



City of Seattle

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COMMUNITY FACILITY LOAN AGREEMENT

BORROWER: King County
PROJECT NAME: Rainier Beach High School–Based Health Center
FUND SOURCE: Community Development Block Grant (CFDA #14.218)

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COMMUNITY FACILITY LOAN AGREEMENT

THIS LOAN AGREEMENT is made between THE CITY OF SEATTLE, a Washington municipal corporation, as Lender, and KING COUNTY, a political subdivision of the state of Washington, as Borrower.

WHEREAS, Borrower has applied to Lender for funding of the acquisition, development, and/or renovation of a community facility from Lender's Community Development Block Grant ("CDBG") funds, and Lender has agreed to provide such funds in the form of a loan in the principal amount of SIXTY-THREE THOUSAND AND NO/100 DOLLARS (\$63,000.00) upon the terms and conditions set forth below;

NOW, THEREFORE, Borrower and Lender agree as follows:

PART I: DEFINITIONS

The following capitalized terms used in this Loan Agreement shall have the meanings set forth below unless the context otherwise clearly requires:

- 1.1 "Borrower"
"Borrower" means KING COUNTY, a political subdivision of the state of Washington.
- 1.2 "Budget"
"Budget" means the budget attached hereto as Exhibit B and hereby incorporated by reference, together with any amendments or modifications thereto hereafter approved in writing by Lender.
- 1.3 "City"
"City" means The City of Seattle, Washington.
- 1.4 "Community Facility"
"Community Facility" means the portion of the Property acquired or improved, or to be acquired or improved, wholly or in part with CDBG funds, which shall include the portion of the Property outlined on Exhibit D attached hereto and incorporated herein by this reference. If no Exhibit D is attached or if no portion of the Property is specifically designated on Exhibit D, then the Community Facility is the entire Property. If Exhibit D designates a portion of the Property as the Community Facility, then nothing herein authorizes the use of any Loan funds except for costs attributable to that portion of the Property, but if any Loan funds are used for costs attributable to any other part of the Property or other property, then requirements applicable to the "Community Facility" shall apply to that other part of the Property or other property, to the full extent required by CDBG regulations.
- 1.5 "Director"
"Director" means the Director of HSD or any person specifically authorized in writing by the Director to perform a particular function with respect to the Loan or the Property.
- 1.6 "Event of Default"
"Event of Default" means any one of the events described in Section 3.6 of this Loan Agreement.
- 1.7 "Hazardous Substance"
"Hazardous Substance" is defined in Section 3.11 of this Loan Agreement.
- 1.8 "HSD"
"HSD" means The City of Seattle Human Services Department and any other department of the City that shall succeed to the functions of HSD with regard to community facilities.
- 1.9 "HUD"
"HUD" means the United States Department of Housing and Urban Development and any other department of the United States government that shall succeed to the functions of HUD with respect to Community Development Block Grants.

- 1.10 "Lender"
"Lender" means the City in its capacity as the lender under this Loan Agreement.
- 1.11 "Loan"
"Loan" means the loan from Lender to Borrower that is the subject of this Loan Agreement.
- 1.12 "Loan Agreement"
"Loan Agreement" means this Loan Agreement, including exhibits, and any documents incorporated by reference specifically herein, together with any written amendments hereto executed in accordance with the requirements hereof.
- 1.13 "Loan Documents"
"Loan Documents" means this Loan Agreement, the Promissory Note, all documents attached as exhibits to or incorporated by reference in any of the foregoing, any amendments to any of the foregoing duly executed and delivered by Lender and Borrower, and any additional promissory notes, instruments, or documents evidencing or securing the obligations of Borrower under any of the foregoing.
- 1.14 "Low- to Moderate-Income Person"
"Low-to Moderate-Income Person" means a "low and moderate income person" within the meaning of 24 C.F.R. Section 570.3.
- 1.15 "Other Financing Documents"
"Other Financing Documents" means all of the following, whether existing as of the date hereof or in the future: all promissory notes, loan agreements, deeds, mortgages, deeds of trust, security agreements, grant agreements, leases, condominium declarations, restrictive covenants, commitments, subscription agreements, partnership or joint venture agreements, and other agreements or instruments, that relate to any financing of any kind for the Project and/or are secured by, encumber or affect Borrower's interest in the Property or any personal property used in connection therewith.
- 1.16 "Program Income"
"Program Income" has the meaning set forth in 24 C.F.R. Section 570.500(a).
- 1.17 "Project"
"Project" means the development, including construction and/or rehabilitation, of improvements to the Property, funded wholly or in part by the Loan and, if so indicated in Exhibit A-1 or A-2 to this Loan Agreement, the acquisition of all or part of the Property by Borrower.
- 1.18 "Promissory Note"
"Promissory Note" means that certain promissory note dated on or about the date hereof, executed by Borrower in favor of Lender to evidence Borrower's obligation to repay the Loan, and any replacement note that may be substituted therefor.
- 1.19 "Property"
"Property" means that certain land located at 8815 Seward Park Avenue South, Seattle, Washington, commonly known as Rainier Beach High School, and legally described as follows: POR GL 3 BEG AT PT ON N LN OF HENDERSON ST 650 FT E OF E LN OF RAINIER AVE TH N 00-09-08 E 301.94 FT TO N LN SD GL TH E TO WLY LN OF SEWARD PARK AVE TH SLY TO N LN OF HENDERSON ST TH W TO BEG LESS S 100 FT OF E 100 FT THOF LESS ST PER 9311080867, together with all improvements and fixtures now or hereafter located thereon.
- 1.20 "Severely Disabled Persons"
"Severely Disabled Persons" means persons meeting the Bureau of Census' Current Population Reports definition of "severely disabled," which generally includes persons who (1) use a wheelchair, a cane, crutches, or a walker; or (2) are unable to perform or need help to perform one or more of these functional activities: seeing, hearing, speaking, lifting/carrying,

using stairs, walking, or grasping small objects; or (3) are unable to perform or need help to perform one or more Activities of Daily Living, which include getting around inside the home, getting in or out of bed or a chair, bathing, dressing, eating, and toileting; or (4) are unable to perform or need help to perform one or more Instrumental Activities of Daily Living, which include going outside the home, keeping track of money and bills, preparing meals, doing light housework, taking prescription medicines in the right amount at the right time, and using the telephone; or (5) have a condition that limits the ability to work around the house or makes it difficult to remain employed; or (6) have mental retardation or another developmental disability, or Alzheimer's disease, or any other mental or emotional condition that seriously interferes with everyday activities.

PART II: LOAN PURPOSE, DOCUMENTATION, DISBURSEMENTS AND CONDITIONS

2.1 Purpose(s) of Loan; Statement of Goals and Performance Standards.

A. Subject to the terms and conditions of this Loan Agreement, Lender shall lend to Borrower and Borrower shall borrow from Lender the sum of up to SIXTY-THREE THOUSAND AND NO/100 DOLLARS (\$63,000.00) exclusively from Lender's federal Community Development Block Grant ("CDBG") funds. The purpose of the Loan is to finance a portion of the costs of development of the Community Facility to be used to serve primarily Low- to Moderate-Income Persons through Borrower's programs identified on Exhibit A-1 and any other programs authorized in accordance with this Section. Borrower may add or substitute a different program or programs in all or any portion of the Community Facility only with the written approval of HSD, in its discretion. Borrower shall request approval in writing at least thirty (30) days in advance of any program change. Borrower shall demonstrate to the satisfaction of HSD that the new or substitute program (a) predominantly benefits Low- to Moderate-Income Persons consistent with CDBG regulations and (b) is consistent with the priorities in the City's Consolidated Plan (or any successor document) as then in effect. Any change in use of the Community Facility or any part thereof except as may be approved by HSD under this subsection, occurring before the later of five (5) years after expiration of this Loan Agreement or the Maturity Date set forth in the Promissory Note, as the same may be extended, shall give Lender the right, at its option, to declare all amounts owing under the Promissory Note immediately due and payable.

B. Borrower shall carry out the Project and operate the Community Facility in accordance with the Statement of Goals and Performance Standards attached hereto as Exhibits A-1 and A-2 and incorporated herein by this reference. Lender has no obligation to disburse any of the Loan funds except in strict accordance with the terms of this Loan Agreement. Borrower shall use the proceeds of the Loan only for Project expenses strictly in accordance with the Budget, which is attached hereto as Exhibit B and incorporated herein by this reference, and for other costs approved in writing by Lender. CDBG funds disbursed on the Loan may not exceed the cost of those portions of the acquisition, construction, or rehabilitation that are attributable to eligible activities in accordance with the cost accounting requirements applicable to CDBG funds in 24 CFR Part 570. Any balance undisbursed upon completion of the Project and full payment therefor shall remain undisbursed.

2.2 Promissory Note.

The Loan shall be evidenced by Borrower's Promissory Note, in the form attached hereto as Exhibit C and incorporated by this reference.

2.3 Disbursement of Funds.

A. Funds shall be disbursed by Lender no more frequently than monthly, solely in payment for documented Project expenses in accordance with the Budget, and solely for costs that are allowable in accordance with the applicable federal Office of Management and Budget (OMB) Circular. Borrower shall submit a draw request with supporting documentation not later than ten (10) days after the end of each calendar month. Disbursements shall be conditioned upon Borrower's compliance with the terms of this Loan Agreement and, at Lender's option, Lender's inspection and approval of completed work. In addition, Loan funds shall not be

disbursed for construction (which term shall include rehabilitation and demolition work for all purposes hereunder, to the extent the Project includes such work) or materials until Lender has received Project plans, specifications and final cost estimates acceptable to Lender; final design drawings for external modifications have been reviewed by the Seattle Design Commission; Borrower has provided evidence satisfactory to Lender of all necessary building permits; Borrower has provided an executed construction contract satisfactory to Lender; and Borrower has provided Lender with evidence satisfactory to Lender of sufficient financing to complete construction. Disbursement shall ordinarily occur within three (3) weeks of Borrower's written request unless Lender notifies Borrower of a deficiency in its request. Lender shall have the right to withhold as retention ten percent (10%) from each disbursement for construction or materials until such time as the Project has been completed, Borrower has delivered a copy of a Certificate of Occupancy for the Community Facility (or other evidence of final approval under construction permits, if no Certificate of Occupancy is required) to Lender, final lien releases have been obtained from all contractors, subcontractors and material suppliers, and all documentation regarding compliance with the requirements of this Loan Agreement has been submitted in form satisfactory to Lender. If any other funding source for the Project does not require a retention of at least ten percent (10%), Lender may require arrangements for a retention of at least ten percent (10%) with respect to such other funding source. In no case shall Lender be required to make disbursements for construction or materials in a cumulative amount that, together with any disbursements for such work or materials made from other fund sources, exceeds ninety percent (90%) of the cumulative amount of draw requests approved by Lender for work performed and materials furnished. Retention is withheld for the protection of Lender and to ensure compliance with certain regulatory requirements of Lender and HUD, and is not for the benefit of any third parties. Loan disbursements may be made, at Lender's discretion, by checks payable to both Borrower and the contractor, supplier or other person entitled to payment for services or materials in connection with the Project.

B. The following shall be conditions precedent to Lender's obligation to make each disbursement of funds requested by Borrower:

(1) Borrower shall be in full compliance with all provisions of the Loan Documents, including without limitation reporting requirements, and with all terms and conditions of all Other Financing Documents.

(2) Borrower shall not have received notice to the effect that Borrower is in breach of, is in default under, has failed to comply with, or has failed to satisfy a condition of any of the Other Financing Documents or any permit for the Project, unless all matters cited in such notice have been cured to the satisfaction of all parties involved, without adverse effect upon Borrower or the Project, prior to the request for a disbursement of funds hereunder, or Borrower has demonstrated to the satisfaction of Lender that there is no basis for any such notice.

(3) There shall be no legal or administrative action pending seeking to enjoin or prevent the Project or operation of the Community Facility as contemplated in the Loan Documents, or contesting the legality of any permit for the Project or of the arrangements contemplated by the Loan Documents or any of the Other Financing Documents, and no order, judgment, ruling, finding or determination of any court or administrative agency shall have been issued or made prohibiting, restraining, declaring unlawful, creating reasonable uncertainty as to the legality of, or otherwise adversely affecting any of the following: the Project, the operation of the Community Facility as contemplated in the Loan Documents, or the funding of the Project under this Loan Agreement or any Other Financing Documents.

(4) No party identified as a source of financing in any application or submission by Borrower to Lender shall have withdrawn, reduced, or materially modified its commitment or intention to provide funding to the Project and all such commitments shall be in full force and effect and satisfactory to Lender.

(5) Borrower shall have first provided to the Project any equity funds contemplated by the Budget, or shall have provided assurances and security satisfactory to Lender with respect to any portion of such equity funds that are scheduled to be provided at a later date.

(6) All contractors and subcontractors for the Project shall have provided evidence satisfactory to Lender that they have paid prevailing wages as required by this Loan Agreement and shall be in full compliance with the terms of their respective contracts, including without limitation all provisions of such contracts required to be included in accordance with the terms hereof.

(7) Borrower shall have submitted to Lender such other documents and materials as are required pursuant to the terms of this Loan Agreement or that Lender may reasonably require in order to demonstrate compliance with the conditions to disbursement hereunder. Such documents shall include a certificate in the form prescribed by Lender, signed by Borrower or its agent, by the general contractor and, if so requested by Lender, by the Project architect, as to the percentage of completion and the conformity of work to the plans and specifications.

(8) All applicable conditions in Section 2.5 and any special conditions in Part VI shall be satisfied.

(9) If Lender so requests, Lender shall be provided at Borrower's expense, prior to each disbursement, with a date-down endorsement to the title policy, containing no new exceptions to title other than those acceptable to Lender.

(10) If the disbursement requested is for construction (including rehabilitation) expenses, Borrower shall provide evidence satisfactory to Lender that after such disbursement the funds remaining undisbursed on the Loan, plus unused funds available for the Project from other sources under funding commitments acceptable to Lender, and any Borrower funds set aside for the Project, will be sufficient to cover all remaining costs of construction under the construction contract(s), plus a contingency of at least 10% of the construction contract amount(s) remaining unpaid, unless a different percentage is approved in writing by Lender.

(11) The improvements on the Property shall not have been damaged by fire or other casualty.

(12) The representations and warranties of Borrower contained herein shall remain accurate in all material respects as of the date of the requested disbursement.

(13) Borrower shall have provided evidence satisfactory to Lender of Borrower's ownership of the Property or, in the case of a leasehold, evidence satisfactory to Lender that the Borrower may, under the terms of the lease, undertake the activities indicated in Exhibit A-1 to this Loan Agreement, and in either case, if so requested by Lender, evidence of the absence of liens or other encumbrances except as may be acceptable to Lender, and of Borrower's compliance with the terms of any such liens and encumbrances. In the case of a leasehold, Borrower shall have complied fully with Section 6.1 below and the representations therein shall be true and accurate as of the date of the requested disbursement.

D. During the period of construction or rehabilitation of the Community Facility, disbursements of funds for the Project from other sources shall be subject to the prior written approval of Lender, not to be unreasonably withheld or delayed, and Borrower shall provide to Lender together with each request for such approval all documentation and information that would be required for a request for disbursement of funds under this Loan. Lender shall respond to all requests for such approval within ten (10) business days after receiving all necessary information from Borrower.

E. Prior to receiving any Loan funds, Borrower shall furnish to Lender satisfactory evidence that all persons handling funds to be received or disbursed hereunder are covered by fidelity insurance in the amount of Ten Thousand Dollars (\$10,000.00) per individual authorized to sign checks.

F. If any condition of this Loan Agreement requires the submission of evidence of the existence (or non-existence) of a specified fact or facts, then such condition shall be deemed to require also the actual existence (or non-existence, as the case may be), of such fact or facts. The

Lender shall, at all times, be free independently to establish to its satisfaction, and in its absolute discretion, such existence (or non-existence).

G. All conditions to disbursement are for the benefit of Lender and, subject to applicable law, may be waived in Lender's discretion, but no such waiver for purposes of any disbursement shall be construed to waive any condition with respect to further disbursements.

2.4 Review of Plans and Completion of Improvements.

Borrower shall complete all improvements contemplated by the Loan Documents in accordance with plans, specifications, and the Budget approved by Lender and Borrower and all requirements of applicable laws, Codes, ordinances and permits. Project plans will be reviewed by a committee of the Seattle Design Commission prior to final approval by Lender if so requested by Lender. No change (other than de minimis changes) in the Budget or approved plans and specifications shall be made (and no change shall be incorporated in any Project construction) without Lender's advance consent in writing. Lender shall not be responsible for any additional costs resulting from change orders or any other cause. Project construction shall begin by the date stated in Exhibit A-2 and Borrower will cause the work to be prosecuted with diligence and continuity so as to complete the Project in accordance with the requirements of this Loan Agreement on or before the completion date stated in Exhibit A-2. Borrower shall be in breach of this Section if the work on the Project is not carried on with reasonable dispatch or if at any time work is discontinued for a period of: (1) at least five (5) consecutive days, excluding Sundays and holidays, for reasons within the control of Borrower, or (2) at least thirty (30) calendar days when occasioned by any delay due to any labor disputes, material or labor shortage, fire, weather, insurrection, human or natural disaster, or any other cause beyond Borrower's control (each such cause beyond Borrower's control is referred to as "Force Majeure"). Any interruption that could reasonably have been avoided by Borrower, or any lack of funds, shall not be deemed a cause beyond the control of the Borrower. In any event, Borrower shall be in breach of this Section if for any reasons (including Force Majeure), either (i) the aggregate of all periods when construction is not carried on, or is discontinued, after the date when construction is required to commence under this Section, is more than sixty (60) calendar days, or (ii) the Project is not completed within ninety (90) calendar days after the date for completion in Exhibit A-2. TIME IS OF THE ESSENCE of this Section.

Borrower shall immediately notify Lender in writing of any interruption of work on the Project or any event or circumstance that reasonably may be expected to prevent completion of the Project or to delay the commencement or completion, or both, of work on the Project past the respective dates stated in Exhibit A-2. Neither Lender's receipt of any such notice, nor any lack of response to any such notice, shall waive or extend any deadline or requirement in this Loan Agreement.

2.5 Funding Conditional Upon Review Under Environmental and Related Laws.

Funds shall be available to the Borrower hereunder only after any and all necessary reviews under the State Environmental Policy Act ("SEPA"), National Environmental Policy Act ("NEPA"), and related laws and regulations as described in 24 C.F.R. Part 58 ("Environmental Review") shall have been completed, all necessary environmental documents shall have been prepared and all necessary determinations, certifications and approvals shall have been given and made. Borrower shall cooperate fully and shall promptly provide all necessary information in connection with such reviews. Unless HSD has certified in writing as of the date of this Loan Agreement that all necessary Environmental Review has been completed for the Project and all necessary determinations, certifications and approvals have been given and made, HSD reserves the right to cancel this Loan Agreement based on the results of Environmental Review. For purposes of SEPA, unless Lender shall have determined that the Project is exempt from the requirement of a threshold determination, no funds shall be available until either (a) there shall have been a final determination that the Project will have no significant adverse impact on the environment; or (b) HSD shall have determined, in its discretion and after consideration of relevant environmental documents, to fund the Project notwithstanding such any significant adverse impact. In addition (whether or not the Project is determined to have any significant environmental impacts), as a condition of receipt of funds hereunder the Borrower shall agree in writing to any additional conditions determined to be appropriate by the City for the mitigation

of potential impacts. Prior to completion of all Environmental Review and issuance of necessary certifications, determinations and approvals, the Borrower shall not proceed with any aspect of the Project (whether or not to be reimbursed with funds lent hereunder), with the exception of any preliminary activities that are approved by HSD and that neither cause any physical change to the condition of the Property or environment, nor foreclose any reasonable alternatives.

PART III: STANDARD LOAN TERMS AND CONDITIONS

3.1 Contracts.

A. The contract(s) with the general contractor(s) for the Project shall be submitted to Lender for its review prior to execution. Lender shall have ten (10) business days after delivery of the proposed contract(s) to HSD to give its consent or, for reasonable grounds stated, to reject the proposed contract(s) or require modifications, and if Lender does not reject any contract or require modifications within such ten (10) business day period then Borrower may execute such contract without Lender's express consent. It shall be Borrower's obligation to ensure that each contract complies with all requirements of this Loan Agreement, and no consent by Lender to a contract, nor any failure to reject a contract or to require modifications, shall constitute either (i) an assurance by Lender that such contract complies with all requirements, or (ii) a waiver or modification of any requirement. Copies of all contracts and subcontracts for the Project shall be provided to Lender promptly after execution thereof. Borrower shall cause to have inserted in the architectural contract language acceptable to Lender providing that, upon payment to the Project architect of the architect's earned fees under the contract, the drawings, specifications and other documents prepared by the architect become the property of the Borrower, may be assigned to any lender for the Project, and may be used by the Borrower or any such lender for additions to or completion of the Project. The Project architect shall carry errors and omissions insurance in an amount and from a company satisfactory to Lender. All contractors shall be bonded (both payment and performance) by sureties acceptable to Lender for the full amount of their contracts, with dual obligee riders naming Lender as an additional insured. At Lender's sole discretion, the condition of bonding may be modified or waived.

B. Each contract and subcontract to be performed wholly or in part with funds from this Loan shall include a specific provision to the effect that The City of Seattle is not liable for claims or damages arising from any contractor's or subcontractor's performance or activities under the contract or subcontract.

C. Prior to commencement of construction, Borrower shall cause a preconstruction conference to be held, the time, place and attendees of such conference to be approved by Lender.

3.2 Access to Property; Inspections; Non-conforming Work.

A. Lender and its agents shall at all reasonable times have the right to enter upon the Community Facility upon reasonable advance notice to Borrower, to inspect construction.

B. Upon notice from Lender that any work or material is not in conformity with the approved plans and specifications, Borrower shall immediately direct any and all contractors involved to stop work or cease use of such materials, as the case may be, and, if so requested by Lender, shall order the replacement of such work or materials, whether or not said work or material has been incorporated into the Property.

C. Review by HSD of plans and specifications and inspection by HSD of construction improvements is for the benefit of Lender. Such inspection shall not be construed as a representation or warranty to Borrower or any third party that the plans and specifications are adequate for any purpose, that there has been or will be compliance on the part of any contractor or subcontractor with the plans and specifications, that construction has been or will be free from faulty material or workmanship, or as to any other matter. Borrower shall cause this Section 3.2 to be included in any contract for work into which Borrower shall enter under this Loan Agreement.

3.3 Liens or Claims of Liens.

Borrower shall keep the Property, or if Borrower is a lessee, its leasehold interest, free from liens and lien claims of all kinds, except such liens as may be approved by Lender in writing. If any claims of lien shall be asserted against the Property, Borrower, regardless of any action that Lender may otherwise be authorized to take, shall obtain a release and satisfaction of such lien claim, bond the lien claim, or otherwise provide to Lender assurances and security satisfactory to Lender that the lien claim will be paid or satisfied not later than ten (10) days after a judgment on the lien claim. Provided Borrower complies with the previous sentence, Borrower may in good faith contest any worker's or material supplier's lien in legal proceedings that will prevent enforcement of the lien claim and prevent foreclosure of such lien claim. If such a lien claim is not released or satisfied or a bond or other security provided within forty-five (45) days of written notice from Lender to Borrower of the existence of such lien claim, then the failure to do so shall be an Event of Default.

3.4 Non-Assumability of Loan; Assignment of Agreement; Refinancing; Transfers; Lease of Property.

No assumption of the Loan and no assignment of this Loan Agreement are permitted without the advance written consent of Lender. Borrower acknowledges that the restrictions in this Section are necessary to ensure that the Community Facility is properly operated for the purposes intended by an organization that is committed to serving the intended beneficiary population. Borrower shall not transfer, convey or encumber all or any part of Borrower's interest in the Property without the advance written permission of Lender. Borrower shall not, without the express written consent of Lender, lease the Community Facility or any portion thereof. If Borrower is the lessee of the Community Facility, then any expiration or termination of Borrower's lease prior to the Maturity Date of the Promissory Note constitutes a transfer prohibited by this Section. Borrower shall not cause or permit any change in its form of organization or corporate purposes, nor change its state of organization or the state in which its principal office is located, without Lender's prior written consent. This Section shall survive expiration of this Loan Agreement and shall continue so long as any amount remains outstanding under the Promissory Note.

3.5 Maintenance of Records; Audits; Unused Funds; Recapture.

A. Borrower shall maintain complete and accurate books and records sufficient to determine compliance with all applicable regulatory requirements and with all of the terms and conditions of the Loan Documents. Borrower shall maintain properly executed payrolls, time records, invoices, vouchers or other official documentation to support all costs. Borrower shall keep a continuing record of all disbursements by date, check number, amount, vendor, description of goods or services purchased and line item from which money was expended, as reflected in Borrower's accounting records. All accounting documents pertaining in whole or in part to this Loan Agreement shall be clearly identified and readily accessible. Borrower shall permit Lender, or any representative of the United States or the State Auditor, during normal business hours, upon reasonable advance notice, as often as deemed necessary by any such agency, to inspect and copy Borrower's books and records as they pertain to the Loan, the Project and the Property.

B. Borrower shall maintain an effective system of control over and accountability for all funds and property and make sure they are used solely for authorized purposes. All financial records and fiscal control systems shall be maintained in a manner to meet the approval of Lender, the State Auditor, and the United States.

C. Borrower shall inform Lender promptly of any funds allocated to Borrower that Borrower anticipates will not be expended during the term of this Loan Agreement and permit reassignment of such funds to other agencies.

D. If the United States or the State determines that any Loan funds or Program Income were expended for unauthorized or ineligible purposes or otherwise constitute disallowed costs and order repayment of the same, Borrower shall within thirty (30) days remit the amount disallowed to Lender.

E. This Section shall survive expiration of this Loan Agreement and shall continue until five (5) years after the latest date that either (i) any amount is outstanding on the Promissory Note, or (ii) Borrower has control of any CDBG funds or Program Income.

3.6 Default.

Upon the occurrence of any of the Events of Default hereinafter described, Lender, at its option, may cease making disbursements (if not already ceased pursuant to Section 2.3), may then or at any time thereafter elect to declare the Loan due and payable in full, and/or may pursue and enforce all legal rights and remedies set forth in any of the Loan Documents or otherwise available at law or in equity:

A. Failure to pay when due the full amount of principal or Contingent Interest then owing on the Loan or any amount due on any other indebtedness referred to in any of the Loan Documents or Other Financing Documents;

B. Any failure to make a payment of money required by any of the Loan Documents, other than amounts referred to in subsection A. above, that is not cured within ten (10) days of the due date of such payment;

C. Any breach of Section 3.4 of this Loan Agreement (relating to transfers of the Community Facility or Lease termination without consent and certain other matters);

D. Any failure to comply with the terms of Section 3.3 of this Loan Agreement (relating to lien claims) within the period permitted by such Section;

E. Any breach of the provisions of Section 2.4 regarding the commencement, continuation, or completion of the Project;

F. Any breach or nonperformance of any provision of any of the Loan Documents not included within any of subsections A.-E. above that is not cured within thirty (30) days after notice to Borrower of such breach or nonperformance, or such longer cure period as may be permitted under the specific terms of the Loan Document, provided that if any such breach or nonperformance cannot reasonably be cured within thirty (30) days but can be cured within a reasonable time, there shall be no Event of Default under this subsection F. for a period of up to six (6) months so long as Borrower shall diligently pursue a cure;

G. The filing of a voluntary petition for bankruptcy or reorganization by Borrower; the filing against Borrower of any complaint for receivership or involuntary petition for bankruptcy or for reorganization (unless such complaint or petition be dismissed within forty-five (45) days of such filing); or if Borrower shall become insolvent, or make a general assignment for the benefit of creditors, or consent to the appointment of a receiver of all or any of its assets, or voluntarily suspend its usual business;

H. Any material misrepresentation by Borrower in any of the Loan Documents or in any information submitted by Borrower to Lender or to any government agency in connection with the Loan or the Property, or any material breach of any warranty made by this Loan Agreement; or

I. Any default under, breach of, failure to comply with, or failure to satisfy any condition of any of the Other Financing Documents (other than as set forth in subsection A. above) unless such default, breach or failure is waived in writing by all interested parties or is cured within an applicable cure period permitted by the Other Financing Documents in question, in either case before any party has the right to exercise any remedy or to be excused from any performance as a result of such breach, default or failure.

The provisions of this Section shall survive expiration of this Loan Agreement.

3.7 No Waiver.

No advance of Loan proceeds pursuant to this Loan Agreement shall constitute an approval or acceptance by Lender of the work done prior to such advance or a waiver of any of the conditions of Lender's obligation to make further advances, nor, in the event the Borrower does not satisfy any such condition, shall any such failure by Lender to insist upon strict compliance preclude Lender from thereafter refusing to make an advance or declaring an Event of Default based on the failure to satisfy such condition. No failure by Lender to enforce its rights, remedies or options after any breach or Event of Default shall be deemed to be a waiver of any rights, remedies or options hereunder or at law or in equity; and Lender may, at any time that such breach or Event of Default exists or continues to exist, enforce any or all of its rights, remedies or options arising by reason of such breach or Event of Default.

3.8 Maintenance of Community Facility; Compliance with Laws.

Borrower shall maintain the Community Facility in good condition and repair and in compliance with all applicable laws, ordinances, codes, rules, and regulations; shall not commit or allow waste; shall operate the Community Facility in full compliance with all applicable laws, regulations, codes, rules, and ordinances; and shall comply with all conditions of any permits or approvals issued by the City's Department of Planning and Development or any other regulatory agency with respect to the Project or the Community Facility.

3.9 Communications.

A. Requests for payment and other communications to Lender required or permitted by the Loan Documents shall be in writing and shall be addressed to the Director of the Human Services Department, Suite 5800, 700 Fifth Avenue, P.O. Box 34215, Seattle, Washington 98124-4215, Attention: Project Manager, Community Facilities & Services Unit, or to such other official or address as may be designated by Lender in the future. All such written communications shall be deemed delivered two business days after mailing, postage prepaid, to the address above or upon personal delivery to the Director of the Human Services Department or her designee.

B. All warrants, notices and other written communications with Borrower shall be addressed to Division Director, Community Health Services, 401 Fifth Avenue, Suite 1000, Seattle, WA 98104, or to such other official or address as may be designated by Borrower in the future. All such warrants, notices and other written communications shall be deemed delivered two business days after mailing, if mailed, or upon personal delivery during normal business hours to the address indicated above.

3.10 Attorneys' Fees and Expenses.

In the case of any breach or default by Borrower in the performance of any of the terms, conditions or covenants of any of the Loan Documents, or in case of an Event of Default, if attorneys are employed by Lender for collection, adjustment, enforcement or settlement, whether suit be instituted or not, Borrower agrees to pay a reasonable sum as attorneys' fees and costs in connection with such collection, enforcement, adjustment, settlement or suit, including a reasonable allowance for any services of attorneys who are employees of Lender, unless it is determined that Borrower is the prevailing party. Lender also shall have the right to commence an action or appear in any proceeding or action purporting to affect Borrower's interest in the Property, the rights or duties of the parties hereunder or the payment of funds pursuant to this Loan Agreement, and in connection therewith, Lender shall have the right to incur reasonable expenses, employ counsel and pay reasonable fees and costs (including a reasonable allowance for any services of attorneys who are employees of Lender), and Borrower agrees promptly to reimburse such fees and expenses with interest at the rate of twelve percent (12%) per annum.

3.11 Hazardous Substances.

A. Borrower represents, warrants and covenants that: (i) any asbestos, PCBs, lead-based paint and any other Hazardous Substances present on the Property as identified in the report of Med-Tox Northwest, Project No. A-7258.18 dated May 2014 (the "Report") either have been

abated or shall be abated, as part of the Project, in full compliance with all applicable laws and regulations; (ii) any abandoned underground oil tank on the Property shall be removed or otherwise abated (but abatement in place shall be allowed only if approved by the City Fire Department and any other agency with jurisdiction), and the contents disposed of, all in full compliance with all applicable laws and regulations, and any related contaminated soil or materials shall be removed and properly disposed of to the full extent required by applicable laws or regulations, all prior to construction or rehabilitation of the Project; (iii) except as disclosed in the Report, to the best of Borrower's knowledge no other Hazardous Substance is located on or under, or is currently being generated, processed, stored, transported, handled or disposed of, on, under or in the Property; (iv) Borrower shall cause any additional testing recommended in the Report to be performed, and shall cause any other Hazardous Substances detected to be abated, in full compliance with all applicable laws and regulations, and shall ensure that no Hazardous Substance shall be used in connection with any construction on the Property except in full compliance with all applicable laws, regulations, and prudent construction practices; (v) Borrower has inspected the Property and has made due inquiry as to the prior uses of the Property and, based on such inspection and inquiry, Borrower represents and warrants that Borrower has not caused or permitted and, to the best of Borrower's knowledge except as disclosed in the Report, no other person or entity has caused or permitted any Hazardous Substance to be generated, processed, stored, transported, handled, released or disposed of, on, under or in the Property; (vi) Borrower has not received any notice of, nor is Borrower aware of, any actual or alleged violation with respect to the Property of any federal, state or local statute, ordinance, rule, regulation or other law pertaining to Hazardous Substances, and there is no action or proceeding pending before or appealable from any court, quasi-judicial body or administrative agency relating to Hazardous Substances affecting or alleged to be affecting the Property; and (vii) Borrower shall not cause, nor intentionally or negligently permit, the Property to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Substances, except for the use and storage, in compliance with all applicable Federal, State and local laws or regulations, of materials normally used in similar facilities, nor shall Borrower cause or intentionally or negligently permit a release of Hazardous Substances onto the Property or onto any other property. Borrower shall take all reasonable steps to prevent any such release of Hazardous Substances as a result of any intentional or unintentional act or omission on the part of any tenant or subtenant.

B. As used in the Loan Documents, the term "Hazardous Substance" means any hazardous, toxic or dangerous substance, waste or material that is regulated under any federal, state or local statute, ordinance, rule, regulation or other law pertaining to environmental protection, contamination or cleanup, including without limitation any substance, waste or material that is designated as a "Hazardous Substance" or as hazardous or toxic under the Resource Conservation and Recovery Act, as amended, 42 U.S.C. Section 6901 *et seq.*; the Federal Water Pollution Control Act, as amended, 33 U.S.C. Section 1251 *et seq.*; the Clean Air Act, as amended, 42 U.S.C. Section 7401 *et seq.*; the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. 9601 *et seq.*; the Toxic Substances Control Act, as amended, 15 U.S.C. Section 2601 *et seq.*, or the Washington Model Toxics Control Act, as amended, RCW Chapter 70.105D, or as a "dangerous waste" under the Washington Hazardous Waste Management Act, as amended, RCW chapter 70.105. Without limiting the foregoing, Hazardous Substances shall include, but not be limited to, asbestos, lead, polychlorinated biphenyls, petroleum products, and any substance which after being released into the environment and upon exposure, ingestion, inhalation, or assimilation, either directly from the environment or indirectly by ingestion through food chains, will or may reasonably be anticipated to cause death, disease, behavior abnormalities, cancer and/or genetic abnormalities.

C. Borrower shall defend, hold harmless and indemnify Lender from and against any judgments, settlements, costs, penalties, fees, liens, or damages (including all reasonable attorney's fees and costs incurred by Lender) resulting from (i) any inaccuracy in, or breach of, the foregoing representations and warranties; (ii) any death, or actual or alleged injury or damage to persons or property caused by exposure to Hazardous Substances on or from the Property; (iii) any costs and expenses incurred as a result of Hazardous Substances being found on or being removed from any other properties where such Hazardous Substances came from activities on or contamination from the Property; and (iv) any costs and expenses, including the cost of cleanup, incurred as a result of Hazardous Substances being found on the Property. This indemnity shall survive expiration of this Loan Agreement and satisfaction of the Loan, whether by payment, forgiveness or otherwise. To the extent required by applicable law, the application of this indemnity to liability for damages

arising out of bodily injury to persons or damage to property shall be subject to the same limitation as is set forth in Section 3.23 hereof.

D. Borrower will immediately notify Lender in writing should Borrower (i) become aware that the Property or any adjacent property is being or has been contaminated with Hazardous Substances; (ii) receive any notice of or become aware of any actual or alleged violation with respect to the Property of any federal, state or local statute, ordinance, rule, regulation or other law pertaining to Hazardous Substances; or (iii) become aware of any lien or action with respect to any of the foregoing. Borrower will, at its sole expense, promptly take all actions as may be necessary or advisable to comply with all statutes, regulations and ordinances, and with all orders, decrees or judgments of governmental authorities or courts which have jurisdiction over the use, collection, storage, treatment, control, removal or cleanup of Hazardous Substances with respect to the Property, and in all events in a manner satisfactory to Lender, and shall further pay or cause to be paid all cleanup, administrative and enforcement costs of governmental agencies if obligated to do so by contract or by law. Upon any failure by Borrower to comply with its obligations under this subsection Lender may, but is not obliged to, enter upon the Property and take such actions and incur such costs and expenses to effect such compliance as it deems advisable to protect its interest as Lender or to protect the public; and whether or not Borrower has actual knowledge of the existence of Hazardous Substances, in, on, or under the Property or any adjacent property as of the date hereof, Borrower shall reimburse Lender on demand for the full amount of all costs and expenses incurred by Lender in connection with such compliance activities whenever occurring.

E. Lender is hereby authorized but not required to enter the Property, including the interior of any structures, at reasonable times upon three (3) days' advance notice, for the purpose of inspecting the Property to ascertain the accuracy of all representations and warranties in this Loan Agreement relating to Hazardous Substances, and the observance of all covenants contained in this Section.

F. The provisions of this Section shall be in addition to any and all other obligations and liabilities Borrower may have to Lender at common law, and shall survive the expiration of this Loan Agreement and the satisfaction of the Loan, whether by payment, forgiveness, or otherwise.

G. If Borrower fails to perform its obligations under this Section, Lender shall be subrogated to any rights Borrower may have against any present, future, or former owners, tenants, occupants or other users of the Property or any adjacent property, or against any other persons, relating to the matters covered by this Section, and Lender shall have the right, at its option, to pursue any or all such claims in its own name or in the name of Borrower, whether or not Lender shall have remedied all conditions related to Hazardous Substances.

3.12 Reporting.

A. Borrower shall provide written reports at such times and in such form as Lender shall require covering the use of Loan proceeds, any Program Income received and the application thereof, the use and operation of the Community Facility, the benefit to Low- to Moderate-Income Persons, and any other matters required by HUD regulations or policies or otherwise reasonably required by Lender. Such reports shall continue until Borrower shall have reported for all periods in which any amount was outstanding on the Promissory Note, and thereafter for any period in which Borrower shall receive or expend Program Income. Prior to completion of the Project, Borrower shall submit a report with each request for disbursement and in any event within ten (10) days after the end of each calendar month including the progress made to date, the accomplishment of, or justification for the lack of accomplishment of, the goals and timetables in this Loan Agreement and the Exhibits attached hereto. In addition, Borrower shall comply with the reporting requirements of Exhibit A-3 to this Loan Agreement.

B. Borrower shall immediately notify Lender of any notice received by Borrower of any actual or alleged breach or default on any lease under which Borrower has possession of any part of the Property, or under any Other Financing Documents, and shall immediately deliver to Lender a copy of any such notice and of any response thereto or further correspondence on the subject of any such breach or default.

3.13 Entire Agreement; Amendments.

This Loan Agreement incorporates the Exhibits attached hereto, and all of the Loan Documents, and, together with all such documents, constitutes the entire agreement between the parties with respect to the Loan. This Loan Agreement does not amend or supersede any other agreements or instruments between Borrower and the City with respect to the Project or any other funding for acquisition, improvement or operation of the Property, nor any rights or interests in the Property that the City may have arising otherwise than in connection with this Loan. All of the requirements and remedies in all of the Loan Documents are cumulative, and compliance by Borrower with provisions of one Loan Document on a particular subject shall not relieve Borrower from the obligation to comply with provisions of any other Loan Document on that subject. This Loan Agreement shall be binding upon Borrower and its successors and assigns and shall inure to the benefit of Borrower, Lender, and Lender's successors and assigns. No provision of this Loan Agreement is intended to be enforceable by any third party except the United States and the State of Washington, but it shall not be a defense to the exercise of any remedy of Lender under the Loan Documents that only third parties have been damaged by acts or omissions of Borrower or that the remedy sought would benefit only third parties. This Loan Agreement may not be modified or amended other than by a written instrument executed by both parties, nor shall any waiver of any right or remedy of Lender be valid unless in writing and signed by Lender. No document shall be binding upon Lender unless signed by the Director or the Mayor of the City.

3.14 Time of the Essence.

Time is of the essence of all of the terms and conditions of the Loan Documents. Notwithstanding the foregoing or any other provision hereof, consent or approval shall not be deemed given due to the expiration of any time limit for any response, approval or other action required or permitted after notice from one party to the other under the Loan Documents unless the first page of the notice states the relevant time period.

3.15 Word Usage.

The use of the singular herein shall include the plural and the plural shall include the singular and the use of any gender shall be applicable to all genders and likewise include a corporation, partnership or other entity, all as the context requires.

3.16 Conditions and Covenants.

Unless otherwise specified, all provisions of the Loan Documents requiring performance or forbearance of any kind by Borrower shall be construed both as covenants of Borrower and as conditions to the obligations of Lender.

3.17 Representations and Warranties.

Borrower represents and warrants:

- A. that it is a political subdivision of the State of Washington;
- B. that it has full power and authority to enter into the Loan Documents and perform all obligations thereunder and all transactions contemplated thereby;
- C. that the execution, delivery and performance of the Loan Documents and the transactions contemplated thereby have been duly authorized by all necessary corporate or other actions on the part of Borrower, and the Loan Documents are the valid, binding obligations of Borrower, enforceable in accordance with their terms;
- D. that the consummation of the transaction contemplated by this Loan Agreement, and the performance of this Loan Agreement and the Loan Documents, will not result in any breach of, or constitute a default under, any indenture, mortgage, deed of trust, security agreement, lease, bank loan or credit agreement, or any other agreement, corporate charter, bylaws or other instrument to which the Borrower is a party, or by which Borrower may be bound or affected;

E. that all information provided by Borrower or on its behalf to Lender in connection with this Loan is true and accurate in all material respects and there has been no material change in any such information except as disclosed in writing to Lender;

F. that there are no legal or administrative proceedings of any nature pending against Borrower or affecting the Property except as previously disclosed in writing to Lender; and

G. that Borrower has all licenses and permits necessary or appropriate for the use of the Community Facility for the purposes intended hereby.

3.18 Additional Documents.

Borrower shall execute and deliver to Lender, promptly upon demand by Lender, all additional documents that Lender shall reasonably require to give effect to the intentions of any of the provisions of the Loan Documents.

3.19 Term of Agreement.

This Loan Agreement is effective as of the date hereof and shall expire on December 31, 2014, or such later date as Borrower shall have completed the Project and shall have satisfied the conditions for final disbursement of retention funds hereunder, but in any event no later than March 31, 2015. After such expiration Borrower shall have no right to any further disbursements hereunder. Notwithstanding the expiration of this Loan Agreement, (a) the terms hereof shall remain effective during any period that Borrower has control over any Loan funds or any Program Income; (b) the obligations of Borrower under the Promissory Note shall remain effective until satisfied or forgiven in accordance with the terms thereof; (c) those provisions governing operation and maintenance of the Community Facility, the operations of Borrower, recordkeeping, audits and reports shall remain in effect while any amount is outstanding under the Promissory Note unless otherwise specified herein; and (d) certain other provisions hereof by their terms survive expiration.

3.20 Insurance.

A. At any time when construction or rehabilitation of improvements is taking place on the Property, unless otherwise approved by Lender, Borrower shall provide an All-Risk Builder's Risk insurance policy which shall:

(i) include coverage for fire, wind, water damage, vandalism and malicious mischief, other perils commonly insured against in similar projects, and any other risks specified by Lender, including coverage against earthquake if and when Lender so requires, and flood protection if the Property is located within a special flood hazard area, as determined by a Zone A designation on a Flood Hazard Boundary Map or a Zone A or V designation on a Flood Insurance Rate Map;

(ii) include such "soft costs" and other endorsements and coverages as Lender may from time to time require;

(iii) cover one hundred percent (100%) of the replacement value of the improvements comprising the Property, and all fixtures, machinery and equipment intended to be a part of the completed improvements, with agreed value and inflation protection endorsements approved by Lender in writing;

(iv) include coverage for damage to foundations, including site preparation and re-preparation expenses, and site utilities installation, to the extent applicable to the Project;

(v) not be subject to any co-insurance or other similar contribution or limitation provisions; and

(vi) name Lender as a loss payee under a standard 438 BFU endorsement or a complete equivalent thereof acceptable to Lender.

B. At any time when the Property is not covered by insurance in effect in accordance with subsection A above, unless otherwise approved by Lender, Borrower (or the Property owner, if different) shall maintain insurance on the Property with premiums prepaid providing full replacement cost coverage and insuring against loss by fire and other risks covered by "broad form" coverage insurance, and flood protection if the Property is located within a special flood hazard area, as determined by a Zone A designation on a Flood Hazard Boundary Map or a Zone A or V designation on a Flood Insurance Rate Map, and such other perils and risks as may be required by Lender, or by any applicable law.

C. Borrower shall also maintain comprehensive commercial general liability insurance applicable to the Property, buildings and improvements thereon, and applicable to Borrower's operations on and about the Property, with Lender named as an additional insured, covering losses from damage to property and injury or death to persons in such amounts, and including such coverages, as Lender shall require from time to time. Unless otherwise approved in writing by Lender the liability limit shall be no less than One Million Dollars (\$1,000,000.00) per occurrence.

D. All insurance required under this Section 3.20 shall be written on policy forms, and with endorsements, acceptable to the Lender, and placed with companies legally entitled to do business in the State of Washington and placed with companies with a Best's Rating of "A" or better and of sufficient size to qualify for Best's Designation VI or higher. All property insurance policies shall include lender's loss payable clauses in favor of and in form satisfactory to Lender. The insurance certificates shall confirm that no insurance policy shall be canceled or modified without thirty (30) days prior written notice to Lender. At least thirty (30) days prior to the expiration of the term of any insurance policy, Borrower shall furnish Lender with written evidence of renewal or issuance of a satisfactory replacement policy. If requested, Borrower shall deliver copies of all policies to Lender. If so requested by Lender, all such policies shall be evaluated and the coverages adjusted as required by Lender on an annual basis. Borrower shall provide Lender with proof of premiums paid for each policy term. Borrower shall reimburse Lender for any premiums paid for such insurance by the Lender upon the Borrower's failure timely to pay such premiums. This Section 3.20 shall survive expiration of this Agreement and continue for so long as the Promissory Note remains outstanding.

E. Borrower (King County), a charter county government under the constitution of the State of Washington, hereinafter referred to as "County", maintains a fully funded Self-Insurance program as defined in King County Code 2.12 for the protection and handling of the County's liabilities including injuries to persons and damage to property.

Lender acknowledges, agrees and understands that the County is self-funded for all of its liability exposures. The County agrees, at its own expense, to maintain, through its self-funded program, coverage for all of its liability exposures for this Agreement and that such coverage shall extend to the Lender to the full extent that the Lender would be protected by insurance conforming to the terms of subsections A-D of this Section

3.21 Condemnation and Insurance Proceeds.

Borrower shall give immediate notice to Lender of any condemnation proceeding (including change of grade), or loss or damage to the Property or any right therein, whether or not required to be insured against. In the case of casualty, such notice shall generally describe the nature and cause of such casualty and the extent of the damage to or destruction of the Property. Lender may, except in the case of a condemnation by the Lender, at Lender's option, commence, appear in and prosecute, in its own name, any action or proceeding, make a claim for, or make any reasonable compromise or settlement as a result of condemnation, loss or damage. All proceeds otherwise payable to Borrower as a result of condemnation (or payment in lieu thereof), loss or damage shall be paid to Lender. All compensation, awards, damages, rights of action and proceeds, including all insurance policies now or hereafter in effect on the Property and the proceeds of any such policies, are hereby assigned to Lender, but no such assignments

shall be effective to invalidate or impair any insurance policy. Without in any way limiting Lender's rights to receive proceeds by the terms of any applicable insurance policy or the foregoing assignment, Borrower hereby grants to Lender a security interest in all of Borrower's right, title and interest in and to all insurance policies now or hereafter in effect on the Property, the proceeds thereof, and any condemnation awards or payments in lieu thereof, all as security for the Promissory Note and all Borrower's obligations under the Loan Documents. No insurance proceeds or condemnation awards at any time assigned to or held by Lender shall be deemed to be held in trust, and Lender may commingle such proceeds with its general assets and shall not be liable for the payment of any interest thereon. Lender shall, subject to the conditions below, permit the proceeds to be used for repair and restoration of the Property on such conditions as Lender may impose including evidence of sufficient funds to complete the work; approval of the plans and specifications and arrangements for periodic disbursement of the proceeds during the course of repair and restoration; and agreement by Borrower to extend the term of required use of the Property for the purposes required herein, the term of the Promissory Note and all related periods under the Loan Documents by the period of time when the Property is substantially out of service. If (a) Borrower and Lender agree that repair or restoration would not be economically feasible, (b) the insurance proceeds and any other funds provided by Borrower are insufficient in Lender's good faith judgment to repair or restore the Property, (c) the Property owner or any mortgagee refuses to permit repair or restoration, (d) Borrower holds a leasehold interest in the Property that is terminated or does not have a sufficient remaining term so that Borrower will be able to use the Property for the purposes intended hereunder for the full term of the Promissory Note, taking into account any extension thereof resulting from suspension of use due to casualty or condemnation, or (e) Borrower fails to proceed with reasonable diligence to repair or restore notwithstanding the availability of insurance proceeds; then in any such case, whether Borrower is then the owner of the Property or not, Lender may, without in any way affecting the enforceability of the obligation of the Borrower or any other person for payment of the indebtedness hereunder or the reconstruction of the damaged improvements, and after deducting Lender's expenses including reasonable attorneys' fees:

- (i) apply all or part of the proceeds against the sums owed under the Loan Documents including the Promissory Note whether or not the sums are actually due; or
- (ii) release all or any part of the proceeds to Borrower; or
- (iii) in the case of an Event of Default resulting from Borrower's failure to proceed with repair or restoration, cause the proceeds to be used for repair or restoration of the Property.

The provisions of this Section 3.21 shall survive expiration of this Agreement and remain in effect for so long as any amount remains outstanding on the Promissory Note.

3.22 Effect of Consents or Approvals.

Unless otherwise expressly provided in the Loan Documents, any consent or approval of the Lender required by any provision of the Loan Documents must be obtained from HSD for the purpose of such provision of the Loan Documents, notwithstanding any consent, approval or permit issued by any City officer for any other purpose, including without limitation regulatory or licensing purposes, or the purposes of any agreement for operating funding. No permission, consent, or approval of Lender contained herein or given pursuant to any of the Loan Documents is, or shall be construed as, a representation or assurance that the matter permitted, consented to or approved complies with any other agreements or with applicable laws, regulations, ordinances or codes, nor shall any such permission, consent or approval be construed to authorize any failure to comply with any of the foregoing.

3.23 Indemnification and Waiver of Immunity.

To the full extent permitted by applicable law, Borrower shall indemnify and hold Lender, its elected and appointed officials, employees, agents and volunteers harmless from all liability for any actual or alleged damage or injury of whatsoever nature arising out of or in any way connected with the Project or the Loan, including without limitation the activities of

contractors or subcontractors, or arising out of Borrower's breach of the provisions of this Agreement, including the cost of defense thereof using counsel approved by Lender. Borrower's obligation under this Section shall apply notwithstanding any acts, omissions or negligence of the Lender or its officials, employees, agents or volunteers, except that if RCW 4.24.115 (or successor provision) shall apply to any claim for any such damage or injury, then to the extent required by such statute, (1) this indemnity shall not apply in case of any liability for damages arising out of bodily injury to persons or damage to property caused or resulting from the sole negligence of the Lender, its agents or employees, and (2) in case of liability for damages arising out of bodily injury to persons or damage to property caused by or resulting from the concurrent negligence of (a) the Lender or its agents or employees, and (b) Borrower or its agents or employees, this indemnity shall apply only to the extent of Borrower's negligence. The Lender may commence, appear in or defend any action or proceeding purporting to affect the rights, duties or liabilities of the parties hereto, and subject to the limitation in the preceding sentence Borrower shall pay all of the Lender's reasonable costs and expenses incurred thereby, including reasonable attorneys' fees, on demand. This Section shall survive execution, delivery and performance of this Loan Agreement, the Note and the Loan Documents and repayment of the Loan.

Borrower waives, solely with respect to Lender, its immunity under RCW Title 51, Industrial Insurance. Borrower and Lender acknowledge that this waiver has been specifically negotiated and that Lender would not enter into this Loan Agreement absent this waiver.

PART IV: FEDERAL REGULATORY TERMS AND CONDITIONS

Borrower shall comply with all federal laws and regulations applicable due to the use of Community Development Block Grant ("CDBG") funds, including without limitation applicable provisions of 24 CFR Parts 5 and 570. Borrower acknowledges that Borrower is a subrecipient of CDBG funds with respect to the Loan. Borrower's obligations include, without limitation, responsibility for compliance with all provisions of subpart K of 24 CFR Part 570, except that (1) Borrower does not assume the Lender's environmental responsibilities described in 24 CFR Section 570.604, and (2) the Borrower does not assume the Lender's responsibility for initiating the review process under 24 CFR Part 52. Without limiting the foregoing, Borrower shall comply with the requirements set forth and referenced below:

4.1 Economic Opportunities for Low- and Very Low-Income Persons.

A. Borrower shall comply, and cause all contractors and subcontractors to comply, with Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. Section 1701u, the purpose of which is to ensure that employment and other economic opportunities generated by Federal financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low- and very-low-income persons, particularly those who are recipients of government assistance for housing. Borrower shall comply and shall require all contractors and subcontractors to comply, with regulations issued pursuant thereto by the Secretary of HUD and set forth in 24 C.F.R. Part 135, and with all applicable rules and orders of HUD issued thereunder. Without limiting the foregoing, unless another method of demonstrating compliance has been approved in writing by Lender or by HUD, Borrower shall comply, and shall cause all contractors and subcontractors to comply, with the applicable numerical goals in 24 C.F.R. Section 135.30. Borrower certifies and agrees that Borrower is under no contractual or other disability that would prevent Borrower from complying with these requirements.

B. Borrower shall cause the "Section 3 clause" set forth in 24 C.F.R. Section 135.38 to be included in all contracts and subcontracts for the Project and shall, at the direction of Lender, take appropriate action pursuant to any such contract upon finding that the contractor is in violation of regulations issued by the Secretary of HUD in 24 C.F.R. Part 135. Borrower shall not let any contract unless the contractor has first provided Borrower with a preliminary statement of ability to comply with the requirements of these regulations.

4.2 Equal Opportunity.

A. Borrower shall ensure compliance with the non-discrimination in employment and contracting opportunity laws, regulations and executive orders referenced in 24 CFR Section 570.607, as revised by Executive Order 13279 (as amended by Executive Order 13403). Borrower shall ensure compliance with Executive Order 11246, entitled "Equal Opportunity", as amended, and the regulations issued pursuant thereto, 41 C.F.R. Part 60, which provide that no person shall be discriminated against because of race, color, religion, sex or national origin in all phases of employment during the performance of federal contracts and subcontracts, and Borrower shall take affirmative action to ensure fair treatment in employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay, or other forms of compensation and selection for training or apprenticeship. The "equal opportunity clause" set forth in 41 C.F.R. Section 60-1.4(a) is hereby incorporated by reference as though fully set forth, with Borrower as "Contractor" thereunder. Borrower shall cause the appropriate "equal opportunity clause" to be set forth in each "federally assisted construction contract" (as defined in 41 CFR Section 60-1.3, including subcontracts) for the Project, except as expressly exempted under 41 C.F.R. Part 60.

B. Borrower shall send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, advising the labor union or workers' representative of the Borrower's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

C. Borrower shall, in all solicitations or advertisements for employees placed by or on behalf of the Borrower, state that it is an Equal Opportunity or Affirmative Action employer.

4.3 Nondiscrimination.

A. No person shall on the grounds of race, color, religion, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with CDBG funds. Borrower shall comply fully with all requirements of Title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000d et seq., which provides that no person in the United States shall on the ground of race, color, or national origin be excluded from participation in, denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance; and with HUD regulations implementing such requirements, 24 C.F.R. Part 1. In the sale, lease, or other transfer of real property acquired, cleared or improved with funds provided under this Agreement, the Borrower shall cause or require a covenant running with the land to be inserted in the deed, lease or other instrument for such transfer, prohibiting discrimination on the grounds stated above in the sale, lease or rental, or use or occupancy of such real property, or in any improvements erected or to be erected thereon, providing that the Lender and the United States are beneficiaries of and entitled to enforce such covenant. Borrower shall take such measures as are necessary to enforce each such covenant. This covenant shall be in force for the period during which the real property is used for a purpose for which the federal financial assistance is extended or for another purpose involving the provision of similar services or benefits.

B. Borrower shall comply with all of the requirements and prohibitions of 24 C.F.R. Section 570.602, implementing the nondiscrimination requirements of Section 109 of the Housing and Community Development Act of 1974, as amended; those of the Americans with Disabilities Act, and regulations at 28 C.F.R. Parts 35 and 36 thereunder; those of HUD regulations under the Age Discrimination Act of 1975, 42 U.S.C. Section 6101 et seq., at 24 C.F.R. Part 146; and those of Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. Section 794), and implementing regulations at 24 C.F.R. Part 8. Borrower shall include, in any instrument effecting or recording any transfer of its interest in the Property, the covenant required by 24 C.F.R. Section 8.50 with regard to compliance with regulations under Section 504 of the Rehabilitation Act of 1973.

C. No otherwise qualified handicapped individual in the United States shall, solely by reason of handicap, be excluded from the participation in, be denied the benefits, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

D. When procuring property or services wholly or in part with CDBG funds, Borrower shall take affirmative steps to assure that minority firms, women's business enterprises, and labor surplus area firms are used when possible, in accordance with 24 C.F.R. Section §5.36(e)(2). Borrower shall comply with, and shall cooperate fully in programs and procedures adopted by Lender to comply with, the requirements of Executive Orders 11625 and 12432 (concerning Minority Business Enterprise) and 12138 (concerning Women's Business Enterprise). Borrower shall maintain and shall provide to Lender on request data indicating the racial/ethnic character of each business entity receiving a contract of \$25,000 or more paid, or to be paid, with CDBG funds, indicating which of those entities are women's business entities as defined in Executive Order 12138, the amount of the contract or subcontract, and documentation of Borrower's affirmative efforts as described in 24 CFR Section 570.506. Nothing herein shall be construed to require or authorize any discrimination or preferential treatment contrary to applicable law.

E. Borrower shall cause the provisions of this Section 4.3, and Section 4.2 above, to be included in each contract, subcontract or purchase order, for any part of the Project, or funded wholly or in part with CDBG funds, including program income, specifically or by reference, so that such provisions will be binding on each of Borrower's subrecipients, contractors and subcontractors. This Section shall survive expiration of this Loan Agreement.

4.4 CDBG Requirements for Public Facilities; Benefit to Low- to Moderate-Income People; Recordkeeping.

A. The Community Facility shall be operated for the benefit of Low- to Moderate-Income Persons identified on Exhibit A-1 and Section 2.1, consistent with 24 C.F.R. Section 570.201(c).

B. The activities carried out in the Community Facility shall benefit Low- to Moderate-Income Persons to the maximum extent feasible, but in any event not less than fifty-one percent (51%) of persons served on or from the Community Facility shall be Low- to Moderate-Income Persons. If Exhibit A provides that all programs in the Community Facility shall serve solely the elderly, adult Severely Disabled Persons, homeless persons, abused children, battered spouses, illiterate adults, persons living with AIDS, migrant farm workers, or any combination of such groups, then so long as the Community Facility is used solely for such programs, consistent with the Exhibits to this Loan Agreement, the requirement of this subsection B shall be presumed to be satisfied.

C. This subsection shall apply except with respect to periods when a presumption of compliance with subsection 4.4B applies under that subsection. Borrower shall maintain records clearly documenting the income level and household size of all persons it serves. Borrower shall determine the income level of each person served according such method or formula as Lender may direct, provided that in the absence of written directive from Lender, income level may be determined according to any one of the following three methods:

(1) "Annual income" as defined for the Section 8 Housing Assistance Payments program at 24 C.F.R. Section 5.609; or

(2) Annual Income as reported under the Census long-form for the most recent available decennial Census. This definition includes:

- (a) Wages, salaries, tips, commissions, etc.;
- (b) Self-employment income from own nonfarm business, including proprietorships and partnerships;
- (c) Farm self-employment income;
- (d) Interest, dividends, net rental income, or income from estates or trusts;
- (e) Social Security or railroad retirement;
- (f) Supplemental Security Income, Aid to Families with Dependent Children, or other public assistance or public welfare programs;
- (g) Retirement, survivor, or disability pensions; and

- (h) Any other sources of income received regularly, including Veterans' (VA) payments, unemployment compensation, and alimony; or

(3) Adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 for individual Federal annual income tax purposes.

D. Borrower shall also maintain records showing the address and Equal Employment Opportunity category of each person served, whether such person is a Severely Disabled Person (as defined in this Loan Agreement in Part I), and whether such person is a single head of household. To the extent applicable, Borrower shall maintain documentation showing that its facilities or services are designed for and used by elderly persons, Severely Disabled Persons, battered spouses, abused children, the homeless, illiterate adults, persons living with AIDS, or migrant farm workers.

E. Borrower shall ensure that any lessee or sublessee of any part of the Community Facility complies with this Section and maintains records as described in this Section.

F. Unless otherwise specified in Exhibit A-1, reasonable fees may be charged for the use of the Community Facility, but charges that would have the effect of precluding Low-to-Moderate Income Persons from using the Community Facility shall not be imposed.

G. This Section shall survive expiration of this Loan Agreement and continue while any amount is outstanding under the Promissory Note, provided that upon full payment of principal and all Contingent Interest owing under the Promissory Note, this Section may be terminated.

4.5 Cost Accounting and Administrative Requirements.

Borrower shall comply with those provisions of the following OMB Circulars and Attachments thereto that are applicable pursuant to CDBG regulations, including without limitation 24 CFR Section 570.502:

- A-87 - Principles for Determining Costs Applicable to Grants and Contracts with State, Local and Federally Recognized Indian Tribal Governments.
- A-110 - Grants and Agreements with Nonprofit Organizations (implemented at 24 C.F.R. Part 84)
- A-122 - Cost Principles for Nonprofit Organizations
- A-133 - Audits of States, Local Governments, and Non-Profit Organizations

or applicable successor circulars, and with applicable provisions of 24 C.F.R. Part 85 (HUD's adoption of the "common rule"), as modified, where applicable, by CDBG regulations. To the extent required by HUD regulations applicable to the CDBG program, disposition of the Community Facility after the term of this Agreement or change of use of the Community Facility during such term shall be subject to government-wide property disposition provisions in 24 CFR Parts 84 and 85. To the extent required by such circulars and regulations, this Section shall survive expiration of this Loan Agreement.

4.6 Federal and Local Audit Requirements.

A. If Borrower is a nonprofit organization, then for each fiscal year in which Borrower expends ("expends" or "expenditure" and related terms are defined for purposes of this Section in accordance with applicable federal laws or regulations now or hereafter in effect) a total of Five Hundred Thousand Dollars (\$500,000) or more in federal direct or indirect funds, Borrower shall comply with the provisions of OMB Circular A-133, as amended. All reports will be due to Lender thirty (30) days after receipt by Borrower or nine (9) months after the close of Borrower's fiscal year, whichever occurs first, unless otherwise approved in writing by Lender.

B. If Borrower is a nonprofit organization, then for any fiscal year in which Borrower expends a total of more than One Hundred Thousand Dollars (\$100,000) in federal, state or local funds provided or administered through contracts or agreements with the City (referred to in this subsection as "City-administered funds"), Borrower shall, if so requested by Lender, provide to Lender a report (the "Compliance Report") addressing such financial and compliance issues, and containing such information as Lender may request. The Compliance Report shall be prepared by an independent CPA according to procedures established by the American Institute of Certified Public Accountants, shall address accounting controls and compliance with applicable laws and regulations and requirements in Borrower's contracts or agreements with the City. If so required by Lender, the Compliance Report shall include financial and compliance standards promulgated by the U.S. Comptroller General's "Standards for Audits for Governmental Organizations, Programs, Activities and Functions." For Borrowers expending a total of more than One Hundred Thousand Dollars (\$100,000) but less than Three Hundred Thousand Dollars (\$300,000) of City-administered funds in any fiscal year, unless Lender requires otherwise, the Compliance Report shall be prepared every two (2) years, and shall provide information for the one- (1-) year period preceding the report. For Borrowers expending a total of Three Hundred Thousand Dollars (\$300,000) or more of City-administered funds in any fiscal year, unless Lender requires otherwise, the Compliance Report shall be prepared every year and shall provide information for the one-(1-) year period preceding the Compliance Report. The Compliance Report shall be due on the earlier of thirty (30) days after receipt by Borrower or nine (9) months after the close of Borrower's fiscal year, unless Lender approves otherwise in writing.

C. Borrower shall comply with any audit, reporting, review or Lender oversight requirements in addition to, or different than, those set forth above, that may be imposed by federal, state or local law or regulation, including without limiting the generality of the foregoing, all requirements under the federal Single Audit Act Amendments of 1996, and HUD's adoption and implementation of OMB Circular A-133, as amended.

D. If Borrower is not required to provide audited financial statements, then Borrower shall obtain and provide to Lender a review of Borrower's financial statements by a certified public accountant (CPA), which review shall be completed at least once every two (2) years. The CPA review report shall be provided to Lender within thirty (30) days after Borrower receives such report, but in no event more than twelve (12) months after the fiscal year that is the subject of the report.

E. In addition to the requirements imposed by other provisions of this Section 4.6, Borrower shall provide to Lender any audit, accompanying management letter, review or consultant report of funds administered by Borrower within thirty (30) days after Borrower receives such report.

F. Use of small audit firms and audit firms owned and controlled by socially and economically disadvantaged individuals is encouraged.

4.7 Davis-Bacon and Related Acts.

Borrower shall comply and cause all contractors and subcontractors working on the Project to comply with all applicable Davis-Bacon and Related Acts ("DBRA") requirements. These include, if any construction (including rehabilitation) work is financed wholly or in part, within the meaning of 42 U.S.C. Section 5310, with Loan funds or other CDBG funds, the requirement to ensure that wages no lower than the prevailing wages under the Davis-Bacon Act, 40 U.S.C. Section 3141 et seq., are paid by all contractors and subcontractors for all work on the Project. Other DBRA requirements are set forth in the Contract Work Hours and Safety Standards Act, 40 U.S.C. Section 3701 et seq.; Copeland Act (Anti-Kickback Act), 18 U.S.C. Section 874; the Fair Labor Standards Act, and regulations under such Acts, including 29 C.F.R. Parts 3 and 5 and with HUD Handbook 1344.1. DBRA requirements include, but are not limited to: language within each contract for construction (including rehabilitation) work; payment of prevailing wages and fringe benefits; the submittal of various documents as evidence of compliance; withholding of funds; equal employment opportunity; and work hours. If wage rates higher than those set pursuant to the Davis-Bacon Act are required by applicable State law or by any other funding for the Project or Property, Borrower shall ensure that such higher wage rates are

included in each contract and subcontract for the Project, and that wages paid are no lower than such rates.

4.8 Procurement.

In procuring supplies, equipment, construction and other services with CDBG funds Borrower shall follow procurement policies and procedures that comply with all applicable standards in 24 C.F.R. Part 84, and in 24 C.F.R. Section 85.36. Borrower represents and warrants that Borrower has complied fully with such standards in all contracting for the Project to date.

4.9 Separation of Church and State.

A. Borrower represents and warrants that the Community Facility shall be used solely for secular purposes available to persons regardless of religion for the life of the improvements funded hereunder.

B. Borrower further agrees and represents that, in connection with its social services conducted on or from the Community Facility:

(1) It shall not discriminate against any person applying for such services on the basis of religion and will not limit such services or give preference to persons on the basis of religion; and

(2) It shall not engage in inherently religious activities prohibited by 24 CFR 570.200(j), such as worship, religious instruction, or proselytization.

C. Nothing herein shall be construed to infringe the free exercise of religion by any person.

4.10 Conflict of Interest.

In the procurement of supplies, equipment, construction, and services Borrower shall ensure compliance with the conflict of interest provisions in 24 C.F.R. Section 84.42. In any other case, the Borrower shall ensure compliance with the provisions of 24 C.F.R. Section 570.611, which provide generally that no officer, agent, employee, consultant, or elected or appointed official of The City of Seattle, or of any subrecipient receiving CDBG funds, or of any designated public agency, who exercises or has exercised any functions or responsibilities with respect to activities assisted by CDBG funds or who is in a position to participate in a decisionmaking process or gain inside information with respect to these activities, shall obtain any financial interest or benefit from, or have any financial interest in, the activity funded under this Loan Agreement or any contract or subcontract or agreement with respect thereto or the proceeds thereof, for himself or herself or those with whom he or she has business or immediate family ties; nor shall (s)he for one year after completion of his or her tenure with the City, such subrecipient, or such designated public agency, obtain or have any such financial interest or benefit. Borrower shall incorporate in all such contracts or subcontracts a provision prohibiting any conflict of interest prohibited by this Section.

4.11 Debarred Contractors.

No portion of the Loan shall be used directly or indirectly to employ, award contracts to, or otherwise engage the services of, or fund, any contractor or subcontractor during any period of debarment, suspension, or placement in ineligibility status of such contractor or subcontractor under the provisions of 2 C.F.R. Part 2424. Borrower represents and warrants that neither Borrower nor its principals is debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in federal assistance programs under such regulations or Executive Order 12549, "Debarment and Suspension." Borrower shall comply with subpart C of 2 CFR part 180, as supplemented by subpart C of 2 CFR Part 2424, and shall include a term or condition requiring the same compliance in each lower tier "covered transaction" as defined in those regulations.

4.12 Relocation and Acquisition Requirements.

A. Borrower represents, warrants and agrees that it has taken and shall take all reasonable steps to minimize the displacement of persons (families, individuals, businesses, nonprofit organizations, and farms) in connection with the Project.

B. If the Borrower has acquired or entered into an agreement to acquire real property for the Project, then Borrower represents and warrants that prior to making an offer for such property, it clearly advised the owner that it lacked the power of eminent domain and therefore was unable to acquire the property in the event negotiations failed to reach an amicable agreement, and that it informed the owner of what Borrower believed to be the fair market value of the property. If the Borrower intends to acquire real property for the Project, then Borrower shall, prior to making an offer for such property, clearly advise the owner of the information described in this subsection.

C. If the Property was previously in residential use, wholly or in part, then Borrower agrees to carry out the Project consistent with the City's Residential Antidisplacement and Relocation Assistance Plan, as the same may be adopted and amended from time to time.

D. If any activity forming a part of the Project involves acquisition, rehabilitation or demolition, Borrower shall provide to the Lender a complete and accurate list of all occupants of the Property as of the date that Borrower obtained site control, and a complete and accurate list of all persons occupying the Property at any time after site control and through the date of full occupancy after construction or rehabilitation.

E. Borrower represents, warrants and agrees that it has provided in a timely manner, and shall provide in a timely manner, all notices, advisory services, payments, and other assistance required so as to comply with each of the following: 24 C.F.R. Section 42; 24 CFR Section 570.606; the federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, 42 U.S.C. Sections 4601-4655, and regulations thereunder, 49 C.F.R. Part 24; HUD's current relocation assistance handbook; and any other applicable federal laws or regulations. Borrower shall maintain complete and accurate records demonstrating such compliance.

F. Borrower agrees that any determination by Lender of the amount of relocation assistance due to any person shall be final and binding upon Borrower, unless a different determination is made by HUD, in which case the HUD determination shall be final and binding on Borrower. Borrower agrees that the Lender may, at its option, provide relocation assistance directly to any person in connection with the Project and that any payment by the Lender for such person, at the Lender's sole option, may be charged against any funds remaining to be disbursed hereunder without any requirement for a draw request by, or consent of, Borrower. If, as a result of any such direct disbursement by the Lender, the amount of City funds expended for relocation shall exceed the amount (if any) specifically authorized to be paid from Loan funds for relocation in the Budget, then Borrower shall repay such excess to the Lender on demand.

G. Borrower represents and warrants that, except as disclosed in writing to the Lender in a relocation plan submitted by Borrower in connection with this Project, no persons have been required to vacate or will be required to vacate any property permanently because of the Project. Borrower shall carry out the terms of any relocation plan submitted to and approved by the Lender, but the terms of any such plan shall not limit Borrower's obligations under this Loan Agreement or applicable laws or regulations, and no such approval by the Lender shall be construed as a waiver or modification of any requirement of this Loan Agreement or applicable laws or regulations. This Section 4.12 shall survive expiration of this Loan Agreement.

4.13 Suspension and Termination.

Suspension or termination of this Loan Agreement may occur in the event of Borrower's failure to comply with a material term of the Loan Documents and, in accordance with 24 C.F.R. Section 85.44, the Loan may be terminated for convenience.

4.14 Reversion of Assets.

Upon the expiration of the Loan Agreement Borrower shall transfer to Lender any CDBG funds relating to this Project on hand at the time of expiration and any accounts receivable attributable to the use of CDBG funds relating to this Project.

4.15 Program Income.

Income from the use or rental of property acquired or improved with CDBG funds, less costs incidental to the generation of the income, is "Program Income." Borrower shall report all Program Income received in its annual report to Lender and shall maintain complete records on all Program Income. Unless specified otherwise in this Loan Agreement, Program Income (as defined in 24 C.F.R. Section 570.500(a)) shall be promptly returned to Lender, and shall apply to reduce any amounts owing on the Promissory Note, and in any event, notwithstanding any provision elsewhere in this Loan Agreement regarding Borrower's treatment of Program Income, upon Lender's request, Borrower shall remit to Lender Program Income (including investments of Program Income) held by Borrower, after deducting therefrom amounts necessary for Borrower's immediate cash needs. Any Program Income on hand when this Loan Agreement is terminated, or received after such termination, shall be paid to Lender.

4.16 Lead-Based Paint.

A. Borrower shall comply at its sole expense with all applicable requirements of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. Sections 4821-4846) and regulations thereunder, including 24 C.F.R. Section 570.608, with regard to lead-based paint, and with any and all applicable federal, state, and local laws, regulations or standards hereafter enacted or issued with regard to lead-based paint. Without limiting the foregoing, Borrower shall remove or cover, prior to the date for completion of the work funded hereunder, in compliance with all applicable, laws, regulations, and in conformity with guidelines issued by HUD, all lead-based paint with lead content above the threshold established by HUD on surfaces affected by the work funded under this Loan Agreement. Borrower shall defend, indemnify and hold harmless Lender from any liability, loss, damage or expense, including costs and attorneys' fees, relating in any way to lead-based paint at the Community Facility or the abatement or disposal thereof. This provision shall survive expiration of this Loan Agreement and satisfaction of the Loan, whether by payment, forgiveness, foreclosure or otherwise.

B. If the Project includes any "renovation" of any building, or portion of a building, constructed prior to 1978, that constitutes "target housing" or a "child-occupied facility" as those terms are used in 40 CFR Part 745, Subpart E, Borrower shall ensure that such renovation is performed by a firm certified under that subpart, using certified personnel as required under that subpart; shall require that the firm comply with all applicable provisions of that subpart and any other applicable requirements of the federal Environmental Protection Agency; and shall require that such firm agree to provide to the Borrower or the Lender on request all documentation required to be maintained by that subpart. Borrower shall maintain, and shall deliver to Lender promptly upon completion of the Project and at such other times as Lender may request, complete and accurate records demonstrating that the Project and the Community Facility comply with the requirements referred to in this Section.

4.17 Architectural Barriers.

If the improvement on the Property designed, constructed, or altered with funds provided wholly or in part by the Loan is a "residential structure" as defined in 24 C.F.R. Section 40.2 or is a facility to which the Architectural Barriers Act applies as stated in 41 C.F.R. Section 102-76.60, such improvement shall comply with the applicable requirements of the Architectural Barriers Act of 1968 (see 42 U.S.C. Sections 4151-57), and shall comply with the following: (a) for residential structures, the Uniform Federal Accessibility Standards (Appendix A to 24 C.F.R. part 40), and (b) for other buildings, the Architectural Barriers Act Accessibility Standard (ABAAS), Appendices C and D to 36 CFR part 1191 (ABA Chapters 1 and 2, and Chapters 3 through 10), pursuant to 41 CFR Sec. 102-76.60.

4.18 Lobbying.

Borrower hereby certifies and agrees as follows, in accordance with 31 U.S.C. Section 1352, to the best of its knowledge and belief:

A. No Federal appropriated funds have been paid or will be paid, by or on behalf of Borrower, 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 the awarding of any Federal contract, 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;

B. 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, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and

C. It will require that the language of this Section be included in the award documents for sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

D. 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 Ten Thousand Dollars (\$10,000) and not more than One Hundred Thousand Dollars (\$100,000) for each such failure.

4.19 Flood Insurance Protection.

If the Property is in a special flood hazard area as identified by the Federal Emergency Management Agency, then Borrower represents, warrants and agrees that flood insurance is and shall remain in effect, at Borrower's expense, in accordance with Section 102(a) of the Flood Disaster Protection Act of 1973 (42 U.S.C. Section 4001), so long as any amount is outstanding on the Promissory Note.

4.20 Prior Actions; Indemnity.

Borrower represents and warrants that in all actions related to the Project and the Property to date Borrower has complied with all requirements referred to in this Part IV. Borrower shall indemnify and hold Lender harmless from any loss, damage, expense, claim or demand (including costs and attorneys' fees) resulting from Borrower's failure to comply with any provision of this Part IV or any other federal requirement, or resulting from Borrower's failure to maintain adequate records to demonstrate such compliance. This Section shall survive expiration or termination of this Loan Agreement and satisfaction of the Loan, whether by payment, forgiveness, or otherwise.

4.21 Disclosures.

Borrower represents, warrants and agrees that it has provided to HSD any and all disclosures required by the HUD Reform Act, 42 U.S.C. Section 3545, and regulations thereunder 24 CFR Part 4; that it will provide timely updated disclosures to HSD to the extent required by such act and regulations; and that all such disclosures are and shall be complete and accurate.

PART V: CITY REGULATORY REQUIREMENTS AND POLICIES

5.1 Certain City Requirements and Policies: Non-discrimination in Employment, Contracting and Services; Affirmative Efforts; Compliance.

A. Equal Opportunity. Borrower shall comply, and require its contractors and subcontractors to comply, with the City's Fair Employment Practices ordinance, SMC Chapter 14.04. Borrower agrees to the following excerpted from Seattle Municipal Code Section 14.04.020, as amended:

"It is declared to be the policy of the City, in the exercise of its police powers for the protection of the public health, safety, and general welfare, and for the maintenance of peace and good government, to assure equal opportunity to all persons, free from restrictions because of race, color, sex, marital status, sexual orientation, gender identity, genetic information, political ideology, age, creed, religion, ancestry, national origin, honorably discharged veteran or military status or the presence of any sensory, mental or physical disability."

B. Non-discrimination and Affirmative Efforts in Contracting. Notwithstanding any other provision in this Loan Agreement:

(1) General: The City is encouraged when contractors use creative and innovative efforts to ensure that all contracting parties bidding on City funded or City administered contracts have an equal opportunity to participate. The City does not require any minimum level of women- and minority-owned business enterprise (WMBE) subcontractor participation as a condition of awarding any contract. While the City may no longer require WMBE utilization, the City does require that all City funded contracting be done in a nondiscriminatory manner.

(2) Non-Discrimination: Borrower shall not create, and shall not permit contractors or bidders to create, barriers to open and fair opportunities for WMBEs to participate in contracts for the Project, and to obtain or compete for contracts and subcontracts as sources of supplies, equipment, construction and services. Borrower shall not, in considering offers from and doing business with contractors and suppliers, discriminate on the basis of race, color, creed, religion, ethnicity, sex, age, national origin, marital status, sexual orientation, or the presence of any mental or physical disability in an otherwise qualified disabled person.

(3) Record-Keeping: Borrower shall maintain, for at least twelve (12) months after completion of the Project, all bids or proposals from general contractors for the Project, and relevant records and information necessary to document levels of utilization of WMBEs and other businesses as subcontractors and suppliers on the Project. Borrower shall require that its general contractor maintain and provide to the City on request all written quotes, bids, estimates, or proposals submitted to the contractor by all businesses seeking to participate as subcontractors or suppliers in the Project. The City shall have the right to inspect and copy such records. Borrower and its general contractor shall comply with all record-keeping requirements set forth in any federal rules, regulations or statutes included or referenced in this Loan Agreement or the contract documents.

(4) Affirmative Efforts to Utilize WMBEs: The City encourages the utilization of minority owned businesses ("MBEs") and women-owned businesses ("WBEs") (collectively, "WMBEs"), in contracts funded by the City. The City encourages, and Borrower shall encourage with respect to the Project, the following practices to open competitive opportunities for WMBEs:

(i) Attending a pre-bid or pre-solicitation conference, if scheduled by the City or Borrower, to provide project information and to inform WMBEs of contracting and subcontracting opportunities.

(ii) Placing all qualified WMBEs attempting to do business in the City on solicitation lists, and providing written notice of subcontracting opportunities to WMBEs capable of performing the work, including without limitation all

businesses on any list provided by the City, in sufficient time to allow such businesses to respond to the written solicitations.

(iii) Breaking down total requirements into smaller tasks or quantities, where economically feasible, in order to permit maximum participation by small businesses including WMBEs.

(iv) Establishing delivery schedules, where the requirements of this contract permit, that encourage participation by WMBEs.

(v) Providing WMBEs that express interest with adequate and timely information about plans, specifications, and requirements of the contract.

(vi) Utilizing the services of available minority community organizations, minority contractor groups, local minority assistance offices, the City, and other organizations that provide assistance in the recruitment and placement of WMBEs.

(5) Fair Contracting Practices. Each party is required to comply with the Fair Contracting Practices Ordinance of The City of Seattle (SMC Chapter 14.10), as amended. Conduct made unlawful by that ordinance constitutes a breach of contract. Engaging in an unfair contracting practice may also result in the imposition of a civil fine or forfeiture under the Seattle Criminal Code as well as various civil remedies.

(6) Sanctions for Violation: Any violation of any mandatory provision of this subsection C (last sentence of paragraph (1), and paragraphs (2), (3), and (5)) shall be a material breach of contract for which the Borrower may be subject to damages and sanctions provided for by contract and by applicable law. Borrower's contract with its general contractor shall provide that the contractor may be subject to damages and sanctions for any violation of the provisions of this Section requiring performance by the contractor, and that the City is an intended beneficiary of such contract with respect to those provisions.

(7) Additional or Modified Procedures. Borrower shall consult with HSD prior to any contractor selection process and shall comply with any additional or modified procedures that HSD may prescribe, consistent with applicable law, to assure access to contracting and subcontracting opportunities.

C. Hiring. Construction contracts and subcontracts for the Project shall include language encouraging, consistent with the foregoing nondiscrimination requirements, contractors and subcontractors to make employment opportunities available to female, minority and economically disadvantaged workers, and to hire people who are homeless. Nothing herein shall require or authorize any discrimination or preferential treatment contrary to applicable law.

D. Compliance. Borrower shall require compliance with those provisions of this Section 5.1 that are mandatory requirements for contractors in every contract for construction work in connection with the Property, will take appropriate action upon a finding that the contractor is in violation of any of those requirements, and will not let any contract unless the contractor has first provided Borrower with a preliminary statement of ability to comply with those requirements.

5.2 Competitive Bidding.

All construction work on the Project shall be bid competitively. Contractors' qualifications shall be subject to review and approval by Lender prior to the commencement of construction, and Lender shall have the right to reject any contractors it deems unqualified. Lender may, subject to any applicable requirements of state or federal law, permit prequalification of contractors to establish a defined list of contractors for competitive bidding. Bids shall be opened publicly, either at the offices of HSD or at another location approved in writing by Lender. Borrower shall comply with all applicable requirements of 24 C.F.R. Section 85.36 and OMB Circulars A-102 and A-110 (24 C.F.R. Part 84).

5.3 Political Activity.

No portion of the Loan shall be used for any partisan political activity or to further the election or defeat of any candidate for public office or to influence the approval or defeat of any ballot issue or legislation.

5.4 No Partnership or Agency Relationship.

The sole relationship between the parties with respect to the Project is as Borrower and Lender. Nothing in the Loan Documents shall be construed to create any partnership or joint venture or to make either party the agent or employee of the other. Neither Borrower nor any of its members, officers or employees shall hold themselves out as the partner, employee or agent of Lender or as having any authority to act on behalf of Lender or to bind Lender in any matter.

5.5 Grievances by Participants.

Borrower will establish a system through which applicants for and recipients of services at the Community Facility may present grievances about the activities of the Borrower or any of the Borrower's subcontractors. The system shall provide applicants and recipients with an informal hearing before representatives of the Borrower, and if the applicant or recipient be dissatisfied with the action of the informal hearing, a formal hearing with procedures comparable to the hearing procedures established in the Washington Administrative Code, Chapter 388-02, and the Administrative Procedure Act (RCW Chapter 34.05) for contested cases.

5.6 Prohibited Interlinkings.

No person shall, as a condition to receiving services at the Community Facility, be required to secure a membership in the Borrower or an affiliated organization or be solicited to attend a religious service or subjected to religious instruction; nor shall any person be subjected to discrimination on account of a failure to participate in such Borrower activities.

5.7 Discrimination Because of Certain Labor Matters.

No person employed on the work covered by this Loan Agreement shall be discharged or in any way discriminated against because s/he has filed any complaint, or instituted or caused to be instituted any proceeding, or has testified or is about to testify in any proceeding under or relating to the labor standards applicable hereunder to the employer.

5.8 Future Support.

Lender makes no commitment of future support and assumes no obligation for future support of the Borrower or the Property or Project.

PART VI: SPECIAL PROJECT TERMS AND CONDITIONS

6.1 Lease

A. Borrower represents and warrants that it occupies the Community Facility under a lease with the Property owner, with a remaining term of four (4) years from the date hereof, subject to possible earlier termination by the lessor, a true and complete copy of which has been provided to Lender ("Lease"), that the Lease is in full force and effect and is not in default, and that Borrower has not previously assigned, mortgaged, subleased or otherwise transferred or encumbered the Lease or its rights thereunder. Any request for funds by Borrower hereunder shall constitute a representation and warranty that the facts in the previous sentence remain true and correct.

B. Borrower acknowledges that its present lease terms are not sufficient to assure its ability to meet its obligations as set forth in this Loan Agreement or to prevent a Change in Use

of the Community Facility, as defined in the Promissory Note, prior to the maturity of the Promissory Note. It shall be the sole responsibility of Borrower to maintain the Lease in effect and to obtain such extensions as are required in order for Borrower to operate the Community Facility in accordance with this Agreement at least through the Maturity Date of the Promissory Note. Any expiration or other termination of the Lease prior to that date, whether or not due to any fault of Borrower, shall be an Event of Default. Borrower agrees that upon any such Lease termination, Borrower shall pay on demand the full principal amount of the Promissory Note and any Contingent Interest calculated in accordance with its terms. Borrower further acknowledges that its obligations under the Loan Documents are not transferrable to other properties owned or leased by Borrower and that performance in any other location cannot be substituted for operation of the Community Facility.

C. Borrower agrees that it shall comply fully with the Lease terms and maintain the Lease in full force and effect; that Borrower shall promptly provide to Lender copies of any written notices from the owner under the Lease with respect to any actual or alleged breaches or defaults by Borrower or any actual or intended termination of the Lease before its expiration, and all responses by Borrower to such notices; that if Borrower fails to cure any breach or default under the Lease, the Lender may, but shall not be required to, cure such breach or default, and Borrower shall reimburse Lender on demand for all costs incurred by Lender in curing such default; and that Borrower shall not amend the Lease or permit the termination thereof, nor surrender or abandon its leasehold interest, in each case without the express written consent of Lender.

D. Borrower shall, as a condition to receipt of any Loan funds, provide Lender with an agreement from the Property owner in form and content acceptable to Lender, consenting to the work contemplated by this Loan Agreement; acknowledging the terms of the Lease, that it has not been assigned to the owner's knowledge and that it is not in default; granting Lender rights of notice and cure with respect to any future defaults and any failure to exercise a renewal option; requiring Lender's consent for modifications or termination; and containing such additional provisions as Lender may require. If so requested by the Lender, the Borrower also shall provide, as a condition to receipt of any Loan funds, agreements acceptable to the Lender from any holders of liens on the Property, agreeing not to disturb the tenancy of Borrower and to respect the terms of the agreement of the owner described above. Borrower shall record the full lease as a condition of Borrower's receipt of any funds hereunder.

6.2 Survival.

The provisions of this Part VI shall survive expiration of this Loan Agreement and shall remain in effect so long as any amount is outstanding on the Promissory Note.

EXECUTED as of the ____ day of _____, 2014.

"Lender"
THE CITY OF SEATTLE,
a Washington municipal corporation

By: _____
DAVID OKAMOTO, Interim Director
Human Services Department

"Borrower"
KING COUNTY
a political subdivision of the State of Washington

By: _____
Print Name: _____
Title: _____

EXHIBIT A-1. Goals and Objectives

The Rainier Beach (RB) School-Based Health Center (SBHC), the Community Facility, was the first SBHC in Seattle (and one of the first in the nation), initially funded as a two-year pilot clinic with start-up funds from Mayor Charles Royer/City of Seattle in 1987. RB SBHC was carved out of administrative offices, built on a shoestring budget more than twenty-five years ago with minimal clinical input. RB SBHC has been meeting the health care needs of RBHS students since 1987. However, student needs have changed since the site was originally built more than two decades ago, and the scope of practice of the health center has expanded accordingly. The proposed renovation of the RB SBHC will support more efficient, effective services that better meet student needs, improve patient flow, and increase client utilization.

Public Health – Seattle & King County (PHSKC) operates the RB SBHC in partnership, and with funding from, the City of Seattle Families and Education Levy. PHSKC provides medical/physical health services. Group Health provides mental health services. Research has shown that students who access Seattle's school based health centers have greater GPAs and higher attendance rates than their peers who do not access service. All of Seattle's school based health centers intentionally focus on the academic success of their student patients/clients as well as on their physical, emotional and mental health.

In SY 2012-2013, 285 students, 70% of students enrolled in the school, used the SBHC for 1289 medical visits and 885 mental health visits. This is the highest proportion of enrolled students served and the most visits per student of any of the fifteen SBHCs in Seattle, demonstrating their lack of access to other health services and the intensity of medical and mental health need experienced by the student population.

RBHS is the most diverse SPS high school in the Seattle School District with 95.1% of students identifying as a racial/ethnic minority. It is also the neediest school in the district, with the highest rate of free or reduced lunches (78.1%), the highest rate of students not living with both parents (62.5%), and the largest proportion of limited English proficiency students (27.1%).

PHSKC is seeking CDBG funds in order partially fund a remodeling of its RB SBHC, which is badly in need of renovation. PHSKC has secured a federal \$212,356 Health Resources and Services Administration (HRSA) grant for this renovation project as well as a \$30,000 in grants from the Group Health and Nesholm Foundations. CDBG funding is also needed in order to undertake a renovation that will truly improve the efficiency and effectiveness of the clinic for both staff and the students who receive health services.

Eligible programs for the Community Facility are: mental and physical health services.

EXHIBIT A-2. Performance Standards

Scope of Work:

CDBG funds will be used to pay for construction costs and/or related sales taxes for activities identified in the bid plans and specifications listed under contract #C00911C14, issued July 2014

Schedule

Borrower shall achieve the following milestones by the following dates, subject to the Force Majeure provisions in Section 2.4 of the Loan Agreement:

<u>Activity</u>	<u>Completion Date</u>
Beginning of Construction/Renovation	August 2014
Construction Completion	November 2014
Commencement Date for Occupancy	January 2015

Note: If Construction Completion is delayed by Force Majeure and if the Borrower is not in breach of the Loan Agreement, the Commencement Date for Occupancy will be deferred until thirty (30) days after completion of construction, but in any event no later than ninety (90) days after the Commencement Date for Occupancy stated above.

EXHIBIT A-3. Reporting Requirements

1. Borrower shall complete and submit to the City for each disbursement an original and one copy of the Borrower's Invoice Form (Attachment #1) and supporting financial documentation, including but not limited to, invoices or receipts for costs incurred and eligible for payment or reimbursement.
2. Borrower shall submit documentation to the Seattle Human Services Department, 700 Fifth Avenue, Suite 5800, P.O. Box 34215, Seattle, Washington 98124-4215, Attention: Project Manager, Community Facilities and Services Unit.
3. Loan disbursements will be contingent upon receipt and approval of all required documentation as set forth in Section 2.3.
4. In addition to other reporting requirements set forth in Section 3.12, Borrower shall submit to the City the following documentation:

<u>Items</u>	<u>Due Dates</u>
General contractor's schedule of values w/architect's certification of completion	with each draw request for construction costs
General contractor's applicable payroll data for compliance with prevailing wage requirements	not less frequently than weekly
Section 3 documentation as required by the project plans and specifications approved by HSD for the work described in Exhibit A-2	not less frequently than monthly
Community Facilities Project Close-Out Form (Attachment #2)	after substantial completion, but prior to expiration of Loan Agreement
Continuing Use Report and Certification of Continuing Use (to be provided annually by HSD)	annually no later than February 28 until the year after the year of the Maturity Date as defined in the Promissory Note

5. Borrower shall furnish, at Lender's request, additional data related to the Project, Borrower's performance and Property management for auditing or evaluation purposes as further described in Section 3.12.
6. Upon Lender's request, Borrower shall report on, or provide, any records maintained as set forth in Sections 3.12, 3.5A and 4.4 or elsewhere in this Loan Agreement. Lender shall also have reasonable access to these records, and may interview persons served by Borrower for auditing or verification purposes.

Attachment #2

Community Facilities Project Close-out

Project Name: _____

Borrower Name: _____

Completed by: _____

Signature: _____

I certify that the numbers presented below are the best estimates by the Borrower, based on reasonable assumptions, of the persons to benefit from the Community Facility. If the numbers are represented to indicate actual 12-month data, I certify that these numbers are true to the best of the agency's knowledge.

Date: _____

CDBG Eligibility Data:

- Check this box if your project is intended to significantly expand capacity (such as expanding a facility). For the information below, please estimate the number of unduplicated clients you anticipate serving at the new / expanded facility during the first 12 months of operation.
- Check this box if your project primarily remodels existing space without significant capacity increases. For the information below, please provide the actual data on unduplicated users of the facility in the 12 month period immediately prior to the beginning of construction.

CAUTION: Your project manager will advise you on whether you should fill out questions A, B, C, and / or D.

A. Client Benefit:

Estimated or Actual Number of Unduplicated Persons Served: _____

Income (exact definitions will be provided by your project manager at the time this form is due):

_____ Extremely Low-income (30% or less of median income)	_____ Other income
_____ Low-income (greater than 30%, but less than 50%)	_____ Total
_____ Moderate-income (greater than 50%, but less than 80%)	

B. Presumed Benefit Category: _____

Estimated or Actual Number of Unduplicated Persons Served: _____

C. Demographics:

- White
- Black/African American
- Asian
- American Indian/Alaskan Native
- Native Hawaiian/Other Pacific Islander
- American Indian/Alaskan Native and White
- Asian and White
- Black/African American and White
- American Indian/Alaskan Native and Black/African American
- Other Multi-racial

# Total	# Hispanic

D. Area Benefit:

Estimated or Actual Number of Unduplicated Persons Served _____

Exhibit B: Budget

Initial: _____

	<u>CDBG Funds</u>	<u>Other Funds</u>	<u>Total Cost</u>
<u>AcquisitionSite Control</u>			
Land/Building Acquisition	_____	_____	_____
Real Estate Taxes	_____	_____	_____
Title Insurance	_____	_____	_____
Closing Costs	_____	_____	_____
Appraisal	_____	_____	_____
Relocation	_____	_____	_____
Other _____	_____	_____	_____
<u>Professional Services</u>			
Architectural Services	_____	\$25,000	\$25,000
Planning/Feasibility Studies	_____	_____	_____
Engineering Studies	_____	\$4,000	\$4,000
Hazardous Materials Consultant	_____	\$12,250	\$12,250
Legal Fees	_____	_____	_____
Project & Const. Mgmt.	_____	\$28,000	\$28,000
Dev. Consultant/Fundraising	XXXXXX	_____	_____
Other <u>Project Contingency</u>	_____	\$41,601	\$41,601
<u>Construction/Rehabilitation</u>			
Construction	\$63,000	\$85,500	\$148,500
Construction Sales Tax	_____	\$16,500	\$16,500
Hazardous Materials Abatement	_____	\$8,500	\$8,500
Permits	_____	\$2,005	\$2,005
Construction Contingency	_____	\$16,000	\$16,000
Other <u>Temp. Relocation</u>	_____	\$3,000	\$3,000
Total Project Cost	\$63,000	\$242,356	\$305,356

Revenue Summary

<u>Source</u>	<u>Total</u>	<u>Comments</u>
City CDBG	\$63,000	_____
City - Other	_____	_____
Other - Government	_____	_____
County: _____	_____	_____
State: _____	_____	_____
Federal: HRSA	\$212,356	_____
Other	_____	_____
Private Foundation/Corporation	\$30,000	Group Health and Nesholm
Agency Generated Income/Capital	_____	_____
United Way/Charitable Donation	_____	_____
Total Project Revenue	\$305,356	_____

EXHIBIT C. Form of Promissory Note

\$63,000.00

Seattle, Washington

Date: _____, 2014

1) Promise to Pay. For value received, KING COUNTY, a political subdivision of the state of Washington (hereinafter referred to, together with all other persons who shall become liable on this Note, as "Borrower"), promises to pay in lawful money of the United States of America, to the order of THE CITY OF SEATTLE ("Lender"), a Washington municipal corporation, at 700 Fifth Avenue, Suite 5800, P.O. Box 34215, Seattle, Washington 98124-4215, or such other place as the holder of this Note may designate in writing from time to time, the principal sum of SIXTY-THREE THOUSAND and NO/100 DOLLARS (\$63,000.00) or so much thereof as may be advanced hereunder, without interest, except that Contingent Interest shall be payable in the circumstances set forth below. All amounts payable hereunder shall be paid without any set-off or deduction of any nature.

2) Loan Agreement. This Note is made pursuant to a Community Facility Loan Agreement of even date herewith (the "Loan Agreement") between Borrower and Lender, acting through its Human Services Department ("HSD") for a loan of federal Community Development Block Grant ("CDBG") funds. This Note, the Loan Agreement and all other documents executed by Borrower in favor of Lender in connection with this loan shall be referred to collectively as the "Loan Documents." Capitalized terms not defined herein shall have the meanings set forth in the Loan Agreement unless the context otherwise clearly requires. Disbursement of the funds evidenced by this Note is to be made subject to the terms and conditions of the Loan Agreement. Borrower agrees that a schedule of the dates and amounts of advances and repayments on this Note certified by an officer of Lender shall be conclusive evidence for all purposes of such dates and amounts.

3) Maturity; Acceleration on Change in Use.

(a) The principal amount of this Note, or so much thereof as may be advanced hereunder, and all other amounts owing hereunder, are due and payable on the earlier of: (i) the date (the "Maturity Date") five (5) years after the expiration of the Loan Agreement, which Maturity Date shall be December 31, 2019 unless the expiration of the Loan Agreement is delayed in accordance with the terms thereof; (ii) at the option of the holder of this Note, the date of sale or other transfer, or expiration or termination, of all or any portion of Borrower's interest in the Property (as defined in the Loan Agreement) prior to the Maturity Date; or (iii) at the option of the holder of this Note, the date of any Change in Use.

(b) For purposes of this Note, a Change in Use means any failure of Borrower (or any successor), at any time after the Commencement Date (as defined below) and prior to the Maturity Date, to use the Community Facility (as defined in the Loan Agreement), solely to operate Eligible Programs (as defined below) in a manner that serves the national objective of benefiting Low- to Moderate-Income Persons as set forth in 24 C.F.R. § 570.208 or successor provision.

(c) For purposes of this Note, "Commencement Date" shall mean the Commencement Date for Occupancy specified in Exhibit A-2 to the Loan Agreement, but if no such date is specified in such Exhibit, then: (i) if the Project being financed with proceeds of this Note includes renovations or construction, then "Commencement Date" means the date thirty (30) days after the earlier of (A) the substantial completion of such renovations or construction, or (B) the date by which substantial completion of renovations or construction is required pursuant to the terms of the Loan Agreement; (ii) if the proceeds of this Note are being used solely for acquisition, then "Commencement Date" means the date thirty (30) days after the first disbursement of the proceeds of this Note for acquisition costs; and (iii) in any other case, "Commencement Date" means thirty (30) days after the date of this Note.

(d) For purposes of this Note, "Eligible Programs" means (i) the program(s) or activities to be conducted in the Community Facility as described in Exhibit A-1 to the Loan

Agreement, and (ii) any additional or substitute programs or activities authorized pursuant to Section 2.1 of the Loan Agreement.

(e) If any material part of the Community Facility is not in active use for any period of thirty (30) consecutive days or more after the Commencement Date, such non-use shall be considered a Change in Use under this Note, except that in the case of non-use due to casualty loss, if insurance proceeds or other resources of Borrower are available for repair or restoration, then so long as the Borrower complies with the provisions of the Loan Documents relating to casualty loss and diligently pursues repair or restoration, the non-use of damaged premises for up to six (6) months shall not constitute a Change in Use, and the Maturity Date of this Note shall be extended by such period of non-use.

4) Forgiveness. If the Borrower shall comply with all the terms and conditions of the Loan Documents, and if throughout the period from the expiration of the Loan Agreement through the Maturity Date of this Note there shall occur no event accelerating the principal balance and no Change in Use, then all amounts owing on this Note, including any Contingent Interest, as defined below, shall be forgiven.

5) Contingent Interest. Borrower agrees to pay, in addition to principal, Contingent Interest as defined below. Contingent Interest, if any, shall be due and payable thirty (30) days after the occurrence of the earliest of any of the following: any Change in Use, any prepayment in full of the principal of this Note, or any acceleration of the principal balance of this Note by Lender under the Loan Documents.

(a) "Contingent Interest" on this Note is defined as:

(i) The current fair market value of the Community Facility at the time of the Change in Use or other event causing Contingent Interest to become payable, less any portion of the fair market value attributable to expenditures of non-CDBG funds for the acquisition of, or improvement to, the Community Facility; minus

(ii) The maximum principal amount at any time outstanding on this Note,

provided that Contingent Interest shall not in any case be less than zero.

(b) For purposes of the computation under subsection (a) above, the fair market value of the Community Facility shall be determined by an appraisal satisfactory to Lender, performed by an appraiser approved in advance by Lender, at the sole expense of Borrower, provided that the Lender may, at its option, waive an appraisal and determine that the fair market value is either the actual sale price of the Community Facility (if the Community Facility has then been sold or is then being sold) or, at Lender's option, the assessed value of the Community Facility for property tax purposes at the time when Contingent Interest becomes payable. It shall be the obligation of Borrower to obtain the appraisal (unless waived by Lender) and to document all other sources of funds expended for acquisition of, or improvement to, the Community Facility to the reasonable satisfaction of Lender, at least ten (10) days prior to the date upon which Contingent Interest becomes due and payable. If the Borrower fails to deliver an appraisal satisfactory to Lender when required, the Lender, at its option, may commission an appraisal either by an independent appraiser or by Lender's own staff, which appraisal shall be final and binding on the parties, and Borrower shall reimburse the cost of such appraisal (including an allocation of Lender's internal costs), to Lender on demand. To the extent that Borrower fails to document the amounts or use of non-CDBG funds to the reasonable satisfaction of Lender, the Lender may estimate the amounts of such funds based on such information as is readily available in HSD files. For purposes of this Section, "CDBG funds" are amounts advanced under this Note, and any other funds derived from federal Community Development Block Grants or subject to CDBG regulations, including any Program Income as defined in CDBG regulations. The determination of the extent to which the fair market value of the Community

Facility is attributable to non-CDBG funds shall be made by Lender, in its good faith discretion, consistent with any available interpretations of the Department of Housing and Urban Development under 24 C.F.R. § 570.503(b). Without limiting the foregoing, at the Lender's option:

(i) if the proceeds of this Note were used to fund a project involving the acquisition, or acquisition plus construction or renovation, of the Community Facility, and if the fund sources for such project are itemized on the Project Budget or by any document(s) provided by or on behalf of Borrower, or can otherwise be reasonably estimated by Lender, then the allocation of fair market value between CDBG and non-CDBG sources shall be in the same proportion as the ratio of CDBG funds to all other funds as shown on the Project Budget or such other document(s), or as so estimated by Lender, except that the value attributable to non-CDBG sources shall be increased, dollar for dollar, by amounts documented to the satisfaction of Lender that were expended from non-CDBG funds on any capital improvements to the Community Facility made in compliance with the Loan Documents after the completion of such project (and prior to the date of last assessment, if Lender elects to use assessed value in lieu of an appraisal); and

(ii) if the proceeds of this Note were used to fund improvements to the Community Facility, then the fair market value of the Community Facility prior to such improvements shall be established by any appraisal available to Lender made at or about the time when such improvements were commenced or, if no such appraisal acceptable to Lender is available, by the assessed value for property tax purposes of the Community Facility for the year in which this Note is dated, and in either such case such value shall be treated as funds used to acquire the Community Facility for purposes of subsection (b)(i) above and the allocation shall be made as provided in that subsection.

6) Interest Rate after Maturity. After the Maturity Date or after acceleration of the principal balance of this Note in accordance with the terms of the Loan Documents, all amounts owing hereunder, including Contingent Interest (if any), shall bear interest at twelve percent (12%) per annum or the highest rate permitted by applicable law, whichever shall be less.

7) Default and Acceleration. Any Event of Default as defined in the Loan Agreement shall constitute a default under this Note. After any such Event of Default the holder of this Note shall have the right, without notice or demand, to declare all amounts owing hereunder immediately due and payable, except that Contingent Interest then shall be payable in thirty (30) days as described in Section 5 above.

8) Prepayment. The principal amount of this Note may be prepaid in full or in part at any time without premium or penalty; however, Contingent Interest shall then become due and payable in accordance with Section 5 above.

9) Costs and Attorneys' Fees. In case Borrower defaults in payment of this Note, Borrower agrees to pay all of Lender's costs of collection, including but not limited to, reasonable attorneys' 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 reasonable attorneys' fees in all such proceedings. Reasonable attorneys' fees shall include an allowance for the value of services of in-house counsel.

10) Waivers. Borrower hereby waives presentment and demand for payment, notice of dishonor, protest, notice of protest, and any other notice not specifically required by the Loan Agreement.

11) Law Governing. This Note shall be construed, enforced and otherwise governed by the laws of the State of Washington.

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

13) Application of Payments. Any payments received hereunder shall be applied first, to any costs or fees owing hereunder; next, to any interest owing under Section 6 above; next, to any Contingent Interest then due; and the balance, if any, to reduction of principal.

NOTICE: ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT, ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

KING COUNTY, a political subdivision of the state of Washington

By: _____

Print Name: _____

Title: _____

EXHIBIT D. Community Facility

Borrower is leasing the Community Facility, which comprises approximately 1100 square feet of floor area located in the northeast corner of the building (see Illustration A), and further identified below (see Illustration B).

Illustration A

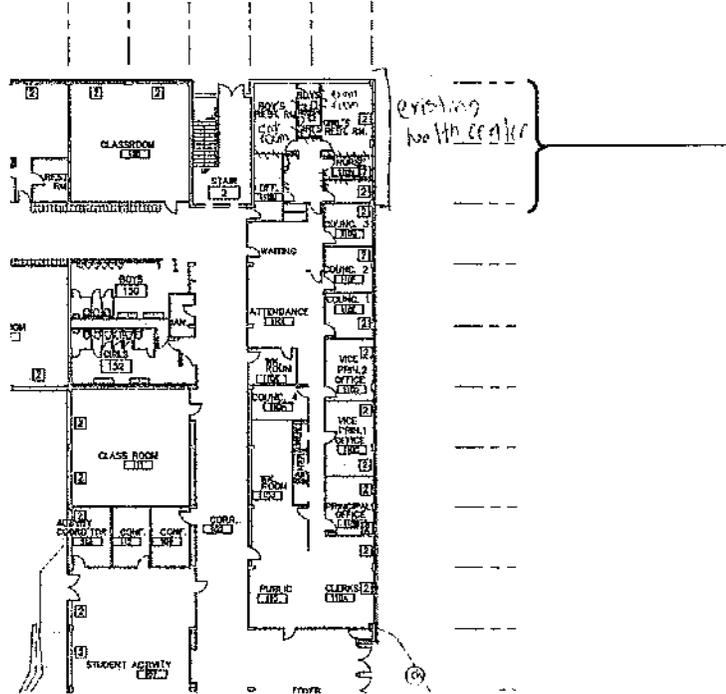


Illustration B

