the Contractor or Subgrantee through this Agreement.
- (C) Quarterly reports regarding affirmative action in equal opportunity employment to the County beginning no later than the fifth working day following the end of the quarter.
- (D) Contractor or Subgrantee, as owners of HOME-assisted rental units, must annually provide the County with information on rents and occupancy of HOME-assisted units to demonstrate compliance with 24 CFR 92.252(f)(2).

- (E) Close out reports including a final performance report, inventory of all property acquired or improved with HOME funds, and final financial report, upon termination or completion of the project.
- (F) HOME Completion Reports reporting the demographics of each household served by HOME funds, upon submission of the final draw.
- (G) Miscellaneous Reports - The Contractor or Subgrantee shall maintain such other reports as may be required by HUD and/or the County.

SECTION 3. RETENTION OF RECORDS

Records required in connection with this Agreement shall be retained for a period of six (6) years after the period of affordability described in Article I Section 7 (Affordability) has ended, except that any records that are the subject of an audit or dispute shall be retained for six (6) years after all issues arising from that audit or dispute have been resolved.

ARTICLE III. FINANCIAL CONDITIONS

SECTION 1. BUDGET AND COMPENSATION

The County shall reimburse the Contractor or Subgrantee its allowable costs for the services identified in this Agreement in an amount not to exceed **Seven hundred forty-four thousand dollars (\$744,000)**, upon presentation of properly executed invoices in a form approved by the County. Project must be complete within 60 days of the final request.

Such reimbursement shall constitute full and complete payment by the County under this Agreement. Allowable costs shall mean those necessary and proper costs identified in the Contractor or Subgrantee's application and approved by the County, unless any or all such costs are disallowed by the State of Washington or the United States.

Any reimbursements made under this Agreement must comply with the requirements of 2 CFR Part 200, Subpart D. The Contractor or Subgrantee may not request disbursement of funds under this Agreement until the funds are needed for payment of eligible costs. The amount of each request must be limited to the amount needed.

As set forth in Article I Section 4, this Agreement does not provide Contractor or Subgrantee any legal claim to any amount of HOME funds to be used for the specific project or site unless and until the site has received environmental clearance.

Budget Summary: See Attachment A for Budget Summary

Time of Payment: Payment shall be made upon receipt of reimbursement request voucher mailed to: **Kitsap County Dept. of Human Services, Block Grant Program, 345 6th Street Suite 400, Bremerton, WA 98337-1869.**

Where Payments Are Made: Payments shall be made to Contractor c/o **Kitsap Mental Health Services, 5455 Almira Drive NE, Bremerton, WA 98311-8331.**

The Contractor or Subgrantee shall apply the funds received from the County under this Agreement in accordance with the Budget Summary outlined in Attachment A. Any line-item expense, by itself or in combination with other line item expense change, equal to or greater than 10% of the total budget amount over the life of the Agreement shall require a formal amendment to the Agreement. Any request for a line-item expense, by itself or in combination with other line item expense change, equal to or less than 10% of the total budget shall be submitted in writing and shall specifically state the reasons for the requested increase and a justification for the corresponding decrease in other line-item(s). All budget revisions and/or amendment requests will be reviewed and approved or denied by the County.

SECTION 2. DOCUMENTATION OF COSTS AND OTHER FINANCIAL REPORTING

All costs shall be supported by properly executed payrolls, time records, invoices, vouchers or other official documentation, as evidence of the nature and propriety of the charges. All accounting documents pertaining in whole or in part to this Agreement shall be clearly identified and readily accessible, and upon reasonable notice, the County and United States shall have the right to audit the records of the Contractor or Subgrantee as they relate to the work. The Contractor or Subgrantee shall also:

- (A) Maintain an effective system of internal fiscal control and accountability for all HOME funds and property acquired or improved with HOME funds, and make sure the same are used solely for authorized purposes.
- (B) Keep a continuing record of all disbursements by date, check number, amount, vendor, description of items purchased and line item from which money was expended, as reflected in the Contractor or Subgrantee's accounting records. The line item notations must be substantiated by a receipt, invoice marked "Paid," or payroll record.
- (C) Maintain payroll and financial records for a period of six (6) years after closeout of the funds awarded under this Agreement, provided that this program has been monitored by HUD and the annual State audit (which includes the HOME Program), has been completed.
- (D) Permit inspection and audit of its records with respect to all matters authorized by this Agreement by representatives of the County, the State Auditor, or the United States at any time during normal business hours and as often as necessary.
- (E) Inform the County concerning any funds allocated to the Contractor or Subgrantee, that the Contractor or Subgrantee anticipates will not be expended during the Agreement period and permit reassignment of the same.
- (F) Repay to the County any funds in its possession at the time of termination of this Agreement that may be due to the County or the United States.

- (G) Maintain complete records concerning the receipt and use of all program income. Program income shall be reported on a monthly basis on forms provided by the County.

SECTION 3. REIMBURSEMENT

The County shall reimburse the Contractor or Subgrantee only for actual incurred costs upon presentation of a properly executed invoice in a form approved by the County. Only those allowable costs directly related to the Contractor or Subgrantee's application and approved by the County shall be paid consistent with Article III Section 2. The Amount of each request must be limited to the amount needed for payment of eligible costs.

Notwithstanding any other provisions in this section, reimbursement for construction contracts shall have ten percent (10%) of the payment retained until close out of funds pursuant to Article V, Section 12 of this Agreement.

In the event the County or HUD determines any funds are expended by the Contractor or Subgrantee for unauthorized or ineligible purposes or the expenditures constitute disallowed costs in any other way, or if the deadlines set forth in Article I, Section 2 of this Agreement are not met, the County or HUD may order repayment of the same. The Contractor or Subgrantee shall remit the disallowed amount to the County within thirty (30) days of written notification of the disallowance. Reimbursement of pre-commitment costs are limited to those allowed under 24 CFR 92.206(d).

The Contractor or Subgrantee agrees that funds determined by the County to be surplus upon completion of the Agreement will be subject to cancellation by the County.

The County shall be relieved of any obligation for payments if funds allocated to the County cease to be available for any cause other than misfeasance of the County itself.

The County reserves the right to withhold payments pending timely delivery of program reports or documents as may be required under this Agreement, or if the Contractor or Subgrantee otherwise fails to comply with the terms of this Agreement.

SECTION 4. MATCH CONTRIBUTION

A twenty-five percent (25%) match contribution is required under the HOME Program. The Contractor or Subgrantee agrees to provide the eligible match contribution as set forth in the application.

ARTICLE IV. FEDERAL REQUIREMENTS

SECTION 1. INCOME TARGETING

The Contractor or Subgrantee shall provide services under the HOME program only (1) to individuals or families who qualify as low and very low income and under Federal income limits as established by HUD and (2) in accordance with income targeting requirements of 24 CFR 92.216 and 92.217. The Contractor or Subgrantee shall maintain records that clearly document the income range and household size of the individuals or families it services. Furthermore, the Contractor or Subgrantee shall maintain records documenting whether the person being served is a female head of household, is handicapped, and/or is an ethnic/racial minority. In making income determinations, the Contractor or Subgrantee shall comply with the process set forth in 24 CFR 92.203.

SECTION 2. CONSTITUTIONAL PROHIBITION

The Contractor or Subgrantee agrees that HOME funds must be utilized in accordance with 24 CFR 92.257, as well as Wash. Const. art. I, § 11. Particularly, HOME funds shall not be used to support any explicitly religious activity, such as worship, religious instruction, or proselytization, nor shall there be any religious membership criteria for program recipients.

SECTION 3. AFFIRMATIVE MARKETING

In accordance with 24 CFR 92.351, the Contractor or Subgrantee shall use affirmative fair housing marketing practices to solicit renters or buyers for HOME assisted units, for determining their eligibility, and for concluding all transactions. Any HOME assisted housing will comply with the following procedures for the term of the Agreement:

- (A) Contractor or Subgrantee advertising of vacant units will include the Equal Housing Opportunity logo or statement;
- (B) The Contractor or Subgrantee will solicit applications for vacant units from persons in the housing market who are not likely to apply for the housing without special outreach (e.g., use of community organizations, places of worship, employment centers, fair housing groups, or housing counseling agencies);
- (C) The Contractor or Subgrantee will maintain records containing documentation of all marketing efforts.

SECTION 4. NON-DISCRIMINATION IN EMPLOYMENT AND PURCHASING

On all contracts, Contractors or Subgrantees shall comply with Executive Order 11246, entitled "Equal Employment Opportunity," as amended by Executive Order 12086 and Executive Order 13672, and as supplemented in Department of Labor regulations (41 CFR Part 60).

- (A) The Contractor or Subgrantee will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, or national origin.
- (B) The Contractor or Subgrantee will send to each labor union or representative of workers with which it had a collective bargaining agreement or other contract or understanding, a notice to be provided by the Contractor or Subgrantee contracting officer, advising the labor union or workers' representative of the contractor's commitments under Section 202 of Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- (C) The Contractor or Subgrantee will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting Contractor or Subgrantee and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- (D) In the event of the Contractor or Subgrantee's noncompliance with the nondiscrimination clauses of this Agreement or with any of such rules, regulations, or orders, this Agreement may be canceled, terminated or suspended in whole or in part and the Contractor or Subgrantee may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
- (E) The Contractor or Subgrantee will include the provisions of Section 202 of Executive Order 11246 of September 24, 1965 in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as may be directed by the Secretary of Labor as a means of enforcing such provisions including sanctions for noncompliance: provided, however, that in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction, the Contractor or Subgrantee may request the United States to enter into such litigation to protect the interests of the United States.

SECTION 5. LOCAL EMPLOYMENT AND PURCHASING

- (A) The Contractor or Subgrantee shall comply with Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 USC 1701u.
- (B) The work to be performed under this Agreement is a project assisted under a program which provides direct Federal financial assistance from the Department of Housing and Urban Development and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 USC 1701u. Section 3 requires that to the greatest extent feasible, opportunities for training and employment be given to lower income residents of the project area and agreements for work in connection with the project be awarded to business concerns which are located in, or owned in substantial part by persons residing in, the area of the project.

- (C) The parties to this Agreement will comply with the provisions of said Section 3 and the regulations issued pursuant thereto by the Secretary of Housing and Urban Development set forth in 24 CFR 135, and all applicable rules and orders of the Department of Housing and Urban Development issued thereunder prior to the execution of this Agreement. The parties of this Agreement certify and agree that they are under no contractual or other disability which would prevent them from complying with these requirements.
- (D) The Contractor or Subgrantee will send to each labor organization or representative of workers which it has a collective bargaining Agreement or other Agreement or understanding, if any, a notice advising the said labor organization or workers' representative of its commitments under this Section 3 clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment or training.
- (E) The Contractor or Subgrantee will include said Section 3 clause in every subcontract for work in connection with the project and will, at the direction of the applicant for or recipient of Federal financial assistance, take appropriate action pursuant to the subcontract upon a finding that the subcontractor is in violation of regulations issued by the Secretary of Housing and Urban Development, 24 CFR 135. The Contractor will not subcontract with any subcontractor where he has notice or knowledge that the latter has been found in violation of regulations under 24 CFR 135 and will not let any subcontract unless the subcontractor has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.
- (F) Compliance with the provisions of said Section 3, the regulations set forth in 24 CFR 135, and all applicable rules and orders of the Department of Housing and Urban Development issued thereunder prior to the execution of the Agreement, shall be a condition of the Federal financial assistance provided to the project, binding upon the applicant or recipient for such assistance, its successors, and assigns. Failure to fulfill these requirements shall subject the applicant or recipient, its contractors and subcontractors, its successors, and assigns to those sanctions specified by the grant, loan Agreement, contract, or other Agreement through which Federal assistance is provided and to such sanctions as are specified by 24 CFR 135.

SECTION 6. CONFLICT OF INTEREST

No member, officer, or employee of the Contractor or Subgrantee, or its designees or agents, no member of the governing body of the locality in which the program is situated, and no other public official of such locality or localities who exercises any function or responsibilities with respect to the program during his/her tenure or for one year thereafter, shall have any interest, direct or indirect, in this Agreement or any Subagreement, hereto or the proceeds thereof, unless an exemption has been obtained from HUD pursuant to 24 CFR 92.356(f). The Contractor or Subgrantee shall take appropriate steps to ensure compliance including incorporation of the following provisions in every subcontract:

The Contractor covenants that no person who presently exercises any functions or responsibilities in connection with the Kitsap County HOME Program will obtain a personal or financial interest from the HOME assisted activity. The Contractor further covenants that he/she presently has no interest in, nor business, nor family, which would conflict in any manner or degree with the performance of his/her services hereunder. The Contractor further covenants that in the performance of this Agreement

any potential conflict, on the part of the Contractor or his/her employees, will be disclosed to the Contractor or Subgrantee and the County.

Pursuant to 24 CFR §92.356(f), no owner, developer, or sponsor of a project assisted with HOME funds (or officer, employee, agent, elected or appointed official, or consultant of the owner, developer, or sponsor or immediate family member or immediate family member of an officer, employee, agent, elected or appointed official, or consultant of the owner, developer, or sponsor) whether private, for-profit or nonprofit (including a community housing development organization (CHDO) when acting as an owner, developer, or sponsor) may occupy a HOME-assisted affordable housing unit in a project during the required period of affordability. This provision does not apply to an individual who receives HOME funds to acquire or rehabilitate his or her principal residence or to an employee or agent of the owner or developer of a rental housing project who occupies a housing unit as the project manager or maintenance worker.

SECTION 7. DISPLACEMENT, RELOCATION, ACQUISITION AND REPLACEMENT OF HOUSING

The Contractor or Subgrantee shall comply with the requirements relating to displacement, relocation acquisition and replacement of housing outlined in 24 CFR 92.353. The Contractor or Subgrantee shall take all reasonable steps to minimize displacement of persons (families, individuals, businesses, non-profit organizations and farms) as a result of activities assisted with HOME funds. Any action by the Contractor or Subgrantee which may result in the displacement of persons under 24 CFR 92.353 must receive prior written approval from the County.

SECTION 8. DAVIS BACON AND RELATED ACTS

The Contractor or Subgrantee shall comply with the labor requirements of 24 CFR 92.354, and the Davis-Bacon Act, 40 U.S.C. 3141 *et. seq.*, when the contract involves the rehabilitation or new construction of housing that includes 12 or more units assisted with HOME funds, and involves the employment of laborers and/or mechanics to perform the work. The Contractor or Subgrantee shall comply with the Copeland "Anti-Kickback" Act, 40 U.S.C. 3145, as supplemented by the Department of Labor regulations, 29 CFR Part 3. For any agreement in excess of \$100,000 that involves the employment of mechanics or laborers, the Contractor or Subgrantee shall also comply with the Contract Work Hours and Safety Standards Act, 40 U.S.C. 3701-3708 and 29 CFR Part 5.

The contract for construction must contain these wage provisions if HOME funds are used for any project costs in 24 CFR 92.206, including construction or no construction costs, of housing with 12 or more HOME-assisted units.

SECTION 9. LEAD BASED PAINT

The Contractor or Subgrantee shall comply with HUD Lead-Based Paint Regulations 24 CFR 92.355 and 24 CFR Subt. A, Part 35.

SECTION 10. DISCRIMINATION PROHIBITED

The Contractor or Subgrantee shall comply with requirements at 24 CFR Part 92.350 relating to equal opportunity and fair housing. In general, the Contractor or Subgrantee shall not, on the grounds of race, color, sex, religion, or national origin, exclude from participation in, deny the benefits of, or subject to discrimination under any program or activity funded in whole or in part with HOME funds.

- (A) The Contractor or Subgrantee shall abide by all applicable provisions of Section 504 of the HEW Rehabilitation Act of 1973 as amended (implemented in 24 CFR Part 8) prohibiting discrimination against handicapped individuals, and the Age Discrimination Act of 1975 (implemented in 24 CFR Part 146) prohibiting discrimination on the basis of age, either through purpose or intent.
- (B) The Contractor or Subgrantee shall comply with the requirements of the Fair Housing Act (42 U.S.C. 3601-20) and implementing regulations at 24 CFR Part 100; Executive Order 11063 as amended by Executive Order 12259 (3 CFR, 1959 - 1963 Comp., p.652 and 3 CFR, 1980 Comp., p. 307) (Equal Opportunity in Housing) and implementing regulations at 24 CFR part 107; and title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) (Nondiscrimination in Federally Assisted Programs) and implementing regulations issued at 24 CFR part 1.
- (C) The Contractor or Subgrantee, as an owner of rental property, cannot refuse to lease HOME-assisted units to a certificate or voucher holder under 24 CFR part 982--Section 8 Tenant-Based Assistance: Unified Rule for Tenant-Based Assistance under the Section 8 Rental Certificate Program and the Section 8 Rental Voucher Program or to the holder of a comparable document evidencing participation in a HOME tenant-based rental assistance program because of the status of the prospective tenant as a holder of such certificate, voucher or comparable HOME tenant-based assistance document.
- (D) If assignment and/or subcontracting has been authorized in writing, said assignment or subcontract shall include appropriate safeguards against discrimination in client services binding upon each contractor or subcontractor. The Contractor or Subgrantee shall take such action as may be required to ensure full compliance with the provisions of this clause, including sanctions for noncompliance.
- (E) The Contractor or Subgrantee shall comply with the Violence Against Women Reauthorization Act of 2013 (Pub.L. 113-4) (VAWA 2013), 42 U.S.C. 14043e *et seq.*

SECTION 11. MINORITY AND WOMEN OWNED BUSINESS OUTREACH

HOME requirements at 24 CFR 92.351(b) requires the encouragement and use of minority and women owned business enterprises in the implementation of HOME program activities. The Contractor or Subgrantee will undertake direct affirmative outreach measures, as described in the Contractor or Subgrantee application, to ensure the greatest possible opportunity for minority and women owned businesses to compete for contracts within each phase of the HOME funded project.

SECTION 12. SITE AND NEIGHBORHOOD STANDARDS

The Contractor or Subgrantee will comply with regulations at 24 CFR 92.202 which require the HOME program to be administered in a manner that provides housing that:

- (A) Is suitable from the standpoint of facilitating and furthering full compliance with the applicable provisions of Title VI of the Civil Rights Act of 1964, the Fair Housing Act, Executive Order 11063 and HUD regulations issued pursuant thereto; and
- (B) Promotes greater choice of housing opportunities.

New construction projects must meet site and neighborhood standards described in 24 CFR 882.708(c) which places limiting conditions on building in areas of “minority concentration” and “racially mixed” areas.

SECTION 13. TENANT PROTECTIONS

There must be a written lease between the tenant and the Contractor or Subgrantee, as the owner of rental housing assisted with HOME funds, which is for a period of not less than one year, unless by mutual agreement between the tenant and the owner a shorter period is specified. An owner of rental housing assisted with HOME funds must comply with 24 CFR 92.209, 92.252 and 92.253.

SECTION 14. PROHIBITED ACTIVITIES AND FEES

HOME funds must be used in accordance with 24 CFR 92.214 and Contractors and Subgrantees may not charge servicing, origination, or other fees for the purpose of covering costs of administering the HOME program except as provided under 24 CFR 92.214.

SECTION 15. OTHER PROGRAM REQUIREMENTS

- (A) The Contractor or Subgrantee shall carry out each activity in compliance with all Federal laws and regulations described in Subpart H of 24 CFR 92, regardless of whether the law is specifically stated in this Agreement, except that:
 - (1) The Contractor or Subgrantee does not assume the County’s environmental responsibilities described in 24 CFR Part 92.352 provided however, the Contractor or Subgrantee may be required to assemble and provide information as required by the County to complete environmental review; and
 - (2) The Contractor or Subgrantee does not assume the County’s responsibility for initiating the review process under Executive Order 12372.
- (B) For Agreements in excess of \$150,000, the Contractor or Subgrantee agrees to comply with the Clean Air Act, 42 U.S.C.7401-7671q, and the Federal Water Pollution Control Act, 22 U.S.C. 1251-1387.
- (C) If the Agreement involves the acquisition or improvement of real property or equipment, the Contractor or Subgrantee agrees to comply with the provisions of 2 CFR 200.310 – 200.316.

(D) For rental housing units assisted with HOME funds, there must be a written lease between the landlord and the tenant in compliance with 24 CFR 92.253.

ARTICLE V: GENERAL CONDITIONS

SECTION 1. COMPLIANCE WITH LAWS

The Contractor or Subgrantee, in performance of this Agreement, agrees to comply with all applicable Federal, State and Local Laws and ordinances, and the rules and regulations promulgated by the U.S. Department of Housing and Urban Development, including but not limited to Federal HOME Regulations and other policies and guidelines established for the Kitsap County HOME Program by the Kitsap County Board of Commissioners. Contractor or Subgrantee agrees to comply with all provisions of the Americans with Disabilities Act and all regulations interpreting or enforcing such act. The Contractor or Subgrantee agrees to certify that it is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency in accordance with Executive Orders 12549 and 12689, 24 CFR 24.1. Additionally, the Contractor or Subgrantee will certify to anti-lobbying as required by 31 U.S.C. 1352.

SECTION 2. LICENSING AND PROGRAM STANDARDS

The Contractor or Subgrantee agrees to comply with and to obtain at its own expense, if necessary, all applicable Federal, State, County or Municipal standards for licensing, certification and operation of facilities and programs, and accreditation and licensing of individuals, and any other standards or criteria as described in the Agreement to ensure quality of services.

SECTION 3. INSURANCE

Prior to commencing work, Contractor or Subgrantee shall procure and maintain at Contractor or Subgrantee's own cost and expense for the duration of the Agreement the following insurance placed with insurers with a minimum Best's rating of A-, VI against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work or services hereunder by the Contractor or Subgrantee, its agents, representatives, employees or subcontractors.

Minimum Limits of Insurance. Contractor or Subgrantee shall maintain limits no less than:

- ***Commercial General Liability:*** One million dollars (\$1,000,000) combined single limit per occurrence for bodily injury and property damage, and two million dollars (\$2,000,000) aggregate. Coverage shall be on an "occurrence" basis. Kitsap County shall be named, by endorsement, as an additional insured on the Contractor or Subgrantee's insurance policy as respects this contract. Such insurance as carried by the Contractor or Subgrantee is primary over insurance carried by the County.
- ***Comprehensive Automobile Liability Insurance:*** One million dollars (\$1,000,000) combined single limit per accident for bodily injury/property damage.
- ***Workers' Compensation and Employer's Liability:*** Workers' Compensation coverage as required by the State of Washington.
- ***Professional Liability Errors and Omissions:*** In the event that services delivered pursuant to this contract either directly or indirectly involve or require professional

services the Agency will provide professional liability errors and omissions coverage with a minimum limit of \$1,000,000 per claim and in the aggregate.

Miscellaneous Insurance Provisions

- **Contractor or Subgrantee's Insurance is Primary:** The Contractor or Subgrantee's liability insurance provisions will be primary with respect to any insurance or self-insurance programs covering the County, its elected and appointed officers, officials, employees and agents.
- **Additional Insured:** The Contractor or Subgrantee's commercial general liability and automobile liability insurance (if applicable) will include the County, its officers, officials, employees, and agents as additional insured, without limitation, with respect to performance under the contract.
- **Evidence of Contractor or Subgrantee's Insurance** shall be presented to Kitsap County Department of Human Services prior to the execution of the agreement. In the event of non-renewal, cancellation, or material change in coverage, thirty (30) days written notice will be furnished to the County prior to the date of cancellation, non-renewal or change. Written notice of cancellation or change will be mailed to the County at the following address:

Bonnie Tufts
Kitsap County Department of Human Services
Block Grant Program
345 6th Street, Suite 400
Bremerton, WA 98337

Upon receipt, the Human Services Department will ensure submission of all insurance documentation to the Risk Management Division, Kitsap County Department of Administrative Services.

SECTION 4. INDEMNITY

The Contractor or Subgrantee agrees to defend, indemnify and save harmless the County, its appointed and elected officers and employees and the Administrator, from and against any and all liability, loss, costs, damage and expense, including costs and attorney fees in defense thereof because of actions, claims or lawsuits for damages resulting from personal or bodily injury, including death at any time resulting therefrom, sustained or alleged to have been sustained by any person or persons and on account of damage to property, arising or alleged to have arisen directly or indirectly out of or in consequence of the performance of this Agreement, whether such injuries to persons or damage to property is due to the negligence of Contractor or Subgrantee, its subcontractors, agents, successor, or assigns. This indemnification will also apply to any claims arising out of the Agency's non-compliance with federal regulations, as required under this Agreement. This provision shall be inapplicable to the extent the County is judicially found solely negligent for such damage or injury.

Solely for the purposes of this provision, the Contractor or Subgrantee waives its immunity under Title 51 (Industrial Insurance) of the Revised Code of Washington and acknowledges that this waiver was mutually negotiated by the parties.

SECTION 5. NOTICES

Any notices required to be given by the County to the Contractor or Subgrantee or by the Contractor or Subgrantee to the County shall be in writing and delivered to the following parties at the following addresses:

Kitsap County

Kitsap County Dept. of Human Services
Block Grant Program
345 6th Street Suite 400
Bremerton, WA 98337-1869

Contractor or Subgrantee

Pendleton Place LLC
c/o Kitsap Mental Health Services
5455 Almira Drive NE
Bremerton, WA 98311-8331

SECTION 6. CITIZEN PARTICIPATION

The Contractor or Subgrantee will implement the provisions of this Agreement in such a manner as not to impede the attainment of widespread citizen participation in planning and carrying out the project.

SECTION 7. ASSIGNMENT AND SUBCONTRACTING

The Contractor or Subgrantee shall not assign or subcontract any portion of the services provided within the terms of this Agreement without obtaining prior written approval from the County. All terms and conditions of this Agreement shall apply to any approved subcontract or assignment related to the Agreement.

SECTION 8. RESERVATION OF RIGHTS

Failure to insist upon strict compliance with any terms, covenants or conditions of this Agreement shall not be deemed a waiver of such, nor shall any waiver or relinquishment of such right or power at any time be taken to be a waiver of any other breach.

SECTION 9. AMENDMENTS TO AGREEMENT

The parties hereby further agree that this Agreement cannot be amended or modified without the written concurrence of both parties.

SECTION 10. FAILURE TO PERFORM

In the event of a failure by the Contractor or Subgrantee to comply with any terms or conditions of this Agreement, or to provide in any manner the activities or other performance as agreed to herein, the County reserves the right to temporarily withhold all or any part of payment pending correction of the deficiency, suspend all or part of the Agreement, or prohibit the Contractor or Subgrantee from incurring additional obligations of funds until the County is satisfied that corrective action has been taken or completed. The County reserves the right to take other appropriate actions to enforce this Agreement such as the imposition of liens, deed restrictions, or covenants running with the land on the real property. The option to withhold funds is in addition to, and not in lieu of, the County's right to terminate as provided in Article V Section 11 of this Agreement. The County may consider performance under this Agreement when considering future awards.

SECTION 11. TERMINATION

If the Contractor or Subgrantee fails to comply with the terms and conditions of this Agreement, the County may pursue such remedies as are available in accordance with Article V Section 10, and/or terminate the Agreement under the following terms:

- (A) Termination for Cause - If the Contractor or Subgrantee fails to comply with the terms and conditions of this Agreement and any of the following conditions exist:
- (1) The lack of compliance with the provisions of this Agreement are of such scope and nature that the County deems continuation of this Agreement to be substantially non-beneficial to the public interest;
 - (2) The Contractor or Subgrantee has failed to take satisfactory corrective action as directed by the County or its authorized representative within the time specified by same; or
 - (3) The Contractor or Subgrantee has failed within the time specified by the County or its authorized representative to satisfactorily substantiate its compliance with the terms and conditions of this Agreement;

The County may terminate this Agreement in whole or in part, and thereupon shall notify in writing the Contractor or Subgrantee of the termination, the reasons therefore, and the effective date. The effective date shall not be prior to notification of the termination by the County to the Contractor or Subgrantee. Costs resulting from obligations incurred by the Contractor or Subgrantee after termination of the Agreement are not allowable unless specifically authorized in writing by the County.

- (B) Termination for Convenience: The Agreement may be terminated for convenience, in whole or in part, as follows:
- (1) By the County with the consent of the Contractor or Subgrantee. The two parties shall agree upon the termination conditions, including the effective date and in the case of partial termination, the portion to be terminated, or
 - (2) By the Contractor or Subgrantee upon submitting written notification to the County. The written notification must set forth the reasons for the termination, the effective date, and in the case of partial termination, the portion to be terminated; However, in the case of a proposed partial termination, the County may terminate the award in its entirety if the County determines that the remaining portion will not accomplish the purpose for which the award was made.
- (C) Termination for Withdrawal, Reduction or Limitation of Funding. In the event that funding from the Federal government is withdrawn, reduced, or limited in any way after the effective date of this Agreement and prior to its normal completion, the County may summarily terminate this Agreement as to the funds reduced or limited, notwithstanding any other termination provision of this Agreement. If the level of funding so reduced or limited is so great that the County deems that the continuation of the program covered by this Agreement is no longer in the best interest of the public, the County may summarily terminate this Agreement in whole notwithstanding any other termination provisions of this Agreement. Termination under this Section shall be effective upon receipt of written notice by the Contractor or Subgrantee or its representative.

- (D) Dispute Resolution. The Parties will attempt in good faith to resolve any dispute or claim arising out of or in relation to this Agreement through negotiations between representatives with authority to settle the relevant dispute. If the dispute cannot be settled amicably within fourteen (14) days from the date on which either Party has served written notice on the other of the dispute then the remaining provisions of this Agreement, including remedies for non-compliance and termination shall apply.

SECTION 12. CLOSE-OUT OF FUNDS

Upon termination of this Agreement, in whole or in part for any reason including completion of the project, the following provisions shall apply:

- (A) Upon written request by the Contractor or Subgrantee, the County shall make or arrange for payment to the Contractor or Subgrantee of allowable reimbursable costs not covered by previous payments;
- (B) The Contractor or Subgrantee shall submit within thirty (30) days after the date of expiration of this Agreement, all financial, performance and other reports required by this Agreement, and in addition, will cooperate in a program audit by Kitsap County or its designee;
- (C) In the event a financial audit has not been performed prior to close-out of this Agreement, the County retains the right to withhold a just and reasonable sum from the final payment to the Contractor or Subgrantee after fully considering the recommendation on disallowed costs resulting from the final audit.
- (D) Any real property under the Contractor or Subgrantee's control that was acquired or improved in whole or in part with HOME funds must continue to meet the requirements applicable to housing projects for the period of affordability specified in 24 CFR 92.252 or 24 CFR 92.254, and Article I, Section 7 (Affordability) of this Agreement. The Contractor or Subgrantee is required to keep records demonstrating that the requirements have been met. If the Contractor or Subgrantee fails to meet the affordability requirements in the required period, it must repay the HOME funds as required by 24 CFR 92.503.
- (E) Closeout of funds will not occur unless all requirements of 24 CFR 92.507 and all outstanding issues with the general contractor and or subcontractor have been resolved to the satisfaction of the County

SECTION 13. VENUE AND CHOICE OF LAW

Any action at law, suit in equity, or other judicial proceeding for the enforcement of this Agreement or any provisions thereof shall be instituted only in the Superior Court of the State of Washington, County of Kitsap. It is mutually understood and agreed that this Agreement shall be governed by the laws of the State of Washington, both as to interpretation and performance.

SECTION 14. SEVERABILITY CLAUSE

It is understood and agreed by the parties that if any part, term, or provision of this Agreement is held by the courts to be illegal or in conflict with any law of the state where made, the validity of the remaining portions or provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the Agreement did not contain the particular part, term, or provision held to be invalid.

SECTION 15. INTEGRATED DOCUMENT

This Agreement with any attachments constitutes the entire agreement between the parties and both parties acknowledge that there are no other agreements, written or oral, that have not been fully set forth in the text of this Agreement.

This contract is effective January 1, 2021.

Dated this 01 day of 12, 2020.

Dated this 4th day of December 2020.

CONTRACTOR/SUBGRANTEE:
PENDLETON PLACE LLC,
a Washington limited liability company

KITSAP COUNTY

By: Pendleton Place Manager LLC
Its: Managing Member



Karen Goon, County Administrator

By: Kitsap Mental Health Services
Its: Manager

By: 

Joe Baszak, Chief Executive Officer

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Attachment A – Budget Summary – KC-505-20 KMHS – Pendleton Place

PROJECT COSTS	Total All Funds	County HOME Funds	Other: Sources of Funds
PERSONNEL, including managers, staff, salaries, benefits and taxes.			
AMOUNT	\$	\$	\$
SUPPLIES/EQUIPMENT, including office supplies, office equipment if approved.			
AMOUNT	\$	\$	\$
ADMINISTRATION including occupancy (building & grounds), advertising, audit, insurance/bonds, postage, rent/utilities, communication, training, travel, transportation			
AMOUNT	\$	\$	\$
ACQUISITION COSTS			
AMOUNT	\$ 699,277	\$	\$ 699,277
DEVELOPMENT SOFT COSTS including appraisal, design and A&E, processing/settlement and financing, marketing, operating reserve, professional fees and contract services			
AMOUNT	\$ 4,165,132	\$	\$ 4,165,132
DEVELOPMENT HARD COSTS, including clearance/demolition, construction, rehabilitation and improvements.			
AMOUNT	\$16,795,193	\$ 744,000	\$16,051,193
OTHER COSTS, as approved including:			
AMOUNT	\$	\$	\$
TOTAL PROJECT COSTS	\$ 21,659,602	\$ 744,000	\$ 20,915,602

Attachment A – Budget Summary – KC-505 -20 KMHS – Pendleton Place

PROJECT COSTS	Total All Funds	County HOME Funds	Other: Sources of Funds
PERSONNEL, including managers, staff, salaries, benefits and taxes. AMOUNT	\$	\$	\$
SUPPLIES/EQUIPMENT, including office supplies, office equipment if approved. AMOUNT	\$	\$	\$
ADMINISTRATION including occupancy (building & grounds), advertising, audit, insurance/bonds, postage, rent/utilities, communication, training, travel, transportation AMOUNT	\$	\$	\$
ACQUISITION COSTS AMOUNT	\$ 699,277	\$	\$ 699,277
DEVELOPMENT SOFT COSTS including appraisal, design and A&E, processing/settlement and financing, marketing, operating reserve, professional fees and contract services AMOUNT	\$ 4,165,132	\$	\$ 4,165,132
DEVELOPMENT HARD COSTS, including clearance/demolition, construction, rehabilitation and improvements. AMOUNT	\$16,795,193	\$ 744,000	\$16,051,193
OTHER COSTS, as approved including: AMOUNT	\$	\$	\$
TOTAL PROJECT COSTS	\$ 21,659,602	\$ 744,000	\$ 21,659,602

20,915,602

**ATTACHMENT B
CERTIFICATION REGARDING DEBARMENT,
SUSPENSION, AND OTHER RESPONSIBILITY MATTERS**

Primary Covered Transactions 24 CFR PART 24

1. The Contractor or Subgrantee certifies to the best of its knowledge and belief, that it and its principles:
 - a. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency;
 - b. Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connections with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statement, or receiving stolen property;
 - c. Are not presently indicted for or otherwise criminally or civilly charges by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph 1.b. of this certification; and
 - d. Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.

2. Where the Contractor or Subgrantee is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

This Certification is executed by the person(s) signing below who warrant they have authority to execute this Certification.

Contractor or Subgrantee: Pendleton Place LLC

By: Pendleton Place Manager LLC, its managing member

By: Kitsap Mental Health Services, its manager



Joe Roszak, Chief Executive Officer

12/01/2020

Date

ATTACHMENT C

CERTIFICATION REGARDING LOBBYING

The undersigned certifies, to the best of his or her knowledge and beliefs, that:

- (1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- (2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- (3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Contractor or Subgrantee: Pendleton Place LLC

By: Pendleton Place Manager LLC, its managing member

By: Kitsap Mental Health Services, its manager



Joe Roszak, Chief Executive Officer

12/01/2020

Date

HOME LOAN AGREEMENT

Pendleton Place LLC – Pendleton Place Apartments

THIS HOME Loan Agreement (“Agreement”) is made and entered into effective the ____ day of _____, 2020, by and between Kitsap County (the “County”) and Pendleton Place LLC, a Washington limited liability company (the “Company”).

WHEREAS, the County and Company entered into a HOME Investment Partnership Program Agreement (“HOME Investment Agreement”) on the ____ day of _____, 2020, with respect to the construction of Pendleton Place Apartments, a permanent supportive rental housing project to be located at 5454 Kitsap Way, Bremerton, Washington 98312 (the “Project”);

NOW, THEREFORE, in consideration of the mutual benefits to be derived herein, the parties agree as follows:

1. The principal sum of Seven hundred forty-four thousand and 00/100 Dollars (\$744,000.00) is loaned to the Company pursuant to the terms of the Rental Project Owner, Sponsor, Developer Agreement HOME Investment Partnership Program (the “HOME Investment Agreement”) and shall be deferred for 40 years with interest accruing thereon at the rate of one percent (1%) per annum simple interest commencing as of October 1, 2021. Notwithstanding any other provisions contained herein, the full balance of \$1,041,600, shall be due and payable in one payment on or before October 1, 2061.
2. The loan of Seven hundred forty-four thousand and 00/100 Dollars (\$744,000) shall be evidenced by a Promissory Note as of even date herewith (the “Promissory Note”) and shall be secured by a Deed of Trust as of even date herewith (the “Deed of Trust”).
3. The Company and County agree that said loan shall not be forgivable.
4. Except as otherwise provided herein in the event the Property is sold, transferred, refinanced, or the Property is not used as required by this Agreement and the HOME Investment Agreement, during the Affordability Period described in the HOME Investment Agreement, the County shall be entitled to the unpaid principal balance of this Note plus any accrued and unpaid interest thereon, provided however that the following shall not shall not require the County’s consent and shall not result in acceleration of the Note or constitute a default under the HOME Loan Documents (as defined below):
 - i) The transfer or sale of the Property, or any interest in the Property to Kitsap Mental Health Services, a Washington nonprofit corporation, or a subsidiary thereof, or to any other 501(c)(3) organization or public entity acceptable to the County, and upon the County’s prior written approval, which approval shall not be unreasonably withheld, shall not constitute a sale or transfer for purposes of the HOME Investments Partnership Program Agreement or any document executed in connection therewith, including but not limited to this Loan Agreement, the HOME Investment Agreement, the Promissory Note, Deed of Trust and Low Income Housing Covenant Agreement , all executed in connection with the loan described herein,(the “HOME Loan Documents”);

ii) The withdrawal (not including a voluntary withdrawal allowed by the Pendleton Place LLC Operating Agreement), or removal of the managing member of the Company for cause pursuant to the terms of the Pendleton Place LLC Operating Agreement shall not constitute a default under the HOME Loan Documents (and shall not be grounds for acceleration of the maturity of the Loan) provided that the Company provides prior written notice to the County and the County approves the substitute Managing Member (such approval not to be unreasonably withheld) and is admitted to the Company within ninety days thereafter.

iii) The sale, transfer, assignment or exchange of all or a portion of the Investor Member and/or Special Member's interests in the Company shall not require the County's consent.

iv) If any encumbrance permitted senior to the Deed of Trust is a permanent loan with a balloon payment, the County shall not unreasonably withhold consent to a refinancing of such loan with a new permanent mortgage loan at any time within two years prior to the due date of the balloon payment, provided that the new loan is on commercially reasonable terms, will not exceed in principal amount the balance due on the loan being refinanced plus reasonable financing costs and any amount approved by Lender for repairs or improvements to the Property, and will have no greater priority than the loan being refinanced.

5. Notice in the Event of Default

Monetary Default

If a monetary event of default occurs under the terms of the Loan Documents, prior to exercising any remedies thereunder, the County shall give the Company, and the Investor Member and Special Member of the Company simultaneous written notice of such default. The Company, the Investor Member and Special Member of the Company or their assigns shall have a period of fifteen (15) days after such notice is given within which to cure the default prior to exercise of remedies by the County or such longer period of time as may be specified in the Loan Documents. The County's obligation for notification shall be limited to notifying all parties at the last known address as shown in the County's contract files. The Company is responsible for ensuring that the County has current names, addresses and telephone numbers for all parties entitled to notice under the Loan Documents.

Non-Monetary Default

If a non-monetary event of default occurs under the terms of any of the Loan Documents, prior to exercising any remedies thereunder, the County shall give the Company, and the Investor Member and Special Member of the Company simultaneous written notice of such default. The Company, the Investor Member and Special Member of the Company or their assigns shall have thirty (30) days to cure any default prior to exercise of remedies by the County under the Loan Documents, or such longer period of time as may be specified in the Loan Documents. If the default is such that it is not reasonably capable of being cured within thirty (30) days or such longer period if so specified, the Company, the Investor Limited Partner or their assigns may request that the County grant up to 120 days to cure any default. The County shall grant any such request in its sole discretion and only if the Company, the Investor Member and Special

Member of the Company or their assigns (a) initiates corrective action within thirty days of notice of default, and (b) diligently, continually, and in good faith works to effect a cure as soon as possible. The County's obligation for notification shall be limited to notifying all parties at the last known address as shown in the County's Contract files. The Company is responsible for ensuring that the County has current names, addresses and telephone numbers for all parties entitled to notice under the Loan Documents.

Unless written notice is otherwise provided the County, notice shall be provided to the following:

Pendleton Place LLC
c/o Kitsap Mental Health Services
5455 Almira Drive NE
Bremerton, WA 98311

Copy to:

RAH Investor 270 LLC
111 Great Neck Road, Suite 500
Great Neck, New York 11021
Attn: General Counsel

Sterling Corporate Services LLC
111 Great Neck Road, Suite 500
Great Neck, New York 11021
Attn: General Counsel

And

Kutak Rock LLP
1650 Farnam Street
Omaha, NE 68102
Attn: Jill Goldstein

6. The parties hereto agree that except as expressly set forth herein, the terms and condition of the HOME Investment Partnership Program Agreement shall remain in full force and effect and are incorporated by reference herein.

[Signature Page to Follow]

OWNER:
PENDLETON PLACE LLC,
a Washington limited liability company

By: Pendleton Place Manager LLC
Its: Managing Member

By: Kitsap Mental Health Services
Its: Manager

By: 
Name: JOE ROSTAK
Its: CEO

KITSAP COUNTY


Karen Goon, County Administrator

Date: December 4, 2020

**HOME LOAN AGREEMENT
KITSAP COUNTY
Exhibit A: PROMISSORY NOTE**

KC-505-20

\$744,000

FOR VALUE RECEIVED, the undersigned, Pendleton Place LLC, a Washington limited liability company (the "Borrower"), promises to pay in lawful money of the United States of America, to the order of Kitsap County (the "Lender") at 614 Division Street, Port Orchard, Washington 98366, or such other place as the holder of this Note may designate in writing, the principal sum of Seven hundred forty-four thousand s and 00/100 Dollars (\$744,000.00), or any remaining unpaid balance thereof plus accrued and unpaid interest, on the maturity date of this Note, which date shall be October 1, 2061 (the "Maturity Date").

The Note shall bear interest at the rate of one percent (1%) per annum simple interest commencing on October 1, 2021, accruing annually and shall be deferred for 40 years with interest accruing thereon at the rate of one percent (1%) per annum simple interest commencing as of December 1, 2020. Notwithstanding any other provisions contained herein, the full balance of \$1,041,600, shall be due and payable in one payment on or before October 1, 2061.

This Note may be prepaid without penalty. This Note is subject to the terms and conditions of the HOME Loan Agreement and the Rental Project Owner, Sponsor Developer Agreement Home Investment Partnership Program (the "HOME Investment Agreement"), each executed by the Borrower contemporaneously with this Note. Disbursement of the funds evidenced by this Note is to be made subject to the terms and conditions of the HOME Loan Agreement and the HOME Investment Agreement as now existing. Borrower agrees that a schedule of the dates and amounts of advances and repayments on the Note certified by a duly authorized officer of Lender shall be conclusive evidence for all purposes of such dates and amounts. All amounts payable hereunder shall be paid without any set-off or deduction of any nature.

Except as otherwise provided herein or in the HOME Loan Agreement entered into between Borrower and Kitsap County, in the event the Property is sold, transferred, refinanced, or the Property is not used as required by the HOME Loan Agreement and the HOME Investment Agreement, during the affordability period described in the HOME Investment Agreement, Holder shall be entitled to the unpaid principal balance of this Note plus any accrued and unpaid interest thereon. Provided however, that the sale or transfer of the Property, or assignment of any interest therein, as provided under the HOME Investment Agreement, from the Borrower to Kitsap Mental Health Service, a Washington nonprofit corporation, or a subsidiary thereof, or another public agency or

501(c)(3) organization approved by the Lender, or the withdrawal, removal and/or replacement of the investor member of special member of the Borrower pursuant to the terms of the Pendleton Place LLC Operating Agreement and the substitution of a new managing member approved by the Lender (such approval not to be unreasonably withheld), or the transfer or assignment of any investor member and/or special member interest in Borrower or any interest of the investor member and/or special member , shall not constitute a default hereunder and shall not entitle Lender to acceleration of the payment under the Note.

In case Borrower defaults in payment of this Note, Borrower agrees to pay all of Lender's costs of collection, including by not limited to, reasonable attorney's fees incurred by Lender or the holder of this Note whether or not suit is instituted. If any legal proceedings are instituted relating to this Note, including without limitation any arbitration, bankruptcy, trial, or appellate proceedings, borrower shall pay Lender's costs, including attorney's fees in all such proceedings.

Borrower hereby waives presentment and demand for payment, notice of dishonor, protest, notice of protest, and any other notice not specifically required by the Contract.

This Note shall be nonrecourse to Borrower and neither Borrower, its members, its assigns and their respective partners, officers, directors, employees, agents shall have any personal liability for payment of this Note other than to have the Property referred to in the HOME Investment Agreement, the rents there from, and all other collateral under the Deed of Trust securing this Promissory Note applied to satisfy the obligations hereunder.

The Loan evidenced by this Note shall not be forgiven.

Time is of the essence of all of the provisions of this Note.

[Signature Page to Follow]

DATED this 01 day of 12, 2020.

OWNER:

PENDLETON PLACE LLC,
a Washington limited liability company

By: Pendleton Place Manager LLC
Its: Managing Member

By: Kitsap Mental Health Services
Its: Manager

By: 
Name: JOE KOSZAK
Its: CEO

Amortization Schedule:

Principal 744,000
 Rate 1.00%
 Term (yrs) 40
 Amortization (yrs) 40
 Deferral (Yrs) 40
 Start Date 10/1/2021

Year	Scheduled Payment	Interest	Principal	Balance
1	\$0.00	\$7,440.00	(\$7,440.00)	\$751,440.00
2	\$0.00	\$7,440.00	(\$7,440.00)	\$758,880.00
3	\$0.00	\$7,440.00	(\$7,440.00)	\$766,320.00
4	\$0.00	\$7,440.00	(\$7,440.00)	\$773,760.00
5	\$0.00	\$7,440.00	(\$7,440.00)	\$781,200.00
6	\$0.00	\$7,440.00	(\$7,440.00)	\$788,640.00
7	\$0.00	\$7,440.00	(\$7,440.00)	\$796,080.00
8	\$0.00	\$7,440.00	(\$7,440.00)	\$803,520.00
9	\$0.00	\$7,440.00	(\$7,440.00)	\$810,960.00
10	\$0.00	\$7,440.00	(\$7,440.00)	\$818,400.00
11	\$0.00	\$7,440.00	(\$7,440.00)	\$825,840.00
12	\$0.00	\$7,440.00	(\$7,440.00)	\$833,280.00
13	\$0.00	\$7,440.00	(\$7,440.00)	\$840,720.00
14	\$0.00	\$7,440.00	(\$7,440.00)	\$848,160.00
15	\$0.00	\$7,440.00	(\$7,440.00)	\$855,600.00
16	\$0.00	\$7,440.00	(\$7,440.00)	\$863,040.00
17	\$0.00	\$7,440.00	(\$7,440.00)	\$870,480.00
18	\$0.00	\$7,440.00	(\$7,440.00)	\$877,920.00
19	\$0.00	\$7,440.00	(\$7,440.00)	\$885,360.00
20	\$0.00	\$7,440.00	(\$7,440.00)	\$892,800.00
21	\$0.00	\$7,440.00	(\$7,440.00)	\$900,240.00
22	\$0.00	\$7,440.00	(\$7,440.00)	\$907,680.00
23	\$0.00	\$7,440.00	(\$7,440.00)	\$915,120.00
24	\$0.00	\$7,440.00	(\$7,440.00)	\$922,560.00
25	\$0.00	\$7,440.00	(\$7,440.00)	\$930,000.00
26	\$0.00	\$7,440.00	(\$7,440.00)	\$937,440.00
27	\$0.00	\$7,440.00	(\$7,440.00)	\$944,880.00
28	\$0.00	\$7,440.00	(\$7,440.00)	\$952,320.00
29	\$0.00	\$7,440.00	(\$7,440.00)	\$959,760.00
30	\$0.00	\$7,440.00	(\$7,440.00)	\$967,200.00
31	\$0.00	\$7,440.00	(\$7,440.00)	\$974,640.00
32	\$0.00	\$7,440.00	(\$7,440.00)	\$982,080.00
33	\$0.00	\$7,440.00	(\$7,440.00)	\$989,520.00

34	\$0.00	\$7,440.00	(\$7,440.00)	\$996,960.00
35	\$0.00	\$7,440.00	(\$7,440.00)	\$1,004,400.00
36	\$0.00	\$7,440.00	(\$7,440.00)	\$1,011,840.00
37	\$0.00	\$7,440.00	(\$7,440.00)	\$1,019,280.00
38	\$0.00	\$7,440.00	(\$7,440.00)	\$1,026,720.00
39	\$0.00	\$7,440.00	(\$7,440.00)	\$1,034,160.00
40	\$0.00	\$7,440.00	(\$7,440.00)	\$1,041,600.00

RECORDED AT THE REQUEST OF
AND AFTER RECORDING RETURN TO:

When Recorded Return to:
Kitsap County Department of Human Services
Block Grant Program
345 6th Street, Suite 400
Bremerton, WA 98337

KC-505-20

DEED OF TRUST

Grantor: Pendleton Place LLC, a Washington limited liability company

Grantee #1 (Trustee): Chicago Title Insurance Company

Grantee #2 (Beneficiary): Kitsap County

Abbrev. Legal Description: Portion of Lots 28 and 29, Block 1, Brentwood Park
(Full legal description on Exhibit A)

Tax Account Number(s): 3719-001-029-0001; 3719-001-028-0101; 3719-001-029-0506

Related Documents: N/A

When Recorded Return to:
Kitsap County Department of Human Services
Block Grant Program
345 6th Street, Suite 400
Bremerton, WA 98337

KC-505-20

**HOME LOAN AGREEMENT
KITSAP COUNTY
Exhibit B: DEED OF TRUST**

THIS DEED OF TRUST is made this _____ day of _____, 2020, by Pendleton Place LLC, a Washington limited liability company, whose address is 5455 Almira Drive NE, Bremerton, Washington 98311-8331 ("Grantor") as Grantor; Chicago Title Insurance Co., whose mailing address is 701 5th Ave, Suite 2700, Seattle, WA 98104 ("Trustee") as Trustee; and Kitsap County ("Beneficiary") as Beneficiary, whose address is 614 Division Street, Port Orchard, Washington 98366.

1. Grant. Grantor hereby bargains, sells and conveys to Trustee in Trust for the benefit of Beneficiary, with power of sale the real property located in Kitsap County, Washington described on Exhibit A attached hereto (the "Property") together with all tenements, privileges, reversions, remainders, irrigation and water rights and stock, oil and gas rights, royalties, minerals and mineral rights, hereditaments and appurtenances belonging or in any way pertaining to the Property, and the rents, issues and profits thereof. Said Property is not used principally, or at all, for agricultural or farming purposes.

2. Obligations Secured. This deed is given for the purpose of securing payment of a loan (the "Loan") in the original amount of Seven hundred forty-four thousand and 00/100 Dollars (\$744,000.00) payable by Grantor to the Beneficiary pursuant to a HOME Loan Agreement, as now existing or hereafter amended, between Grantor and Beneficiary, securing the performance of each term and conditions of said HOME Loan Agreement.

3. Protection of Security. To protect the security of this Deed of Trust, Grantor covenants and agrees:

3.1 To keep the Property in good condition and repair; to permit no waste thereof; to complete any building, structure or improvements thereon which may be damaged or destroyed; and to comply with all laws, ordinances, conditions and restrictions affecting the property.

Pendleton Place
Deed of Trust

Page 2

3.2 To pay before delinquent all lawful taxes and assessments upon the Property; to keep the Property free and clear of all other charges, liens, or encumbrances impairing the security of this Deed of Trust.

3.3 To keep all buildings now or hereafter on the Property continuously insured against loss by fire or other hazards in an amount not less than the replacement cost of the project. Except as otherwise set forth herein in paragraph 4.1 and subject to the rights of the beneficiary or beneficiaries of any senior deed of trust, the amount collected under any insurance policy may be applied against any indebtedness hereby secured in such order as the Beneficiary shall determine. Such application by the Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, and subject to the rights of the beneficiary or beneficiaries of any senior deed of trust, all rights of Grantor in insurance policies then in force shall pass to the purchaser at the foreclosure sale.

3.4 To defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of title search and attorney's fees in a reasonable amount, in any such proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

3.5 To pay all costs, fees and expenses in connection with this Deed of Trust, including the expenses of the Trustee incurred in enforcing the obligation secured hereby and Trustee's and attorney's fees actually incurred, as provided by statute.

3.6 Should Grantor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the Property, Beneficiary may pay the same, and the amount so paid shall be added to and become a part of the debt secured by this Deed of Trust.

4. General Conditions. The parties hereto agree that:

4.1 Grantor shall give immediate notice to Beneficiary of any condemnation proceeding (including change of grade) or any offer made related to potential condemnation, or any loss or damage to the Property or Collateral or any right therein, whether or not required to be insured against. Such notice with respect to any casualty shall generally describe the nature and cause of such casualty and the extent of the damage to or destruction of the Property. Unless Beneficiary determines, in its reasonable discretion, that Beneficiary's security would be impaired or both Beneficiary and Grantor agree that the repair or restoration of the improvements on the Property would not be economically feasible, Beneficiary shall permit the proceeds to be used for

repair and restoration of the Property on such conditions as Beneficiary may impose, which may include evidence from Grantor of sufficient funds to complete the work, and approval by Beneficiary of the plans and specifications. If (a) the Beneficiary determines that its security would be impaired by use of the proceeds (and any other resources provided by Grantor) for repair or restoration; or Grantor and Beneficiary agree that repair or restoration would not be economically feasible, and subject to the rights of the beneficiary or beneficiaries of any senior deed of trust, the entire amount of the award or such portion as may be necessary to fully satisfy the obligation secured hereby, shall be paid to Beneficiary to be applied to said obligation.

4.2 By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right to require prompt payment when due of all other sums so secured or to declare default for failure to so pay.

4.3 The Trustee shall reconvey all or any part of the Property covered by this Deed of Trust to the person entitled thereto on written request of the Grantor and the Beneficiary, or upon satisfaction of the obligations secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.

4.4 Revised Code. Pursuant to Chapter 61.24 of the Revised Code of Washington and upon default by Grantor without timely cure and after written notice of thirty (30) days in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, all sums secured hereby shall immediately become due and payable. In such event and upon written notice of Beneficiary, the Property shall be sold, subject to the rights of the beneficiary or beneficiaries of any senior deed of trust, in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. Any person may bid at the Trustee's sale. Subject to the rights of the beneficiary or beneficiaries of any senior deed of trust, the proceeds of the sale shall be applied as follows: (1) to the expense of the sale, including a reasonable Trustee's fee and attorney's fee; (2) to the obligation secured by this Deed of Trust; (3) the surplus, if any, shall be distributed to the person or persons entitled thereto.

4.5 A Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the property which Grantor had or had the power to convey at the time of the execution of this Deed of Trust, and such as Grantor may have acquired thereafter. Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of a bona fide purchaser for value.

4.6 The power of sale conferred by this Deed of Trust and by the Deed of Trust Act of the State of Washington is not an exclusive remedy; Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.

4.7 Beneficiary may at any time appoint or discharge a Trustee.

4.8 This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto and their successors and assigns. The terms "Grantor", "Trustee", and "Beneficiary" include their successors and assigns.

4.9 Sale, Conveyance, Partial Transfer, and Default. Except as otherwise set forth in the HOME Loan Agreement, if the Property or any portion thereof or interest therein is sold, conveyed, transferred, or encumbered, either voluntarily or involuntarily without the prior written consent of the Beneficiary, then Beneficiary may declare all sums secured by the Deed of Trust immediately due and payable. Additional legal and equitable remedies shall also be available to the Beneficiary.

5. Nonrecourse Obligation. Any other provision herein notwithstanding, the Loan shall be nonrecourse to the Grantor and the Grantor shall not have any liability for repayment of the Loan other than to have the Property, the rents therefrom, and all other collateral under this Deed of Trust applied to satisfy the obligations secured by this Deed of Trust.

[Signature Page to follow]

REQUEST FOR FULL RECONVEYANCE

TO BE USED ONLY WHEN ALL OBLIGATIONS HAVE BEEN PAID AND ALL DUTIES PERFORMED UNDER THIS DEED OF TRUST, THE HOUSING ASSISTANCE PROGRAM CONTRACT, PROMISSORY NOTE, AND LOW-INCOME HOUSING COVENANT

TO: TRUSTEE

The undersigned as the party entitled to the performance, benefits, duties, and payments under the HOME Loan Agreement between the Grantor and Beneficiary which is secured by this Deed of Trust and other legal documents.

The obligations thereby secured have been paid and satisfied, and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust to cancel evidence of indebtedness secured by said Deed of Trust delivered to you with said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you hereunder.

Dated: _____

Name: _____

Title: _____

**EXHIBIT A to Deed of Trust
Legal Description of Real Property**

PARCEL I:

The Westerly 340 feet of Lot 28, Block 1, Brentwood Park, according to Plat recorded in Volume 5 of Plats, Page 6, in Kitsap County, Washington;

Except that portion conveyed to the State of Washington for Primary State Highway No. 21 by Deed recorded June 22, 1942, under Auditor's File No. 361676;

Except that portion conveyed to the State of Washington for Primary State Highway No. 21 (SR No. 3) by Deed recorded August 19, 1966, under Auditor's File No. 884856;

Except that portion lying Northwesterly of Crawford Avenue;

And except Crawford Avenue;

Together with that portion of vacated Kitsap Way by City of Bremerton Ordinance No. 3453 recorded under Auditor's File No. 7811070001 by North of the South line of said Lot 28 extended Westerly, that would attach by operation of law;

PARCEL II:

All of Lot 29, Block 1, Brentwood Park, according to Plat recorded in Volume 5 of Plats, Page 6, records of Kitsap County, Washington;

Except the following:

Beginning at the Northeast corner of said Lot 29;

Thence South 19 ° 03'56" East along State Roadway No. 21 a distance of 115 feet;

Thence East parallel to the North line of said Lot 29 a distance of 150 feet;

Thence North 19 ° 03'45" West parallel with the said State Roadway No. 21 to the North line of said Lot 29;

Thence West along the North line of said Lot 29 to the Point of Beginning and that portion of said Lot 29 described as follows:

Beginning at the Northwest corner of said Lot 29;

Thence South 19 ° 03'56" East along State Highway No. 21 a distance of 115 feet;

Thence East parallel to the North line of said Lot 29 a distance of 159 feet to the true point of beginning of the Tract herein described;

Thence West parallel to the North line of said Lot 29 a distance of 50 feet;

Thence Northerly in a straight line, to a point on the North line of said Lot 29 which point is North 19 ° 03'56" West from the true point of beginning;

Thence South 19 ° 03'56" East to the true point of beginning;

Except that portion of said Lot 29 described as follows:

Beginning at the Northwest corner of said Lot 29;

Thence South 19 ° 03'56" East along State Highway No. 21 a distance of 115 feet to the true point of beginning of the Tract herein described;

Thence East parallel to the North line of said Lot 29 a distance of 60 feet;

Thence Southwesterly in a straight line to the intersection of the South line of said Lot 29 and the Easterly margin of State Highway No. 21;

Thence Northwesterly along said Easterly margin to the true point of beginning;

Except that portion of Lot 29 described as follows:

Beginning at the Southeast corner of said Lot 29;

Thence West along the South line thereof 140 feet;

Thence Northerly at Right angles to the South line thereof to its intersection with the North line of said Lot 29;

Thence East along the North line thereof to the Northeast corner of said Lot;

Thence Southeasterly along the Easterly line 210.63 feet to the Southeast corner and the Point of Beginning;

And except that portion of Lot 29 described as follows:

Beginning at a point on the North line of said Tract 29, 140 feet West of the Northeast corner thereof;

Thence in a Southeasterly direction on a straight line to a point on the South line of said Tract 29 which is 150 feet West of the Southeast corner thereof and the true point of beginning ;

Thence Northwesterly along said last described straight line 11 feet;

Thence Westerly on a straight line to the Southwest corner of said Tract 29;

Thence East along said South line to the true point of beginning;

Except that parcel conveyed to the State of Washington by Warranty Deed recorded under Auditor's File No. 862990, records of Kitsap County, Washington;

PARCEL III

Parcel A:

That portion of Lot 29, Block 1, Brentwood Park, according to Plat recorded in Volume 5 of Plats, Page 6, in Kitsap County, Washington, described as follows:

Beginning at the Northwest corner of said Lot 29;

Thence South 19 ° 03'56" East along State Road No. 21, a distance of 115 feet;

Thence East, parallel to the North line of said Lot 29, a distance of 150 feet;

Thence North 19 ° 03'56" West, parallel with said State Road No. 21, to the North line of said Lot 29;

Thence West along the North line of said Lot 29 to the Point of Beginning;

Except portion conveyed to the State of Washington by Deed recorded May 8, 1942, under Auditor's File No. 359526;

Together with that portion of vacated Kitsap Way as vacated under Ordinance No. 3452, and recorded under Auditor's File No. 7811070001, lying South of the North line of the above described main tract, extended Westerly;

Except that portion of Lot 29, Block 1, Brentwood Park, according to Plat recorded in Volume 5 of Plats, Page 6, in Kitsap County, Washington, described as follows:

Beginning at the Northwest corner of said Lot 29;

Thence South $19^{\circ} 03'56''$ East along State Highway No. 21, a distance of 115 feet;

Thence East parallel to the North line of said Lot 29, a distance of 150 feet to the true point of beginning of the Tract herein described;

Thence West, parallel to the North line of said Lot 29, a distance of 50 feet;

Thence Northerly in a straight line to a point on the North line of said Lot 29, which point is North $19^{\circ} 03'56''$ West from the true point of beginning, thence South $19^{\circ} 03'56''$ East to the true point of beginning;

Parcel B:

That portion of Lot 29, Block 1, Brentwood Park, according to Plat recorded in Volume 5 of Plats, Page 6, in Kitsap County, Washington, described as follows:

Beginning at the Northwest corner of said Lot 29;

Thence South $19^{\circ} 03'56''$ East along State Highway No. 21, a distance of 115 feet to the true point of beginning of the Tract herein described;

Thence East parallel to the North line of said Lot 29, a distance of 60 feet;

Thence Southwesterly in a straight line to the intersection of South line of said Lot 29 and the Easterly margin of State Highway No. 21;

Thence Northwesterly along said Easterly margin to the true point of beginning;

When Recorded Return to:

Kitsap County Dept. of Human Services
Block Grant Program
345 6th Street Suite 400
Bremerton WA 98337

LOW INCOME HOUSING COVENANT AGREEMENT

Grantor (Borrower): **Pendleton Place LLC**

Grantee (Lender): **Kitsap County**

Legal Description (abbreviated): Portion of Lots 28 and 29, Block 1, Brentwood Park
(Full legal description on Exhibit A)

Assessor's Tax Parcel Numbers: 3719-001-029-0001; 3719-001-028-0101; 3719-001-029-0506

This Low Income Housing Covenant Agreement ("Covenant Agreement") is made by **Pendleton Place LLC**, a Washington limited liability company, ("Grantor" or "Borrower") and is part of the consideration for the financial assistance provided by Kitsap County ("County"), to Borrower pursuant to a Rental Project Owner, Sponsor, Developer HOME Investment Partnership Program Agreement, for the construction of **Pendleton Place Apartments** permanent supportive rental housing for individuals with chronic mental illness or substance abuse disorders, chronic homelessness, and other disabling conditions, with incomes at or below 30% of the area median income for Kitsap County, on the property described in Exhibit A (hereinafter referred to as "Property") to this Covenant Agreement.

This Covenant Agreement will be filed and recorded in the official public land records of Kitsap County, Washington and shall constitute a restriction upon the use of the property described herein, subject to and in accordance with the terms of this Covenant Agreement, for **20 years** following the date of completion of the project.

The covenants contained herein are to be taken and construed as covenants running with the land and shall pass to and be binding upon the Borrower, his successors and assigns heirs, grantees, or lessees of the Property, beginning on the date of initial residential occupancy after the rehabilitation is contemplated by the Contract, as follows:

1. Three of the residential units in the Property will be designated as High HOME units and three will be Low HOME units (the "HOME Units") and will be rented to tenants with gross annual household incomes at the time of initial occupancy no higher than sixty and fifty percent, respectively, of the median income in Kitsap County, Washington, adjusted for family size, as estimated from time to time by the United States Department of Housing and Urban Development ("HUD"). If HUD ceases to provide such estimates of median income, then median income shall mean such comparable figure for Kitsap County, Washington published or reported by a federal, state, or local agency as the County shall select.

2. The Borrower will provide safe, decent and sanitary housing, and will comply with all State and local housing codes, licensing requirements, and other requirements regarding the condition of the structure and the operation of the project in the jurisdiction in which the housing is located.

3. The Borrower will keep any records and make any reports relating to compliance with this covenant that the Department may reasonably require.

4. **DEFAULT:** If a violation of any of the foregoing covenant occurs, the County may, after thirty days' written notice of violation and an opportunity to cure, which cure may be affected by the Grantor and/or its Investor Member or Special Member, institute and prosecute any proceeding at law or equity to abate, default the loan, prevent or enjoin any such violation or to compel specific performance by the Borrower of its obligations hereunder; provided that, the Borrower shall not be required by any provision herein to evict a residential tenant. No delay in enforcing the provisions hereof as to any breach or violation shall impair, damage, or waive the right of any party entitled to enforce the provisions hereof or to obtain relief against or recover for the continuation or repetition of such breach or violations or any similar breach or violation hereof at any later time.

[Signature Page to follow]

EXHIBIT A

Legal Description of Property

PARCEL I:

The Westerly 340 feet of Lot 28, Block 1, Brentwood Park, according to Plat recorded in Volume 5 of Plats, Page 6, in Kitsap County, Washington;

Except that portion conveyed to the State of Washington for Primary State Highway No. 21 by Deed recorded June 22, 1942, under Auditor's File No. 361676;

Except that portion conveyed to the State of Washington for Primary State Highway No. 21 (SR No. 3) by Deed recorded August 19, 1966, under Auditor's File No. 884856;

Except that portion lying Northwesterly of Crawford Avenue;

And except Crawford Avenue;

Together with that portion of vacated Kitsap Way by City of Bremerton Ordinance No. 3453 recorded under Auditor's File No. 7811070001 by North of the South line of said Lot 28 extended Westerly, that would attach by operation of law;

PARCEL II:

All of Lot 29, Block 1, Brentwood Park, according to Plat recorded in Volume 5 of Plats, Page 6, records of Kitsap County, Washington;

Except the following:

Beginning at the Northeast corner of said Lot 29;

Thence South $19^{\circ} 03'56''$ East along State Roadway No. 21 a distance of 115 feet;

Thence East parallel to the North line of said Lot 29 a distance of 150 feet;

Thence North $19^{\circ} 03'45''$ West parallel with the said State Roadway No. 21 to the North line of said Lot 29;

Thence West along the North line of said Lot 29 to the Point of Beginning and that portion of said Lot 29 described as follows:

Beginning at the Northwest corner of said Lot 29;

Thence South $19^{\circ} 03'56''$ East along State Highway No. 21 a distance of 115 feet;

Thence East parallel to the North line of said Lot 29 a distance of 159 feet to the true point of beginning of the Tract herein described;

Thence West parallel to the North line of said Lot 29 a distance of 50 feet;

Thence Northerly in a straight line, to a point on the North line of said Lot 29 which point is North $19^{\circ} 03'56''$ West from the true point of beginning;

Thence South $19^{\circ} 03'56''$ East to the true point of beginning;

Except that portion of said Lot 29 described as follows:

Beginning at the Northwest corner of said Lot 29;

Pendleton Place

Covenant

Page 4

Thence South 19 ° 03'56" East along State Highway No. 21 a distance of 115 feet to the true point of beginning of the Tract herein described;
Thence East parallel to the North line of said Lot 29 a distance of 60 feet;
Thence Southwesterly in a straight line to the intersection of the South line of said Lot 29 and the Easterly margin of State Highway No. 21;
Thence Northwesterly along said Easterly margin to the true point of beginning;

Except that portion of Lot 29 described as follows:
Beginning at the Southeast corner of said Lot 29;
Thence West along the South line thereof 140 feet;
Thence Northerly at Right angles to the South line thereof to its intersection with the North line of said Lot 29;
Thence East along the North line thereof to the Northeast corner of said Lot;
Thence Southeasterly along the Easterly line 210.63 feet to the Southeast corner and the Point of Beginning;

And except that portion of Lot 29 described as follows:
Beginning at a point on the North line of said Tract 29, 140 feet West of the Northeast corner thereof;
Thence in a Southeasterly direction on a straight line to a point on the South line of said Tract 29 which is 150 feet West of the Southeast corner thereof and the true point of beginning ;
Thence Northwesterly along said last described straight line 11 feet;
Thence Westerly on a straight line to the Southwest corner of said Tract 29;
Thence East along said South line to the true point of beginning;

Except that parcel conveyed to the State of Washington by Warranty Deed recorded under Auditor's File No. 862990, records of Kitsap County, Washington;

PARCEL III

Parcel A:

That portion of Lot 29, Block 1, Brentwood Park, according to Plat recorded in Volume 5 of Plats, Page 6, in Kitsap County, Washington, described as follows:
Beginning at the Northwest corner of said Lot 29;
Thence South 19 ° 03'56" East along State Road No. 21, a distance of 115 feet;
Thence East, parallel to the North line of said Lot 29, a distance of 150 feet;
Thence North 19 ° 03'56" West, parallel with said State Road No. 21, to the North line of said Lot 29;
Thence West along the North line of said Lot 29 to the Point of Beginning;

Except portion conveyed to the State of Washington by Deed recorded May 8, 1942, under Auditor's File No. 359526;
Together with that portion of vacated Kitsap Way as vacated under Ordinance No. 3452, and recorded under Auditor's File No. 7811070001, lying South of the North line of the above described main tract, extended Westerly;

Except that portion of Lot 29, Block 1, Brentwood Park, according to Plat recorded in Volume 5 of Plats, Page 6, in Kitsap County, Washington, described as follows:

Beginning at the Northwest corner of said Lot 29;

Thence South $19^{\circ} 03'56''$ East along State Highway No. 21, a distance of 115 feet;

Thence East parallel to the North line of said Lot 29, a distance of 150 feet to the true point of beginning of the Tract herein described;

Thence West, parallel to the North line of said Lot 29, a distance of 50 feet;

Thence Northerly in a straight line to a point on the North line of said Lot 29, which point is North $19^{\circ} 03'56''$ West from the true point of beginning, thence South $19^{\circ} 03'56''$ East to the true point of beginning;

Parcel B:

That portion of Lot 29, Block 1, Brentwood Park, according to Plat recorded in Volume 5 of Plats, Page 6, in Kitsap County, Washington, described as follows:

Beginning at the Northwest corner of said Lot 29;

Thence South $19^{\circ} 03'56''$ East along State Highway No. 21, a distance of 115 feet to the true point of beginning of the Tract herein described;

Thence East parallel to the North line of said Lot 29, a distance of 60 feet;

Thence Southwesterly in a straight line to the intersection of South line of said Lot 29 and the Easterly margin of State Highway No. 21;

Thence Northwesterly along said Easterly margin to the true point of beginning;

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SAM Search Results
List of records matching your search for :

Record Status: Active
DUNS Number: 021312129

ENTITY	KITSAP MENTAL HEALTH SERVICES	Status: Active
DUNS: 021312129	+4:	CAGE Code: 0NL52 DoDAAC:
Expiration Date: 07/06/2021	Has Active Exclusion?: No	Debt Subject to Offset?: No
Address: 5455 ALMIRA DR	City: BREMERTON	State/Province: WASHINGTON
ZIP Code: 98311-8330		Country: UNITED STATES