



TACOMA HOUSING AUTHORITY

RESOLUTION 2013-2-27 (5)

Date: February 27, 2013
To: THA Board of Commissioners
From: Michael Mirra
Executive Director
Re: THA-LASA Development Services Agreement

Background

This resolution would authorize me to execute a development services agreement with LASA for the Prairie Oaks project that THA is developing for LASA. It would be in substantially like the attached draft.

On July 27, 2012, the Board authorized the executive director to execute a Memorandum of Understanding (MOU) with LASA to develop this project in partnership with LASA. The project includes 15 units of permanent housing for homeless families that will be funded with 9% low income housing tax credits, HOME funds through the City of Lakewood, Pierce County 2163 grant and an award from the Housing Trust Fund. An LLLP will own the housing portion of the project. THA will be the general partner. THA, acting as a developer for LASA, will also construct new office space for LASA as well as a client service center. LASA is responsible for the funding for this portion of the project. This portion will require \$1 million. To date LASA has raised \$250,000 from the City of Lakewood and \$250,000 from Pierce County, for a total of \$500,000. They are applying for additional grants as well as securing a bridge loan from a bank. LASA is using a consultant to secure the bridge financing. In addition to the housing and office space, there will be 29 parking space and open green space

Attached is a draft development agreement. It formalizes the deal structure outlined in the MOU. The project will use a condominium structure. LASA will own the commercial condo unit and the Gravelly Lake LLLP will own the housing condo unit. THA is the General Partner of the LLLP and the Developer of the entire project. The common elements (i.e. janitor closet, electrical room, riser room, trash area) will be cared for based on a pro rata split of expenses (i.e. each party will pay condo fees to maintain the common elements).

Predevelopment Costs: In July 2012, the Board approved spending \$375,000 in THA funds as a loan to the project for predevelopment costs project. Accompanying this resolution is one that would provide an additional \$300,000, for a total of \$675,000, in order to keep the project on schedule. THA will be repaid for the predevelopment expenses through the permanent funds of

the project, from both housing sources and office space (LASA) sources. If the project is terminated because funding cannot be obtained for the project, LASA and THA will evenly split the costs incurred to date. If LASA terminates the project prior to closing, LASA shall reimburse THA for all costs THA has incurred to date. To secure this obligation, LASA will provide to THA a Pre-Closing Note which is secured by property owned by LASA. If, for some reason, the project does not move forward, THA is reliant upon LASA's ability repay 50% of 100% of the predevelopment costs incurred to date. The amount is based on when the project gets cancelled. LASA does not have that much cash on hand which will result in us needing to take property they own and/or wait for them to come up with the funds.

THA will be responsible for managing the construction of the entire site in its role as Developer for the office portion and General Partner of the LLLP/owner of the housing portion. This includes monitoring the pace and quality of construction, packaging draw requests and maintaining financial records of money spent.

There are 2 families living on site that will need to be relocated before construction can begin. LASA and THA will work together to relocate the families. Relocation activities have begun. The costs of doing the relocation are included in the housing budget.

In our role as Owner/Developer of the housing, THA will earn a fee of approximately \$294,432 out of the total developer fee on the housing portion of \$368,040. (LASA will earn a fee of \$73,608) In our role as Developer of the office portion, THA will earn a project management fee of approximately \$50,324 and a construction management fee of \$11,500

Recommendation

Approve Resolution 2013-2-27(5) authorizing the executive director to execute a development services agreement in a form substantially the same as the draft attached to this resolution.



TACOMA HOUSING AUTHORITY

RESOLUTION 2013-2-27(5)

Authorization to Sign Agreement Regarding Allocation of Responsibilities

A RESOLUTION of the Board of Commissioners of the Housing Authority of the City of Tacoma

Whereas, THA and LASA have entered into a Memorandum of Understanding dated July 27, 2012 for the development of mixed use project which includes permanent housing for homeless families and office space for LASA; and

Whereas, THA and LASA desire to formalize the relationship and the responsibilities of each party as it relates to the development, including THA's fees and securitizing the loans THA have made to the project for predevelopment costs;

Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington as follows:

1. The executive director is authorized to enter into a development services agreement in a form substantially the same as the attached draft.
2. Acting Officers Authorized. The proper officers of the Authority are and are hereby authorized, empowered, and directed to take such further action on behalf of the Authority as they deem necessary to effectuate the foregoing sections of this resolution. Any action required by this resolution to be taken by the Executive Director of the Authority may in his absence be taken by the duly authorized acting Executive Director of the Authority.
3. Ratification and Confirmation. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.
4. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

Approved: February 27, 2013



Janis Flauding Chair

CERTIFICATE [OPTIONAL SECTION]

I, the undersigned, the duly chosen, qualified and acting Executive Director of the Housing Authority of the City of Tacoma (the "Authority") and keeper of the records of the Authority, CERTIFY:

1. That the attached Resolution No. 2013-2-27(5) (the "Resolution") is a true and correct copy of the resolution of the Board of Commissioners of the Authority as adopted at a meeting of the Authority held on the 27th day of February 2013, and duly recorded in the minute books of the Authority.

2. That such meeting was duly convened and held in all respects in accordance with law, and, to the extent required by law, due and proper notice of such meeting was given; that a quorum was present throughout the meeting and a majority of the members of the Board of Commissioners of the Authority present at the meeting voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 27th day of February 2013.



Michael Mirra, Executive Director of the Authority

AGREEMENT REGARDING ALLOCATION OF RESPONSIBILITIES
(Gravelly Lake Drive Project)

THIS AGREEMENT REGARDING ALLOCATION OF RESPONSIBILITIES (this "Agreement") is made as of _____, 2013 (the "Effective Date"), by and between Living Access Support Alliance, a Washington nonprofit corporation ("LASA"), and the Housing Authority of the City of Tacoma, a public body corporate and politic of the State of Washington ("THA" and, collectively with LASA, the "Parties").

Recitals

A. LASA is a community supported agency committed to the prevention of both homelessness and recurrent homelessness in and around Pierce County, Washington. LASA has provided supportive services to homeless and formerly homeless persons in Pierce County.

B. THA is a public housing authority that own (whether in its individual capacity or through partnerships and limited liability companies) approximately 1,400 units of affordable rental housing, the majority of which it developed.

C. LASA owns land located at 8954, 8956 and 8960 Gravelly Lake Drive SW in Lakewood, Washington (the "Property"). The Parties seek to demolish existing structures on the Property and develop a mixed-use development, including rental housing for formerly homeless families, office space for LASA, and a client services center (such new development, excluding the Property, is referred to as the "Project").

D. It is anticipated that LASA will create a two-unit condominium that includes all or a portion of the Property, and that one of the condominium units will be developed as a 15-unit low-income rental housing project for the homeless (the "Housing Project"), and the other condominium unit will be developed as a facility for LASA's operations, including office space and a client services center (the "LASA Facility"). LASA is expected to provide certain support services at the LASA Facility to the residents of the Housing Project and homeless persons within the Lakewood community.

E. THA caused Gravelly Lake Limited Liability Limited Partnership (the "Partnership") to be formed as a Washington limited liability limited partnership on September 26, 2012, by filing the Partnership's certificate of limited partnership with the Washington Secretary of State. The Parties expect that the Partnership will own, construct, operate and maintain the Housing Project. The Partnership will apply to the Washington State Housing Finance Commission for an allocation of federal low-income housing tax credits ("Credits") with respect to the Housing Project. An investor is expected to be admitted as the Partnership's limited partner at the time one or more commercial loans for the Project initially are closed. The admission of the investor as the Partnership's limited partner is referred to herein as the "Closing." The Parties expect that Closing will occur on or about June 21, 2013.

F. The total cost of constructing and equipping the Housing Project is anticipated to be \$[4,872,261], which will be financed by the Partnership with numerous sources of funds, including a commercial construction loan in the anticipated amount of \$[1,300,000], a loan or grant from the Washington Department of Commerce ("Commerce") in the anticipated amount of \$[2,209,736], a

loan or grant of "2163" funds in the anticipated amount of \$[558,697] from Pierce County (the "County"), a loan or grant of HOME funds in the anticipated amount of \$[250,000] from City of Lakewood ("Lakewood"), and capital contributions to the Partnership from its partners.

G. The total cost of constructing and equipping the LASA Facility is anticipated to be \$[1,100,000], which will be financed by LASA with numerous sources of funds, including a commercial loan in the anticipated amount of \$_____, grants in the anticipated amount of \$_____, capital campaign funds in the anticipated amount of \$_____, and other available funds.

H. The Property currently is encumbered by deeds of trust (the "Existing Deeds") in favor of _____ (the "Bank") securing loans incurred by LASA (the "Existing Loans"). LASA believes the outstanding principal balance of the Existing Loans to be \$_____ on the date hereof.

I. The Parties entered into a Memorandum of Understanding on July 27, 2012 (the "MOU"), regarding the Project, and the Parties have determined that it is appropriate to enter into this Agreement to further develop the rights and duties of the Parties with respect to the Project.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

Section 1. Formation of Condominium. LASA will cause the Property to be subject to a condominium regime by creating a condominium before Closing that has separate condominium units for the Housing Project (the "Residential Unit") and the LASA Facility (the "Commercial Unit"). LASA will cause the condominium declaration and the articles and bylaws of the condominium association to be submitted to THA, for THA's review and approval, before LASA records the condominium declaration or files the articles of incorporation. THA will not unreasonably delay, condition or withhold its consent of such documents.

Section 2. Existing Loans. LASA will provide THA with all records relating to the Existing Loans (including, but not limited to, loan agreements, copies of promissory notes, copies of deeds of trust, and payment records). LASA authorizes THA to contact the Bank to negotiate the release of any encumbrances on the Property securing such indebtedness. Notwithstanding the foregoing, LASA shall be responsible for causing the Bank to release the Existing Deeds from the Residential Unit on or before the date of Closing.

Section 3. Project Ownership. LASA shall sell the Residential Unit to the Partnership on the Closing date for a price equal to the product of multiplying: (i) the outstanding principal balance of the Existing Loans and the accrued and unpaid interest thereon, each as of the Closing date; by (ii) a ratio, the numerator of which is the aggregate floor space (using a square foot measurement) of the Residential Unit, and the denominator of which is the aggregate floor space (using a square foot measurement) of the Residential Unit and the Commercial Unit. On the date hereof, the Parties estimate that such purchase price will not exceed \$374,525. LASA will retain ownership of the Commercial Unit. As additional consideration for the Partnership's purchase of the Residential Unit and promise to construct the Residential Unit, LASA shall provide THA at

Closing with an option and right of first refusal to purchase the Commercial Unit from LASA for the fair market value of the Commercial Unit, which option and right of first refusal shall be substantially in the form attached to this Agreement as Exhibit A.

Section 4. Access to the Property Before Closing.

(a) From and after the Effective Date, at any time prior to the Closing (the "Access Period"), provided that this Agreement has not been terminated pursuant to its terms, THA, its agents and representatives shall be entitled to enter upon the Property for all lawful purposes, including, without limitation, to conduct such tests, inspections, examinations, surveys, analyses, investigations and inquiries with respect to the physical condition of the Property and the economic feasibility of the Project as THA, in its sole and absolute discretion, deems necessary or desirable, including, without limitation, soil tests, borings and Hazardous Substance (as defined herein) studies.

(b) During the Access Period, LASA shall furnish to THA all information concerning the Property that THA may reasonably request. LASA hereby grants THA free and complete access during normal business hours to all documentation, agreements and other information in the possession of LASA or any employee, agent or independent contractor of LASA pertaining to the ownership, use or operation of the Property; and THA shall have the right to make copies of same at the expense of THA.

(c) THA shall indemnify LASA, to the extent provided by law, against and defend and hold LASA harmless from any liens, claims, losses or liabilities (collectively, "Costs") arising out of THA exercising its right and privilege to go upon the Property; *provided, however*, that this indemnity shall not apply to the extent such Costs arise in connection with LASA's negligence or misconduct. Notwithstanding the foregoing indemnity, THA shall have no liability to LASA or to any other person or entity by reason of, nor shall THA have any duty to indemnify, defend or hold any person or entity harmless from or against, any Costs, including, without limitation, any claim for diminution in value of the Property or for environmental remediation or clean-up costs arising out of or in connection with the mere fact of having discovered and/or reported (as may be required by law) any adverse physical condition, title condition, environmental condition or other defect with respect to the Property. Any claim for indemnification under this paragraph (c) must be made within one (1) year after the date of Closing or termination of this Agreement.

Section 5. Title and Survey.

(a) Title Commitment and Title Policy. If not already provided to THA, then within 15 days after the Effective Date, THA shall obtain a current title commitment or commitments (the "Title Commitment") for an owner's extended coverage policy of title insurance (the "Title Policy"), to be issued by Chicago Title Company (the "Title Company") at its then current standard rates without any special premium, in an aggregate amount of not less than \$_____ (*i.e.* the currently anticipated purchase price of the Residential Unit), with copies of all exceptions and encumbrances to title shown therein, committing Title Company to issue such Title Policy to the Partnership.

(b) Boundary Survey; ALTA Survey. If not already provided to THA, then within 15 days after the Effective Date, LASA shall provide to THA a boundary line survey of the Property showing the true and correct boundaries of each of the parcels within the Property, together with corresponding tax account information and verification of the acreage of each such parcel (the "Boundary Survey"). THA may thereafter elect an ALTA survey of the Property to be completed (the "ALTA Survey"). The Boundary Survey and ALTA Survey are collectively referred to herein from time to time as the "Surveys".

(c) Review of Title Commitment and Surveys. THA shall be entitled, in its sole and absolute discretion, to terminate this Agreement if THA objects to any of the matters disclosed by the Title Commitment or Surveys (each, an "Objection" and collectively, the "Objections"). THA shall provide written notice to LASA (the "Objection Notice") of each Objection that THA requires to be released, discharged or removed prior to the Closing. Any matters revealed by the Title Commitment and/or Surveys to which THA does not object by the Closing shall be deemed, as between the Parties, to be permitted exceptions.

(d) Title Fees. In the event this Agreement is terminated other than by reason of a default by any Party under this Agreement, any cancellation fee or other costs of Title Company shall be borne in equal shares by the Parties. In the event this Agreement is terminated by reason of a default by any Party under this Agreement, any cancellation fee or other costs of Title Company shall be borne by the defaulting party.

Section 6. Project Feasibility and Entitlements.

(a) Project Development Due Diligence. THA shall take the lead in performing review of all site evaluations and cost reviews. LASA will provide to THA all relevant property and Project information it has in its possession. THA will share copies of all due diligence material with LASA.

(b) Community Involvement. LASA will be primarily responsible for providing all necessary community notifications in connection with the development of the Project and use its best efforts to involve the public in the Project to engender community and neighborhood support of the Project. THA will provide one or more representatives, upon reasonable notice, to attend any scheduled community or neighborhood meetings regarding the Project.

(c) Zoning; Permits. THA will be primarily responsible for evaluating the status of zoning of the Property, necessary land use approvals, applicable building codes and necessary building permits, and for coordinating with Lakewood and/or the County regarding obtaining necessary zoning and land use approvals, and building permits. LASA will assist THA in fulfilling such responsibilities.

(d) Project Schedule; Development Budgets. THA will prepare a Project schedule, development budgets for the Housing Project and the LASA Facility. LASA will review such schedule and budgets, and will provide comments pertaining thereto.

(e) Retention of Project Professionals. THA will identify, interview, pre-qualify and recommend professionals (*e.g.* architect, engineers, surveyors, environmental experts) for the Project using procurement processes THA customarily undertakes for its tax credit developments. Prior to retaining any such professional, THA representatives will meet with LASA representatives and discuss the qualifications of such professional. Based on such input from LASA, THA will develop and negotiate contracts for an appraisal, architectural schematic design, a third-party construction estimate, a Phase I environmental report, a geotechnical report, lead and asbestos testing, and a site survey.

Section 7. Financing and Payment of Project Costs and Expenses.

(a) Pre-Closing Costs. THA will advance money to pay development costs paid before Closing pursuant to a line of credit loan from THA to LASA in a principal amount not to exceed \$375,000 (the "Pre-Closing Loan"). The Pre-Closing Loan will be evidenced by a promissory note in the form attached as Exhibit B (the "Pre-Closing Note") and secured by a deed of trust on the Property or other property acceptable to THA (the "Pre-Closing Deed of Trust"), which Pre-Closing Deed of Trust may, if necessary, be subordinate to other obligations secured by the property subject to the Pre-Closing Deed of Trust. The Pre-Closing Loan will be repaid to THA at Closing from Project financing sources.

(i) If the Parties terminate the Project before Closing because the Parties cannot secure the necessary financing for the Project, the costs incurred by the Parties up to the date the Parties terminate the Project will be split evenly between THA and LASA.

(ii) If LASA terminates the Project before Closing (other than pursuant to paragraph (a)(i) of this Section), LASA shall reimburse THA for all of the costs that THA shall have incurred by that date.

(iii) Upon receipt by THA of the required payment from LASA pursuant to paragraphs (a)(i) or (a)(ii) of this Section 7, as applicable, LASA will own the work product of arising from such costs. Until such time as THA receives such payment from LASA, THA will own all work product arising from Project costs incurred by THA. Notwithstanding anything to the contrary in the foregoing, costs paid by THA before Closing shall not exceed \$375,000 without the prior written consent of LASA. Payment to THA of the amounts due to it under this paragraph (a) will be secured by the Pre-Closing Deed of Trust.

(b) Construction and Permanent Financing.

(i) Housing Project Loan Financing. THA will apply, on the Partnership's behalf, for construction funding for the Housing Project from Commerce, the County, Lakewood, and one or more commercial lenders. THA also may, in its discretion, cause the Partnership to apply for permanent loan financing for the Housing Project from the Washington Community Reinvestment Association. All or any portion of the loans obtained by the Partnership to finance

the construction costs of the Housing Project also may remain in place as permanent loans once the Housing Project has been placed in service. The Parties agree that money received from the Commerce, County and Lakewood for the Housing Project may be re-loaned or assigned by the recipient thereof to the Partnership. THA will select commercial lender(s) with whom THA will negotiate, on behalf of the Partnership, the loan documents relating to the Housing Project. THA will consult with LASA regarding the selection of such commercial lender(s). The selection of the commercial lender(s) will be based, among other things, on the maximum amount to be loaned, the loan repayment terms, the loan security provisions, and the proposed financial covenants to be imposed on the Partnership.

(ii) Housing Project Equity Financing. THA will solicit not less than four investors regarding their interest in participating as limited partners of the Partnership, and will select the investor with whom THA will negotiate the Partnership's limited partnership agreement and ancillary documents. THA will consult with LASA regarding the selection of the investor. The selection of the investor will be based, among other things, on the amount of capital to be contributed to the Partnership, the investor's proposed contribution schedule, and the terms of the right of first refusal to be provided to one or more of the Parties. Capital contributions made by the investor will be used to pay costs of the Housing Project. The Parties acknowledge and agree that, as a condition to Closing, THA and/or the Partnership must have obtained financing for the full amount of the anticipated costs of constructing, installing, furnishing and equipping the Housing Project (whether such financing is in the form of grants, loans or any combination thereof).

(iii) LASA Facility Financing. LASA expects to finance the costs of constructing, equipping and furnishing the LASA Facility with grants, donations received on account of LASA's capital campaign, and commercial loans. In the furtherance of the foregoing, LASA will apply for grants and will use its best efforts to solicit donations (and collect on pledges) for the LASA Facility. LASA also will apply for construction funding for the LASA Facility from one or more commercial lenders, and will select the commercial lender(s) with whom LASA will negotiate the loan documents relating to the LASA Facility. LASA will consult with THA regarding the selection of such commercial lender(s). The selection of the commercial lender(s) will be based, among other things, on the maximum amount to be loaned, the loan repayment terms, the loan security provisions, and the proposed financial covenants to be imposed on LASA. LASA shall not finance any portion of the LASA Facility with proceeds of obligations the interest on which is exempt from gross income for purposes of Section 103 of the Internal Revenue Code of 1986, as amended (e.g. tax-exempt bonds), if the Partnership receives an allocation of "9%" Credits for the Housing Project. THA will notify LASA if the Partnership receives an allocation of "9%" Credits for the Housing Project. The Parties acknowledge and agree that, as a condition to Closing, LASA must have obtained financing for the full amount of the anticipated costs of constructing, installing, furnishing and equipping the

Commercial Unit (whether such financing is in the form of grants, loans or any combination thereof).

(iv) Construction Draw Schedule. THA will establish a construction draw schedule for the Project that reasonably allocates Project costs, the timing of draws on available construction funds, and the sources of funding such draws. LASA will review and provide comments regarding such draw schedule.

Section 8. Construction Management.

(a) Retention of the General Contractor. THA will develop and manage a process to select a general contractor for the Project, which may include a bid process or a negotiated process. Prior to retaining any such general contractor, THA representatives will meet with LASA representatives and obtain approval by LASA of the selection process to be followed. THA thereafter will implement the selection process, negotiate the terms and conditions of the construction contract, and coordinate the execution of the construction contract with the general contractor.

(b) Development Agreements. As of the Effective Date, THA and LASA will enter into an LASA Facility Development Agreement in the form attached to this Agreement as Exhibit C, and THA and the Partnership will enter into a Housing Project Development Agreement in the form attached to this Agreement as Exhibit D.

(c) Insurance. THA will cause the Partnership to maintain, or cause to be maintained, builders risk, contractor's liability, and workers compensation insurance required by law, by the Project lenders, and by the Partnership's investor limited partner with respect to the Housing Project. LASA will maintain, or cause to be maintained, builders risk, contractor's liability, and workers compensation insurance required by law and by the Project lenders with respect to the LASA Facility.

Section 9. Accounting; Records.

(a) Copies of Project Documents. THA will make available to LASA, upon request, copies of all contracts, option agreements, construction financing commitments, budgets, plans and specification or other items prepared for or obtained by THA with respect to the Project.

(b) Construction Records. THA will coordinate the transmittal of change orders, change proposals, and budget adjustments among the Parties, the Project lenders and the Partnership's partners.

(c) System of Contract Administration. THA will develop and implement a system of general contract administration for review and processing of payments and change orders for the Project, including compliance with federal, state and local wage and employment requirements. LASA shall be provided with an opportunity to review and comment upon such system of general contract administration before it is implemented.

(d) Inspection Reports. THA will deliver to LASA copies of all inspection reports provided to THA with respect to Project.

(e) Payment Applications. THA will process applications for payments made by the architect, engineer(s), contractor(s) and consultants. THA will verify applications by contractor(s) for payment against the progress of construction, as indicated by periodic inspections. THA will make available to LASA, upon request, copies of all applications for payments made by the architect, engineer(s), contractor(s) and consultants.

(f) Separate Books. THA will keep, or cause to be kept, separate accounts and cost records with respect to the design, engineering and construction of the Housing Project and the design, engineering and construction of the LASA Facility.

(g) Construction Reports. THA will prepare and furnish to LASA, upon request, financial and progress reports and statements with respect to construction of the Project.

Section 10. Initial Property Manager of the Housing Project. THA will procure the initial property manager for the Housing Project, which may be THA or one of THA's affiliates. THA will consult with LASA before retaining the initial property manager for the Housing Project.

Section 11. Partnership Structure. THA is the Partnership's general partner. Subject to investor and lender approvals, the Parties anticipate that LASA will replace THA as the Partnership's general partner at some point after the Housing Project has been placed in service and achieved stabilized operations. The Parties agree to negotiate in good faith with investors and lenders in an effort to allow LASA to replace THA as the Partnership's general partner. If the Partnership and/or the investor limited partner provides THA and LASA an option and/or right of first refusal to purchase the Housing Project or the investor's limited partner interest, the Parties agree that the following shall govern which Party will have priority over the other Party in exercising such option or right of first refusal:

(a) The Party serving in the capacity as the Partnership's general partner at the time the option or right of first refusal can first be exercised has priority over the other Party;

(b) Notwithstanding subsection 11(a), the Party to whom the Partnership owes the greatest amount of money at the time the option or right of first refusal can first be exercised has priority over the other Party (provided, for purposes of making the determination required by this subsection, loans to the Partnership funded with grants or "forgivable" loans made to the lender Party shall be disregarded); and

(c) Notwithstanding subsections 11(a) and 11(b), the Party that has honored the greatest amount of guarantee obligations to the Partnership, the Partnership's partners and the Partnership's lenders, suppliers and other creditors at the time the option or right of first refusal can first be exercised has priority over the other Party.

Section 12. LASA Representations, Warranties and Covenants. LASA represents, warrants and covenants to THA:

(a) Power and Authority. LASA is a nonprofit corporation of the State of Washington. LASA has taken all necessary legislative actions and met all necessary statutory and other requirements to enter into this Agreement and to consummate the transaction provided for herein. This Agreement and all other documents executed and delivered by LASA constitute legal, valid, binding and enforceable obligations of LASA, and there are no claims or defenses, personal or otherwise, or offsets whatsoever to the enforceability or validity of this Agreement. The person executing this Agreement on behalf of LASA has been duly authorized to do so.

(b) No Violations or Actions. The execution, delivery and performance by LASA of its obligations under this Agreement will not conflict with or result in a breach of any law, governmental rule, ordinance, regulation, judgment, decree or order by which LASA or the Property is bound, or any contract to which LASA is a party or by which LASA or the Property is bound. There is no action, suit, proceeding or investigation pending, or to LASA's knowledge threatened, before any agency, court or other governmental authority that relates to the Property or the use thereof.

(c) Condemnation; Moratorium. There are no condemnation or eminent domain proceedings pending, or to LASA's knowledge threatened or contemplated, against the Property or any part thereof, and LASA has not received any notice, oral or written, of the desire of any public authority or other entity to take or use the Property or any part thereof. LASA shall give THA prompt written notice of any actual, or if known to LASA any threatened or contemplated, condemnation or eminent domain proceeding against any part of the Property. No moratorium, statute, order, regulation, ordinance, legislation, judgment, ruling or decree of any court or governmental agency has been enacted, adopted, issued, entered or is pending or in effect that could materially and adversely affect the Property and/or THA's ability to develop, open and operate the Project as contemplated herein.

(d) Compliance. The Property complies (or by the date of Closing will comply) with all applicable governmental requirements in respect of the use, occupation and construction thereof, including, without limitation, environmental, zoning, subdivision and other land use requirements, and LASA has received no notice of and has no knowledge of any violations relating thereto. Any violations thereof that occur before the Closing, whether now noted or issued, shall be complied with by LASA, so that the Residential Unit shall be conveyed free of the same at the Closing. There is no default or breach by LASA under any covenant, condition, restriction, right-of-way or easement that may affect the Property or any portion thereof.

(e) Zoning and Use. The current zoning for the Property would allow for the Project to be developed and operated on the Property. The Property is not located in any conservation or historic district. No buildings or other improvements of any kind encroach on the Property.

(f) Work. No work has been performed or is in progress at, and no materials have been furnished to, the Property that have not been paid for or will not be paid for in full prior to the Closing date.

(g) Assessments. No special or general assessments have been levied, other than as shown in the Title Commitment, or to LASA's knowledge are threatened, against all or any part of the Property.

(h) Access. The right of ingress and egress from the public roadways to and from the Property are as depicted in the Boundary Survey and are not restricted or limited in any manner. No condition exists that would result in the termination or impairment of access to the Property.

(i) Leases; Contracts; Agreements; Obligations. Except for residential leases for ____ housing units that currently exist on the Property, there are no leases or other agreements that provide for use or possession of the Property, service contracts or other agreements affecting the Property or the operation or maintenance thereof that will be binding upon the Partnership after the Closing. There are no other obligations in connection with the Property, including, without limitation, easements, declarations, use restrictions or other similar agreements, that will be binding upon the Partnership after the Closing.

(j) Relocation. LASA will vacate and relocate its offices prior to the Closing. The Parties will work together to relocate existing tenants of the Property to be completed in accordance with all applicable laws at or prior to the Closing. LASA shall be responsible for all costs incurred in connection with the relocation its offices. THA will cause costs incurred under applicable laws to relocate existing residential tenants to be paid from the amounts available for the Housing Project.

(k) Flood Plain. LASA will provide written documentation satisfactory to THA evidencing that no portion of the Property is within either of a mapped 100-year floodplain or floodway as those terms are used and defined by the Federal Emergency Management Agency.

(l) Foreign Person or Entity. LASA is not a foreign person, nonresident alien, foreign corporation, foreign partnership, foreign trust or foreign estate, as those terms are defined in the Internal Revenue Code and the Income Tax Regulations promulgated thereunder.

(m) Marketable Title. LASA has, as of the Effective Date, good, marketable and indefeasible title to the Property. Without in any way limiting the generality of the foregoing representation, LASA further represents and warrants to THA that (i) no understanding, agreement (either express or implied) or reasonable expectancy of agreement with respect to sale, lease or other transfer of the Property (or any portion thereof) exists between LASA and any third party, and (ii) LASA is in no way restricted from negotiating and entering into this Agreement with THA and selling the Residential Unit to the Partnership.

(n) Misrepresentation and Adverse Facts. LASA has made no untrue statements or representations in connection with this Agreement, and all items delivered to THA on or before the Closing are and shall be true, correct and complete copies of what they purport to be. Said items have not been amended or modified, other than as also delivered to THA, and no items that should have been set forth as exhibits thereto or delivered to THA on or before the Closing have not been so set forth or delivered. LASA has not failed to state or disclose any material fact in connection with the transaction contemplated by this Agreement. LASA knows of no fact, nor has LASA failed to disclose any fact, that would prevent the Partnership from using and operating the Residential Unit after the Closing in the manner in which it is intended to be operated by the Partnership.

(o) Hazardous Substances. Attached to this Agreement as Exhibit E is a list of all reports, correspondence or tests prepared for LASA or in LASA's possession or control with respect to the compliance of the Property with any Environmental Laws or the presence or use of Hazardous Substances on the Property. All such reports, correspondence and tests listed on Exhibit E have been provided to THA for THA's review. Except as disclosed in the reports listed on Exhibit E, LASA warrants and represents that:

(i) the Property does not contain, and has not contained, any Hazardous Substance;

(ii) neither LASA nor, to LASA's knowledge, any prior owner, user or occupant of the Property, has conducted or authorized the generation, transportation, storage, treatment or disposal at or from the Property of any Hazardous Substance;

(iii) there is no pending, or to LASA's knowledge threatened, litigation or proceeding before any court or any governmental or administrative agency in which any person or entity alleges the presence, release, threat of release, placement on, in or from the Property or any adjacent Property, or the generation, transportation, storage, treatment or disposal at the Property or any adjacent Property of any Hazardous Substance;

(iv) LASA has not received any notice of, and has no actual or constructive knowledge that, any governmental authority or employee or agent thereof is investigating, has determined or threatens to determine the presence of, release or threat of release or placement on, in or from the Property or any adjacent Property, or the generation, transportation, storage, treatment or disposal at the Property or any adjacent Property, of any Hazardous Substance;

(v) there are no actions, communications or agreements with any governmental authority or agency (federal, state or local) or any private entity, including, without limitation, any prior owners of the Property, relating in any way to the remediation, presence, release, threat of release or placement on, in or from the Property or any adjacent Property, or the generation, transportation,

storage, treatment or disposal at the Property or any adjacent Property, of any Hazardous Substance;

(vi) LASA has owned and operated the Property in compliance with all Environmental Laws (as defined herein), has obtained all necessary permits under the Environmental Laws for LASA's operations on the Property and has not has incurred any liability under any Environmental Laws with respect to the Property; and

(vii) Except as disclosed in the Phase 1 environmental report for the Property provided to THA, there are no underground storage tanks located on the Property and no underground storage tanks have been removed from the Property.

For purposes of this Agreement, the following terms shall have the following meanings:

"Environmental Laws" means all federal, state and local environmental, hazardous waste or substance, health and/or safety laws, rules, statutes, directives, binding written interpretations, binding written policies, ordinances and regulations or common law doctrines issued by any governmental authorities and in effect as of the Effective Date with respect to or which otherwise pertain to or affect the Property or any portion thereof, the use, ownership, occupancy or operation of the Property or any portion thereof, or THA, as same have been amended, modified or supplemented from time to time prior to the date of the Closing, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. § 9601 et seq.), the Hazardous Substances Transportation Act (49 U.S.C. § 1802 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), as amended by the Hazardous and Solid Wastes Amendments of 1984, the Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Safe Drinking Water Act (42 U.S.C. § 300f et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Solid Waste Disposal Act (42 U.S.C. § 6901 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Emergency Planning and Community Right-to-Know Act of 1986 (42 U.S.C. § 11001 et seq.), the Radon and Indoor Air Quality Research Act (42 U.S.C. § 7401 note, et seq.), the Superfund Amendment Reauthorization Act of 1986 (42 U.S.C. § 9601 et seq.), the National Environmental Policy Act (42 U.S.C. § 4321 et seq.), the Clean Water Act (33 U.S.C. § 1321 et seq.), and the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.), comparable state and local laws, and any and all rules and regulations that have become effective prior to the Closing date under any and all of the aforementioned laws.

"Hazardous Substances" means all (1) electromagnetic waves, urea formaldehyde foam insulation and transformers or other equipment that contains dielectric fluid containing polychlorinated biphenyls, (2) any solid, liquid, gaseous or thermal contaminant, including, without limitation, smoke, vapor, soot, fumes, acids, alkalis, chemicals, waste, petroleum products or byproducts or fractions thereof, asbestos, asbestos containing materials, radioactive materials, PCBs, phosphates,

lead or other heavy metals, chlorine, mold, radon gas and any indoor air contaminant, (3) any solid or liquid wastes (including hazardous wastes), hazardous air pollutants, hazardous substances, hazardous chemical substances and mixtures, toxic substances, pollutants and contaminants, as such terms are defined in any Environmental Law, and (4) any other chemical, material or substance, the use or presence of which, or exposure to the use or presence of which, is prohibited, limited or regulated by any Environmental Laws.

Section 13. THA's Representations, Warranties and Covenants. THA represents, warrants and covenants to LASA:

(a) Power and Authority. THA is a public body corporate and politic of the State of Washington. THA has the authority and power to enter into this Agreement and to consummate the transaction provided for herein. This Agreement and all other documents executed and delivered by THA constitute legal, valid, binding and enforceable obligations of THA, and there are no claims or defenses, personal or otherwise, or offsets whatsoever to the enforceability or validity of this Agreement. The person executing this Agreement on behalf of THA has been duly authorized to do so.

(b) No Violations or Actions. The execution, delivery and performance by THA of its obligations under this Agreement will not conflict with or result in a breach of any law, governmental rule, regulation, judgment, decree or order by which THA is bound, or any contract to which THA is a party or by which THA is bound, or THA's certificate of incorporation or bylaws.

Section 14. LASA's Obligations Pending Closing. From and after the Effective Date until the Closing or termination of this Agreement as herein provided, LASA covenants to perform in accordance with the following obligations:

(a) Sell or Encumber Property. LASA shall not sell, assign or convey any right, title or interest whatever in or to the Property to any third party or create or permit to exist any lien, encumbrance or charge on the Residential Unit that will not be paid in full at the Closing. To the extent that any easements or declarations are proposed that will affect the Property, LASA shall neither execute said easements and declarations, nor suffer the execution of same by or on behalf of LASA, without THA's prior written consent, which consent may be withheld by THA in its sole discretion.

(b) Representations and Warranties. LASA shall not take any action, or omit to take any action, which action or omission would have the effect of violating or rendering untrue any representation, warranty, covenant or agreement contained herein. LASA shall give THA prompt written notice of any change in any of LASA's representations or warranties set forth in this Agreement.

(c) Payments. LASA shall make any and all payments due and owing with respect to the Property, including, without limitation, payments on the Existing Loans, real estate taxes or assessments to the extent due or payable, charges, fees, levies and impositions, insurance premiums, service contracts, management fees and payments for

materials and materialmen, prior to the due date for such payment and will, upon THA's request, deliver to THA evidence reasonably satisfactory to THA of payment thereof.

(d) No Change in Physical Condition. LASA will keep and maintain the Property in good order and condition and will not permit any waste with respect thereto. LASA will not make any change to the physical condition of the Property except as contemplated by this Agreement or as otherwise approved by THA.

(e) Governmental Orders; Compliance with Laws. LASA shall not violate any lawful order or directive of a governmental agency with respect to the Property and shall at all times comply with all laws applicable to the Property. LASA shall promptly, and in any event prior to Closing, correct any violation of which LASA becomes aware.

(f) Exclusive Agreement. LASA shall not negotiate with third parties for the transfer of any interest in the Property or the Partnership.

Section 15. Indemnification. LASA shall indemnify, defend, and hold THA harmless for any claims, liabilities or damages arising out of the environmental condition of the Property, except to the extent any such claim arises out of THA's gross negligence or willful misconduct in performing its obligations as the Project developer. THA shall indemnify, defend and hold LASA harmless for any claims, liabilities or damages arising out of THA's gross negligence or willful misconduct on the Property or in connection with its activities as developer of the Project (except to the any such claim also arises out of LASA's negligence or willful misconduct).

Section 16. Public and Community Relations. Each Party will distribute to each other Party drafts of any press releases, articles, neighborhood mailings or other publicly distributed media that describes the Project to the public and give such other Party an opportunity to comment on such draft materials. The Parties will work together to represent the Project in any community or public presentations related to the development and operation of the Project, and related to any Project financing proposals.

Section 17. Expedited Dispute Resolution Provisions. Any dispute arising out of this Agreement shall be subject to expedited mediation and arbitration.

(a) Mediation. The Parties shall use good faith efforts to resolve disputes and all matters in question between the Parties through non-binding mediation. In the event that the Parties cannot agree upon mediation or a mediator within seven (7) days from the date of the first written request for mediation made by either Party, then either Party may bring a motion requesting the Superior Court of the State of Washington in Pierce County to select the mediator and the court-selected mediator shall determine what rules shall govern the mediation, provided, however, in no event shall such mandatory mediation be binding. Only after the mediation has concluded may either Party seek resolution of the matter in dispute through arbitration. Each Party shall pay one half of the mediation fees and costs. A Party may request mediation concurrently with the filing of a demand for arbitration, but the arbitration shall be stayed for a period of 45 days, unless stayed for a longer period by mutual agreement of the Parties.

(b) Arbitration. Disputes not resolved by mediation shall be determined by arbitration in Pierce County, Washington, in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association then in force, provided that the arbitration shall be administered by the arbitrator rather than the American Arbitration Association. The arbitrator shall be an attorney with at least twelve (12) years of experience in construction contract disputes. If within seven (7) days after delivery of demand for arbitration the Parties have not agreed as to the arbitrator, either Party may apply to the Pierce County Superior Court for appointment of the arbitrator. The Parties shall be entitled to the following discovery: production of relevant documents and three (3) depositions each. The arbitrator may authorize additional discovery as necessary to ensure a fair hearing consistent with an efficient and expedited dispute resolution process. The arbitrator shall hold a hearing within 120 days of the initial demand for arbitration, conclude the hearing within 5 days, and issue a written decision and final award in accordance with this Agreement and applicable law within 14 days after the hearing; however these time limits are not jurisdictional. The arbitrator's fees shall be paid equally by the Parties, provided that the arbitrator's award may reallocate such fees. The agreement to arbitrate shall be specifically enforceable, and judgment upon the arbitrator's award may be entered in any court having jurisdiction.

Section 18. Miscellaneous.

(a) Notices. Any notice, demand, request or other communication which any Party hereto may be required or may desire to give hereunder shall be in writing and shall be deemed to have been properly given (a) if hand delivered, when delivered; (b) if mailed by United States Certified Mail (postage prepaid, return receipt requested), three business days after mailing (c) if by Federal Express or other reliable overnight courier service, on the next business day after delivered to such courier service or (d) if by facsimile transmission, on the day of transmission so long as copy is sent on the same day by overnight courier as set forth below:

If to LASA: Living Access Support Alliance
P.O. Box 98619 (if by mail)
8956 Gravelly Lake Drive SW (if by delivery)
Lakewood, Washington 98499 (if by mail)/98496 (if by delivery)
Attention: Executive Director
Telephone: (253) 581-8689
Facsimile: (253) _____

If to THA: Tacoma Housing Authority
902 South L Street
Tacoma, WA 98405
Attention: Executive Director
Telephone: (253) 207-4429
Facsimile: (253) 207-4465

or at such other address as the party to be served with notice may have furnished in writing to the party seeking or desiring to serve notice as a place for the service of notice.

Each Party shall provide the other Party with written notice of any change in its address for notice purposes hereunder.

(b) Applicable Law. This Agreement, and the application or interpretation hereof, shall be governed by and construed in accordance with the laws of the State of Washington.

(c) Binding Agreement; Benefit. This Agreement shall be binding on the Parties, their heirs, executors, personal representatives, successors and assigns. This Agreement is made for the sole benefit of Parties, and no other person or persons shall have any benefits, rights or remedies under or by reason of this Agreement, or by reason of any actions taken by either Party pursuant to this Agreement.

(d) Survival. All of the representations, warranties and covenants of LASA and THA contained in this Agreement shall be true and correct as of the Effective Date. The Parties' rights to enforce such representations, warranties and covenants shall survive the Closing and such rights to enforce shall not be merged into any documents delivered at the Closing. It is expressly agreed and understood that no examination or investigation of the Property by or on behalf of THA prior to the Closing shall in any way modify, affect or diminish LASA's obligations under the representations, warranties, covenants and agreements contained in this Agreement.

(e) Modification; Waiver. No modification, waiver, amendment or discharge of this Agreement shall be valid unless the same is in writing and signed by the Party against which the enforcement of such modification, waiver, amendment or discharge is sought.

(f) No Partnership or Fiduciary Relationship. Each Party, by taking any action pursuant to this Agreement (other than the formation of the Partnership), shall not be deemed a partner or a joint venturer with or fiduciary of other Party.

(g) Recitals. The recitals set forth at the beginning of this Agreement are true and correct, and are incorporated herein by this reference.

(h) Headings. All section headings in this Agreement are for convenience of reference only and are not intended to qualify the meaning of any section.

(i) Terminology. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders, the singular shall include the plural, and vice versa as the context may require.

(j) Partial Invalidity; Severability. If any of the provisions of this Agreement, or the application thereof to any person, party or circumstances, shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such provision or provisions to persons, parties or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby, and every provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

(k) Construction. the Parties acknowledge that each Party and its counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement (including the exhibits) or any amendments hereto, and the same shall be construed neither for nor against either Party, but shall be given a reasonable interpretation in accordance with the plain meaning of its terms and the intent of the Parties.

(l) Execution in Counterparts. This Agreement may be executed in any number of counterparts and by the Parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(m) Entire Agreement. This Agreement embody the entire agreement between the Parties regarding the matters set forth herein and supersede all prior agreements, written or oral, relating to the subject matter hereof (including, without limitation, the MOU).

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the Parties have caused this Agreement Regarding Allocation of Responsibilities to be duly executed as of the date first written above.

LASA:

LIVING ACCESS SUPPORT ALLIANCE, a
Washington nonprofit corporation

Janne Hutchins, Executive Director

THA:

HOUSING AUTHORITY OF THE CITY OF
TACOMA, a public body corporate and politic of
the State of Washington

Michael Mirra, Executive Director

EXHIBITS:

- Exhibit A - Option and Right of First Refusal Agreement
- Exhibit B - Pre-Closing Note
- Exhibit C - LASA Facility Development Agreement
- Exhibit D - Housing Project Development Agreement
- Exhibit E - Hazardous Substance Reports

DECLARATION

EXHIBIT A

OPTION AND RIGHT OF FIRST REFUSAL AGREEMENT (Gravelly Lake Drive Project)

THIS OPTION AND RIGHT OF FIRST REFUSAL AGREEMENT (this "Agreement") is dated effective as of the ____ day of _____, 2013, and is entered into by and between Living Access Support Alliance, a Washington nonprofit corporation ("LASA"), and the Housing Authority of the City of Tacoma, a public body corporate and politic of the State of Washington ("THA" and, collectively with LASA, the "Parties").

RECITALS

A. LASA and THA are the parties to that certain Agreement Regarding Allocation of Responsibilities dated as of _____, 2013, pursuant to which LASA agreed, among other things, to create a two-unit condominium on certain land in Lakewood, Washington, to sell one of the condominium units to a limited partnership of which THA is the general partner, and to provide THA with both an option and the right of first refusal to acquire the condominium unit legally described in Exhibit A hereto (the "Commercial Unit").

B. This Agreement is part of the consideration for the Partnership's purchase of the Residential Unit and promise to construct the Residential Unit.

C. LASA now wishes to grant to THA an option and a right of first refusal to purchase the Commercial Unit under the terms and conditions set forth herein.

AGREEMENT

1. Grant of Option. LASA hereby grants to THA an option to purchase the Commercial Unit at any time, for the fair market value of the Commercial Unit at the time such option is exercised. The fair market value of the Commercial Unit shall be determined by an MAI-certified appraiser selected by the parties not more than thirty (30) days after THA provides LASA with written notice that it elects to exercise such option. The title to the Commercial Unit shall transfer from LASA to THA not more than [six (6)] months after the appraiser provided the Parties with the appraiser's determination of the fair market value of the Commercial Unit. The option granted by this paragraph shall expire on December 31, 2045.

2. Grant of Right of First Refusal. If at any time prior to December 31, 2045, LASA elects to sell all or any portion of the Commercial Unit, LASA hereby grants to THA the first right to purchase such interest on the terms offered by LASA. It is understood and agreed that THA shall have thirty (30) days after receipt of a written notice from LASA detailing the specific terms of such offer which LASA intends to accept in which to make its determination to purchase and if it does not elect to purchase by providing LASA with written notice within such thirty (30) day period (or if THA provides no notice to LASA within such thirty (30) day period), then LASA shall have the right to sell such interest to any other person, firm or corporation on the same terms and at a purchase price no less than that offered to THA. Any reduction in the original purchase price which LASA would otherwise accept shall be resubmitted to THA for its determination as set forth herein. It is further understood and agreed that all offers received by LASA from third persons which

LASA intends to accept shall first be submitted to THA for its determination in accordance with the terms outlined herein.

3. Notices. Any notice, demand, request or other communication which any Party hereto may be required or may desire to give hereunder shall be in writing and shall be deemed to have been properly given (a) if hand delivered, when delivered; (b) if mailed by United States Certified Mail (postage prepaid, return receipt requested), three business days after mailing (c) if by Federal Express or other reliable overnight courier service, on the next business day after delivered to such courier service or (d) if by facsimile, on the day of transmission so long as copy is sent on the same day by overnight courier as set forth below:

If to LASA: Living Access Support Alliance
P.O. Box 98619 (if by mail)
8956 Gravelly Lake Drive SW (if by delivery)
Lakewood, Washington 98499 (if by mail)/98496 (if by delivery)
Attention: Executive Director
Telephone: (253) 581-8689
Facsimile: (253) _____

If to THA: Tacoma Housing Authority
902 South L Street
Tacoma, WA 98405
Attention: Executive Director
Telephone: (253) 207-4429
Facsimile: (253) 207-4465

or at such other address as the party to be served with notice may have furnished in writing to the party seeking or desiring to serve notice as a place for the service of notice. Each Party shall provide the other Party with written notice of any change in its address for notice purposes hereunder.

4. Captions. The captions of the various paragraphs are for convenience and ease of reference only, and do not define, limit, augment or describe the scope, content or intent of this Agreement or of any part or parts of this Agreement.

5. Exhibits. Any exhibit to which reference is made in this Agreement is incorporated in this Agreement by the respective references to them. References to "this Agreement" include matters incorporated by reference.

6. Not Assignable. THA may not assign or transfer its rights under this Agreement without LASA's prior written consent, which may be withheld at LASA's sole discretion.

7. Warranty of Authority. The persons executing and delivering this Agreement on behalf of LASA and THA each represent and warrant that each of them is duly authorized to do so and that the execution of this Agreement is the lawful and voluntary act of the person on whose behalf they purport to act.

8. Partial Invalidity. If any provision of this Agreement is held to be invalid or unenforceable, all other provisions shall nevertheless continue in full force and effect.

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

10. Modifications for Prospective Legal Events. If any federal, state or local law or regulation, now existing or enacted or promulgated after the effective date of this Agreement is interpreted by judicial decision, a regulatory agency or legal counsel to any party in such a manner as to indicate that a provision of this Agreement may be in violation of such law or regulation, the parties shall amend this Agreement as necessary. To the maximum extent possible, any such amendment shall preserve the underlying economic and financial arrangements among the parties.

11. No Brokers. LASA and THA each represents and warrants to the other that it has not engaged any broker, finder or other person who would be entitled to any commission or fees from LASA or THA in respect of the negotiation, execution or delivery of this Agreement. LASA and THA shall each indemnify and hold harmless the other against any loss, cost, liability or expense incurred by the other as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made by or on behalf of LASA or THA, as applicable. LASA shall not be required to pay any broker's or finder's fees or commissions in connection with this Agreement.

12. Conflicts. To the extent that there is a conflict between the terms and provisions of any future written agreements between the parties and those of this Agreement, the terms and provisions of this Agreement shall govern unless the parties expressly provide otherwise in said future written agreements.

EXECUTED effective as of the date first above written.

LASA:

LIVING ACCESS SUPPORT ALLIANCE, a
Washington nonprofit corporation

Janne Hutchins, Executive Director

THA:

HOUSING AUTHORITY OF THE CITY OF
TACOMA, a public body corporate and politic of
the State of Washington

Michael Mirra, Executive Director

STATE OF WASHINGTON)
) ss.
COUNTY OF PIERCE)

I certify that I know or have satisfactory evidence that Janne Hutchins is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the Executive Director of LIVING ACCESS SUPPORT ALLIANCE, a Washington nonprofit corporation, to be the free and voluntary act of such nonprofit corporation for the uses and purposes mentioned in the instrument.

DATED this ____ day of ____, 20__.

Notary Public in and for the State of Washington,
residing at _____.

Name (printed or typed)
My appointment expires: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF PIERCE)

I certify that I know or have satisfactory evidence that Michael Mirra is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the Executive Director of HOUSING AUTHORITY OF THE CITY OF TACOMA, a public body corporate and politic of the State of Washington, to be the free and voluntary act of such housing authority for the uses and purposes mentioned in the instrument.

DATED this ____ day of ____, 20__.

Notary Public in and for the State of Washington,
residing at _____.

Name (printed or typed)
My appointment expires: _____

EXHIBIT A TO
OPTION AND RIGHT OF FIRST REFUSAL AGREEMENT

Legal Description of Commercial Unit

[To be inserted.]

DRAFT

EXHIBIT B

AMENDED AND RESTATED PROMISSORY NOTE (Gravelly Lake Drive Project – Predevelopment Costs)

Not to Exceed \$375,000

_____, 2013
Tacoma, Washington

FOR VALUE RECEIVED, the undersigned (“Maker”) promises to pay the Housing Authority of the City of Tacoma, a public body corporate and politic of the State of Washington (“Payee”), the principal amount of not to exceed \$375,000, or so much as has been expended by Payee for predevelopment costs of the Gravelly Lake Drive Project described in the Agreement Regarding Allocation of Responsibilities (the “Agreement”) between Maker and Payee dated as of _____, 2013 (the “Agreement”), together with interest on the unpaid principal balance, pursuant to the terms set forth herein. Capitalized terms used but not defined herein have the meanings assigned to them in the Agreement.

Section 1. Interest. No interest shall be payable on this Note until the Conversion Date or the Termination Date (each as defined below). Interest on the principal amount hereof shall begin to accrue on the Conversion Date or the Termination Date, as applicable, at the rate of ____% *per annum*, except that upon the occurrence of an event of default hereunder interest shall accrue at the rate of 12% *per annum* from and after the date of the event of default.

Section 2. Payment of Principal and Interest. It is anticipated that Payee will receive reimbursement for all predevelopment costs paid by Payee upon admission of an investor partner into the Partnership, in which case such reimbursement shall constitute payment of this Note. If no investor is admitted to the Partnership by December 31, 2013 (as such date may be extended by the parties, the “Conversion Date”), then Maker shall pay to Payee an amount equal to one-half of the amount of predevelopment costs paid by Payee on or before the Conversion Date. All payments shall be applied first to accrued but unpaid interest, and then to principal. Notwithstanding the foregoing, if the Maker terminates the Project as described in Section 7(a) of the Agreement, Maker shall pay to Payee an amount equal to the full amount of predevelopment costs paid by Payee on or before the date of such termination (the “Termination Date”).

All unpaid principal of and accrued interest on this Note shall be due and payable on December 31, 2017.

Section 3. Prepayment. This Note may be prepaid in whole or in part at any time. Any prepaid amounts shall be applied first to accrued and unpaid interest, if any, and then to principal.

Section 4. Security. This Note is secured by a deed of trust dated the date hereof.

Section 5. Default. Any default by Maker in the payment or performance of any obligation under this Note shall constitute an event of default. Upon the occurrence of an event of default, this Note shall become immediately due and payable without presentment, demand, protest or notice of any kind. In the event of default hereunder, the undersigned Maker promises and agrees to pay all collection expenses, including reasonable attorneys’ fees incurred with or without suit and on appeal.

Section 6. Governing Law. This Note is made with reference to and is to be construed in accordance with the laws of the State of Washington.

Maker:

LIVING ACCESS SUPPORT ALLIANCE, a
Washington nonprofit corporation

Janne Hutchins, Executive Director

EXHIBIT C

LASA FACILITY DEVELOPMENT AGREEMENT

THIS LASA FACILITY DEVELOPMENT AGREEMENT (this "Agreement") is made as of _____, 2013, by and between Living Access Support Alliance, a Washington nonprofit corporation ("LASA"), and Housing Authority of the City of Tacoma, a public body corporate and politic of the State of Washington ("Developer").

Recitals

A. LASA is a community supported agency committed to the prevention of both homelessness and recurrent homelessness in and around Pierce County, Washington.

B. Gravelly Lake Limited Liability Limited Partnership (the "Partnership") and Developer have entered into that certain Residential Unit Development Agreement dated _____, 2013 (the "Housing Contract"), pursuant to which Developer is responsible for providing certain development services relating to the Partnership's construction, equipping and furnishing of a 15-unit residential rental project for the homeless in a condominium unit located in the 8900 block of Gravelly Lake Drive SW in Lakewood, Washington (the "Housing Project"). LASA is expected to provide certain support services to the residents of the Housing Project.

C. LASA is constructing office space for LASA and a client services center (collectively the "Project") in a condominium unit located adjacent to, and developed simultaneously with, the Housing Project.

D. Developer has experience managing and administering the process of constructing, equipping and furnishing mixed-use projects involving affordable rental housing and commercial uses. The Partnership has retained Developer to develop the Housing Project. LASA desires to retain Developer to develop the Project on LASA's behalf pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

Section 1. Development Services—Developer.

(a) LASA hereby appoints Developer as the developer for LASA to perform certain services in connection with oversight of the design and construction of the Project, to perform the services and carry out the responsibilities with respect to the Project as are set forth herein, and to perform such additional duties and responsibilities as are reasonably within the general scope of such services and responsibilities and are designated from time to time by LASA. Developer's obligation to provide services shall cease after receipt of the final certificate of occupancy for the Project and completion of all punch list items. Developer shall not be deemed in default hereof and Developer's duties, responsibilities and rights hereunder shall not be terminated by LASA, except for "cause" as finally determined by a court of competent

jurisdiction. For purposes hereof, "cause" shall mean fraud, dishonesty and intentional misconduct after at least 30 days' prior written notice and opportunity to cure.

(b) Developer's services shall be performed in the name and on behalf of LASA and shall consist of the duties set forth in this Agreement. Developer has performed or shall perform the following:

(i) Assist LASA in dealing with neighborhood groups, local organizations, abutters and other parties interested in the design and construction of the Project;

(ii) Establish and implement appropriate administrative and financial controls for the design and construction of the Project, including but not limited to:

(A) coordination and administration of the Project architect, the general contractor, and other contractors, professionals and consultants engaged in connection with the design or construction of the Project;

(B) participation in conferences and the rendering of such advice and assistance as will aid in developing economical, efficient and desirable design and construction procedures;

(C) the rendering of advice and recommendations as to the selection procedures for and selection of construction subcontractors and suppliers;

(D) the review and submission to LASA for approval of all requests for payments under any loan agreements with any lending institutions providing funds for the benefit of LASA for the design and construction of the improvements comprising the Project;

(E) the submission of any suggestions or requests for changes which could in any reasonable manner improve the design, efficiency or cost of the Project;

(F) applying for and maintaining in full force and effect any and all governmental permits and approvals required for the lawful construction of the Project, including, but not limited to building permits;

(G) compliance with all terms and conditions applicable to LASA or the Project contained in any governmental permit or approval required or obtained for the lawful construction of the Project, or in any insurance policy affecting or covering the Project during construction, or in any surety bond obtained in connection with the construction of the Project;

(H) furnishing such consultants and advice relating to the design and construction of the Project as may be reasonably requested from time to time by LASA;

(I) keeping LASA fully informed on a regular basis of the progress of the design of the Project, including the preparation of such reports as are provided for herein or as may reasonably be requested by LASA;

(J) giving or making LASA's instructions, requirements, approvals and payments provided for in the agreements with the Project architect and other professionals and consultants retained for the design and construction of the Project; and

(K) at LASA's expense, filing on behalf of and as the attorney-in-fact for LASA any notices of completion required or permitted to be filed upon the completion of any improvements and taking such actions as may be required to obtain any certificates of occupancy or equivalent documents required to permit the occupancy of dwelling units and other space in the Project.

(iii) Inspect the progress of the course of construction of the Project, including verification of the materials and labor being furnished to and on such construction so as to be fully competent to approve or disapprove requests for payment made by the Project architect and the general contractor, or by any other parties with respect to the design and construction of the Project;

(iv) If requested to do so by LASA, perform on behalf of LASA all obligations of LASA with respect to the design and construction of the Project contained in any loan agreement or security agreement entered into in connection with any construction financing for the Project, or in any lease or rental agreement relating to space in the Project, or in any agreement entered into with any governmental body or agency relating to the terms and conditions of such design and construction, provided that copies of such agreements have been provided by LASA to Developer or LASA has otherwise notified Developer in writing of such obligations;

(v) To the extent requested to do so by LASA, prepare and distribute to LASA a critical path schedule, and periodic updates thereto as necessary to reflect any material changes, but in any event not less frequently than quarterly, other design and construction cost estimates as required by LASA, and financial accounting reports, including monthly recommendations as to the drawing of funds from any loans arranged by LASA to cover the cost of design and construction of the Project;

(vi) Assist LASA in obtaining and maintaining insurance coverage for the Project, LASA and its partners during the construction phase of the Project, in accordance with an insurance schedule approved by LASA, which insurance shall include comprehensive liability insurance covering claims for personal injury, including but not limited to bodily injury, or property damage, occurring in or upon the Property or the streets, passageways, curbs and vaults adjoining the Project;

(vii) Assist LASA in complying with all applicable laws, ordinances, orders, rules, regulations and requirements (hereinafter called "laws") of all federal, state and municipal government, courts, departments, commissions, boards and offices, any

national or local Board of Fire Underwriters or Insurance Services Offices having jurisdiction in the county in which the Project is located or any other body exercising functions similar to those of any of the foregoing, or any insurance carriers providing any insurance coverage for LASA or the Project, which may be applicable to the Project or any part thereof during construction of the improvements. Any such compliance undertaken by Developer on behalf of and in the name of LASA, in accordance with the provisions of this Agreement, shall be at LASA's expense;

(viii) Assemble and retain all contracts, agreements and other records and data as may be necessary to carry out Developer's functions hereunder;

(ix) Coordinate and administer the design of all interior tenant improvements to the extent required under any leases or other occupancy agreements to be constructed or furnished by LASA with respect to the leasing of space in the Project, whether involving building standard or non-building standard work;

(x) Use commercially reasonable efforts to accomplish the timely completion of the construction of the Project in accordance with the approved plans and specifications and the time schedules for such completion approved by LASA;

(xi) At the direction of LASA, implement any decisions of LASA made in connection with the design and construction of the Project or any policies and procedures relating thereto, exclusive of leasing activities;

(xii) Assist LASA by identifying women-owned business firms and minority owned business firms which may be available to contract with the general contractor in order to satisfy applicable requirements of applicable governmental authorities and assist the general contractor in evaluating such businesses; and

(xiii) Cause the Project to be completed in a good and workmanlike manner, free and clear of all mechanics', materialman's or similar liens, and equip the Project or cause the same to be equipped with all necessary and appropriate fixtures and equipment, all in accordance with the applicable construction loan documents and substantially in accordance with the Plans and Specifications.

Section 2. Construction Management Services. LASA hereby appoints Developer as LASA's construction manager for the Project. In such capacity, Developer shall perform the following services (in the name and on behalf of LASA) in addition to those specified in Section 1 of this Agreement:

(a) Administer any construction contracts on behalf of LASA, including reviewing and submitting to LASA, for approval, all requests for payments under any general construction contract or other construction contracts for the construction of the improvements comprising the Project;

(b) Keep LASA fully informed on a regular basis of the progress of the construction of the Project, including the preparation of such reports as are provided for herein or as may reasonably be requested by LASA;

(c) Give or make LASA's instructions, requirements, approvals and payments provided for in the agreements with the general contractor and other contractors retained for the construction of the Project;

(d) Inspect the progress of the course of construction of the Project, including verification of the materials and labor being furnished to and on such construction and verify that the same is being carried out substantially in accordance with the plans and specifications approved by LASA or, in the event that the same is not being so carried out, to promptly so notify LASA and to take action on behalf of LASA to correct any noncompliance with the plans and specifications;

(e) Prepare and distribute to LASA monthly progress reports on the quality, progress and cost of construction;

(f) Coordinate and administer the construction of all interior tenant improvements to the extent required under any leases or other occupancy agreements to be constructed or furnished by LASA with respect to the leasing of space in the Project, whether involving building standard or non-building standard work;

Section 3. Limitations and Restrictions. Notwithstanding any provisions of this Agreement, Developer shall not take any action, expend any sum, make any decision, give any consent, approval or authorization, or incur any obligation with respect to any of the following matters unless and until the same has been approved by LASA:

(a) Approval of all construction and architectural contracts and all architectural plans, specifications and drawings prior to the construction of the improvements contemplated thereby, except for such matters as may be expressly delegated in writing to Developer by LASA;

(b) Any proposed change in the work of the construction of the Project, or in the plans and specifications therefor as previously approved by LASA, or in the cost thereof, or any other change which would affect the design, cost, value or quality of the Project, except for such matters as may be expressly delegated in writing to Developer by LASA; or

(c) Expending more than what Developer in good faith believes to be the fair and reasonable market value at the time and place of contracting for any goods purchased or leased or services engaged on behalf of LASA or otherwise in connection with the design and construction of the Project.

Section 4. Accounts and Records. Developer, on behalf of LASA, shall keep such books of account and other records in connection with the design, construction financing and construction as may be required and approved by LASA. Developer shall keep vouchers, statements, receipted bills and invoices and all other records, in the form approved by LASA, covering all collections, if any, disbursements and other data in connection with design and construction of the Project prior to final completion of the Project. All accounts and records relating to the design and construction of the Project, including all correspondence, shall be surrendered to LASA upon demand without charge therefor.

Section 5. Developer Compensation.

(a) In consideration of the performance by Developer of the services described in Section 1 of this Agreement, LASA shall pay to Developer a fee (the "Project Management Fee") in the amount of \$61,000. The Project Management Fee will be paid at the times and in the installments as set forth below:

(i) Fifty percent (50%) of the Project Management Fee will be paid on December 31, 20__;

(ii) Twenty-five percent (25%) of the Project Management Fee will be paid upon the earlier of the (a) the Completion Date, or (b) December 31, 2017; and

(iii) Twenty-five percent (25%) of the Project Management Fee will be paid upon the earlier of the (a) six months after the Completion Date, or (b) December 31, 2018.

(b) In consideration of the performance by Developer of the construction management services described in Section 2 of this Agreement, LASA shall pay to Developer a construction management fee in an amount equal to two percent (2%) of the general construction contract amount, which fee shall be paid to Developer in monthly installments during construction of the Project on the basis of the amount invoiced to LASA each month by the general contractor.

Section 6. Housing Project Development Services—LASA. LASA agrees to provide Developer with the following services to assist Developer in fulfilling Developer's obligations to the Partnership under the Housing Contract:

(a) Assist Developer in dealing with neighborhood groups, local organizations, abutters and other parties interested in the design and construction of the Housing Project;

(b) Participation in conferences and the rendering of such advice and assistance as will aid in developing economical, efficient and desirable design of the Housing Project in light of the targeted population thereof and the reasonably expected needs of such tenants; and

(c) The submission of any suggestions or requests for changes which could in any reasonable manner improve the design, efficiency or cost of the Housing Project;

Section 7. LASA Compensation. In consideration of the performance by LASA of the services described in Section 6 of this Agreement, Developer shall pay to LASA a fee equal to twenty percent (20%) of the "Development Fee" paid to Developer under the Housing Contract [(subject to refund to Developer in a prorated amount based on any reduction of said "Developer Fee" pursuant to Section 4(d) of the Housing Contract)], which amount shall be paid to LASA in two equal installments, the first of which is payable when Developer receives the first installment of the "Development Fee" under the Housing Contract and the second of which is payable when Developer receives the [second] installment of the "Development Fee" under the Housing Contract.

Section 8. Applicable Law. This Agreement, and the application or interpretation hereof, shall be governed by and construed in accordance with the laws of the State of Washington.

Section 9. Binding Agreement. This Agreement shall be binding on the parties hereto, their heirs, executors, personal representatives, successors and assigns.

Section 10. Headings. All section headings in this Agreement are for convenience of reference only and are not intended to qualify the meaning of any section.

Section 11. Terminology. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders, the singular shall include the plural, and vice versa as the context may require.

Section 12. Benefit. The parties hereto do not intend to create a partnership or any similar association for any purpose. Developer shall be an independent contractor for all purposes. The obligations and undertakings of Developer set forth in this Agreement are made for the benefit of LASA and shall not inure to the benefit of any creditor of LASA other than a partner, notwithstanding any pledge or assignment by LASA of this Agreement or any rights hereunder.

IN WITNESS WHEREOF, the parties have caused this LASA Facility Development Agreement to be duly executed as of the date first written above.

LASA:

LIVING ACCESS SUPPORT ALLIANCE, a
Washington nonprofit corporation

Janne Hutchins, Executive Director

DEVELOPER:

HOUSING AUTHORITY OF THE CITY OF
TACOMA, a public body corporate and politic of
the State of Washington

Michael Mirra, Executive Director

EXHIBIT D

HOUSING PROJECT DEVELOPMENT AGREEMENT

THIS HOUSING PROJECT DEVELOPMENT AGREEMENT (this "Agreement") is made as of _____, 2013, by and between Gravelly Lake Limited Liability Limited Partnership, a Washington limited liability limited partnership (the "Partnership"), and Housing Authority of the City of Tacoma, a public body corporate and politic of the State of Washington ("Developer").

Recitals

A. The Partnership was formed to acquire, develop, construct, improve, maintain, own, operate, lease and dispose of a 15-unit residential rental project located in the 8900 block of Gravelly Lake Drive SW in Lakewood, Washington, to provide residential housing for the homeless (the "Project"), which Project is intended to be rented and managed in order that the housing portions thereof will qualify for the low-income housing tax credit provided in Section 42 of the Internal Revenue Code of 1986, as amended (the "Code").

B. Developer has experience managing and administering the process of constructing, equipping and furnishing residential rental projects for low-income families.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

Section 1. Development Services.

(a) The Partnership hereby appoints Developer as the developer for the Partnership to perform certain services in connection with oversight of the design and construction of the Project, to perform the services and carry out the responsibilities with respect to the Project as are set forth herein, and to perform such additional duties and responsibilities as are reasonably within the general scope of such services and responsibilities and are designated from time to time by the Partnership. Developer's obligation to provide services shall cease after receipt of the final certificate of occupancy for the last unit in the Project and completion of all punch list items. Developer shall not be deemed in default hereof and Developer's duties, responsibilities and rights hereunder shall not be terminated by the Partnership, except for "cause" as finally determined by a court of competent jurisdiction. For purposes hereof, "cause" shall mean fraud, dishonesty and intentional misconduct after at least 30 days' prior written notice and opportunity to cure.

(b) Developer's services shall be performed in the name and on behalf of the Partnership and shall consist of the duties set forth in this Agreement. Developer has performed or shall perform the following:

(i) Assist the Partnership in dealing with neighborhood groups, local organizations, abutters and other parties interested in the design and construction of the Project;

(ii) Assist the Partnership in identifying sources of construction financing for the Project and negotiate the terms of such financing with lenders;

(iii) Establish and implement appropriate administrative and financial controls for the design and construction of the Project, including but not limited to:

(A) coordination and administration of the Project architect, the general contractor, and other contractors, professionals and consultants engaged in connection with the design or construction of the Project;

(B) administration of any construction contracts on behalf of the Partnership;

(C) participation in conferences and the rendering of such advice and assistance as will aid in developing economical, efficient and desirable design and construction procedures;

(D) the rendering of advice and recommendations as to the selection procedures for and selection of construction subcontractors and suppliers;

(E) the review and submission to the Partnership for approval of all requests for payments under any architectural or engineering services agreement, general construction contract, other construction contracts or any loan agreements with any lending institutions providing funds for the benefit of the Partnership for the design and construction of the improvements comprising the Project;

(F) the submission of any suggestions or requests for changes which could in any reasonable manner improve the design, efficiency or cost of the Project;

(G) applying for and maintaining in full force and effect any and all governmental permits and approvals required for the lawful construction of the Project, including, but not limited to building permits;

(H) compliance with all terms and conditions applicable to the Partnership or the Project contained in any governmental permit or approval required or obtained for the lawful construction of the Project, or in any insurance policy affecting or covering the Project during construction, or in any surety bond obtained in connection with the construction of the Project;

(I) furnishing such consultants and advice relating to the design and construction of the Project as may be reasonably requested from time to time by the Partnership;

(J) keeping the Partnership fully informed on a regular basis of the progress of the design and construction of the Project, including the preparation of such reports as are provided for herein or as may reasonably be requested by the Partnership;

(K) giving or making the Partnership's instructions, requirements, approvals and payments provided for in the agreements with the Project architect, general contractor, and other contractors, professionals and consultants retained for the design and construction of the Project; and

(L) at the Partnership's expense, filing on behalf of and as the attorney-in-fact for the Partnership any notices of completion required or permitted to be filed upon the completion of any improvements and taking such actions as may be required to obtain any certificates of occupancy or equivalent documents required to permit the occupancy of dwelling units and other space in the Project.

(iv) Inspect the progress of the course of construction of the Project, including verification of the materials and labor being furnished to and on such construction so as to be fully competent to approve or disapprove requests for payment made by the Project architect and the general contractor, or by any other parties with respect to the design and construction of the Project, and in addition to verify that the same is being carried out substantially in accordance with the plans and specifications approved by the Partnership or, in the event that the same is not being so carried out, to promptly so notify the Partnership and to take action on behalf of the Partnership to correct any noncompliance with the plans and specifications;

(v) If requested to do so by the Partnership, perform on behalf of the Partnership all obligations of the Partnership with respect to the design and construction of the Project contained in any loan agreement or security agreement entered into in connection with any construction financing for the Project, or in any lease or rental agreement relating to space in the Project, or in any agreement entered into with any governmental body or agency relating to the terms and conditions of such design and construction, provided that copies of such agreements have been provided by the Partnership to Developer or the Partnership has otherwise notified Developer in writing of such obligations;

(vi) To the extent requested to do so by the Partnership, prepare and distribute to the Partnership a critical path schedule, and periodic updates thereto as necessary to reflect any material changes, but in any event not less frequently than quarterly, other design and construction cost estimates as required by the Partnership, and financial accounting reports, including monthly progress reports on the quality, progress and cost of construction and recommendations as to the drawing of funds from any loans arranged by the Partnership to cover the cost of design and construction of the Project;

(vii) Assist the Partnership in obtaining and maintaining insurance coverage for the Project, the Partnership and its partners during the construction phase of the Project, in accordance with an insurance schedule approved by the Partnership, which insurance shall include comprehensive liability insurance covering claims for personal injury, including but not limited to bodily injury, or property damage, occurring in or upon the Property or the streets, passageways, curbs and vaults adjoining the Project;

(viii) Assist the Partnership in complying with all applicable laws, ordinances, orders, rules, regulations and requirements (hereinafter called "laws") of all federal, state and municipal government, courts, departments, commissions, boards and offices, any national or local Board of Fire Underwriters or Insurance Services Offices having jurisdiction in the county in which the Project is located or any other body exercising functions similar to those of any of the foregoing, or any insurance carriers providing any insurance coverage for the Partnership or the Project, which may be applicable to the Project or any part thereof during construction of the improvements. Any such compliance undertaken by Developer on behalf of and in the name of the Partnership, in accordance with the provisions of this Agreement, shall be at the Partnership's expense;

(ix) Assemble and retain all contracts, agreements and other records and data as may be necessary to carry out Developer's functions hereunder;

(x) Coordinate and administer the design and construction of all interior tenant improvements to the extent required under any leases or other occupancy agreements to be constructed or furnished by the Partnership with respect to the leasing of space in the Project, whether involving building standard or non-building standard work;

(xi) Use commercially reasonable efforts to accomplish the timely completion of the construction of the Project in accordance with the approved plans and specifications and the time schedules for such completion approved by the Partnership;

(xii) At the direction of the Partnership, implement any decisions of the Partnership made in connection with the design and construction of the Project or any policies and procedures relating thereto, exclusive of leasing activities;

(xiii) Assist the Partnership by identifying women-owned business firms and minority owned business firms which may be available to contract with the general contractor in order to satisfy applicable requirements of applicable governmental authorities and assist the general contractor in evaluating such businesses; and

(xiv) Cause the Project to be completed in a good and workmanlike manner, free and clear of all mechanics', materialman's or similar liens, and equip the Project or cause the same to be equipped with all necessary and appropriate fixtures, equipment and articles of personal property, including refrigerators and ranges, all in accordance with the applicable construction loan documents and substantially in accordance with the Plans and Specifications.

(c) Developer shall not, when acting pursuant to this Agreement, perform any services relating to the acquisition of the Project, the organization of the Partnership, the syndication of interests in the Partnership, or the obtaining of permanent financing for the Project.

Section 2. Limitations and Restrictions. Notwithstanding any provisions of this Agreement, Developer shall not take any action, expend any sum, make any decision, give any

consent, approval or authorization, or incur any obligation with respect to any of the following matters unless and until the same has been approved by the Partnership:

(a) Approval of all construction and architectural contracts and all architectural plans, specifications and drawings prior to the construction of the improvements contemplated thereby, except for such matters as may be expressly delegated in writing to Developer by the Partnership;

(b) Any proposed change in the work of the construction of the Project, or in the plans and specifications therefor as previously approved by the Partnership, or in the cost thereof, or any other change which would affect the design, cost, value or quality of the Project, except for such matters as may be expressly delegated in writing to Developer by the Partnership; or

(c) Expending more than what Developer in good faith believes to be the fair and reasonable market value at the time and place of contracting for any goods purchased or leased or services engaged on behalf of the Partnership or otherwise in connection with the design and construction of the Project.

Section 3. Accounts and Records. Developer, on behalf of the Partnership, shall keep such books of account and other records in connection with the design and construction as may be required and approved by the Partnership. Developer shall keep vouchers, statements, receipted bills and invoices and all other records, in the form approved by the Partnership, covering all collections, if any, disbursements and other data in connection with design and construction of the Project prior to final completion of the Project. All accounts and records relating to the design and construction of the Project, including all correspondence, shall be surrendered to the Partnership upon demand without charge therefor.

Section 4. Compensation

(a) In consideration of the performance by Developer of the design, construction and construction services described herein, the Partnership shall pay to Developer a fee (the "Development Fee") in the amount of \$294,432.

(b) The Partnership and Developer acknowledge that the Development Fee payable to Developer shall be deemed to have been earned as follows:

(i) For those services set forth above in connection with the selection of the architect and execution of the architect contract, delivery of preliminary drawings illustrating the scale and relationship of the components of the Project, receipt of commitment for construction financing, and delivery of schematic design drawings and of drawings and other documents to fix and describe the size and character of the Project as to architectural, structural, mechanical and electrical systems, materials and such other elements as may be appropriate, rendered as of the date of this Agreement, \$ _____ of the Development Fee shall be deemed earned as of such date;

(ii) Seventy percent (70%) of the Development Fee shall be fully earned at such time that fifty percent (50%) of the construction of the Project is physically

completed in accordance with the plans and specifications therefore, as determined by the Project architect.

(iii) The balance of the Development Fee shall be fully earned on the date the Project is suitable for occupancy in accordance with applicable state or local law (the "Completion Date"), as evidenced by either (a) an AIA certificate of completion (e.g. an AIA Form G704 Certificate of Substantial Completion) prepared and executed by the Project architect, or (b) a certificates of occupancy (or local equivalent) for all Housing Projects in the Project.

(c) The Development Fee will be paid at the times and in the installments as set forth below:

(i) Fifty percent (50%) of the Development Fee (determined without regard to any reduction to such fee required by Section 4(d)) will be paid upon the earlier of the (a) the date a new limited partner is admitted to the Partnership, or (b) December 31, 2015;

(ii) Twenty-five percent (25%) of the Development Fee (determined without regard to any reduction to such fee required by Section 4(d)) will be paid upon the earlier of the (a) the Completion Date, or (b) December 31, 2017;

(iii) Twenty-five percent (25%) of the Development Fee (determined without regard to any reduction to such fee required by Section 4(d)) will be paid upon the earlier of the (a) the date the Partnership's construction loan is repaid or converts to a permanent loan, or (b) December 31, 2018; and

(vi) the balance of the Development Fee which is not fully paid by the time specified in Section 4(c)(iii) will be deferred, will bear interest at the rate of 5% *per annum* until paid in full, and will be paid from available net income of the Project (after payment of operating expenses). If not paid in full earlier, the Development Fee and all interest accrued thereon shall be paid no later than the 15th anniversary of this Agreement.

(d) Notwithstanding anything to the contrary set forth herein, if the Project is funded with proceeds of tax-exempt bonds, the Developer agrees that in the event that at any time the accountants determine that less than fifty percent (50%) of the aggregate basis of the Project has been or will be financed by the proceeds of tax-exempt bonds (for which volume cap has been allocated pursuant to Section 146 of the Code), the Development Fee payable by the Partnership to the Developer shall be reduced to the extent necessary to eliminate such condition.

Section 5. Applicable Law. This Agreement, and the application or interpretation hereof, shall be governed by and construed in accordance with the laws of the State of Washington.

Section 6. Binding Agreement. This Agreement shall be binding on the parties hereto, their heirs, executors, personal representatives, successors and assigns.

Section 7. Headings. All section headings in this Agreement are for convenience of reference only and are not intended to qualify the meaning of any section.

Section 8. Terminology. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders, the singular shall include the plural, and vice versa as the context may require.

Section 9. Benefit. The parties hereto do not intend to create a partnership or any similar association for any purpose. Developer shall be an independent contractor for all purposes. The obligations and undertakings of Developer set forth in this Agreement are made for the benefit of the Partnership and its partners and shall not inure to the benefit of any creditor of the Partnership other than a partner, notwithstanding any pledge or assignment by the Partnership of this Agreement or any rights hereunder.

IN WITNESS WHEREOF, the parties have caused this Housing Project Development Agreement to be duly executed as of the date first written above.

PARTNERSHIP:

GRAVELLY LAKE LIMITED LIABILITY
LIMITED PARTNERSHIP, a Washington limited
liability limited partnership

By: Housing Authority of the City of Tacoma, a
public body corporate and politic of the State of
Washington, its general partner

Michael Mirra, Executive Director

DEVELOPER:

HOUSING AUTHORITY OF THE CITY OF
TACOMA, a public body corporate and politic of
the State of Washington

Michael Mirra, Executive Director

EXHIBIT E
HAZARDOUS SUBSTANCE REPORTS

[None.]