

AFTER RECORDING MAIL TO:

Mercy Housing Northwest
2505 Third Avenue, Suite 204
Seattle, WA 98121
Attn: Alisa Luber

EASEMENT AGREEMENT

Grantors: THE CITY OF SEATTLE
SAND POINT COMMUNITY CONNECTIONS LLC
SAND POINT PHASE 2 LP

Grantees: MHNW 14 BUILDING 9 NORTH LP
MHNW 13 BUILDING 9 SOUTH LP
MERCY HOUSING NORTHWEST

Abbrev. Legal Desc.: Pcl A, CS SP No. 9904054, Rec. 19991214900006 (Burdened Property)
Ptn Sec 2, 25N, 04E, WM; SW qtr (Benefitted Property)

Full Legal Desc.: See Exhibits A and B

Tax Account No.: 022504-9063-00; 022504-9063-91 (Burdened Property)
022504-9071-00 (Benefitted Property)

Related Documents: n/a

This EASEMENT AGREEMENT ("Easement" or "Agreement") is made this ____ day of _____, 2017 ("Effective Date"), by THE CITY OF SEATTLE, a Washington municipal corporation acting through its Office of Housing ("City"), SAND POINT PHASE 2 LP, a Washington limited partnership ("LP"), SAND POINT COMMUNITY CONNECTIONS LLC, a Washington limited liability company ("SPCC") (LP and SPCC are referred to collectively as "Solid Ground"), MHNW 14 BUILDING 9 NORTH LP, a Washington limited partnership ("Mercy North"), MHNW 13 BUILDING 9 SOUTH LP, a Washington limited partnership ("Mercy South") and MERCY HOUSING NORTHWEST, a Washington nonprofit corporation. Mercy North, Mercy South and Mercy Housing Northwest are collectively referred to herein as "Mercy".

RECITALS:

Mercy North and Mercy South are the fee owners of the land that is legally described on Exhibit A attached hereto ("Mercy Property"). Mercy Housing Northwest is the sole member of the general partner of each of

Mercy North and Mercy South, and Mercy Housing Northwest may acquire an interest in the Mercy Property by exercise of an option or right of first refusal or otherwise. The City is the fee owner, SPCC is the long-term lessee and LP is the sublessee under a sublease recorded under King County recording no. 20121204001833 (“Sublease”) of the land that is legally described on Exhibit B attached hereto (“Housing Property”). The Housing Property is improved with a building commonly known as Phyllis Gutierrez-Kenney Place. Mercy intends to renovate the Mercy Property into a mixed used housing complex (the “Building 9 Project”).

Mercy desires obtain an easement to improve the driveway from the unimproved street abutting the South line of the Mercy Property through the Housing Property to 62nd Avenue NE (the “Driveway Improvements”) and use such driveway for ingress and egress to the Building 9 Project. In addition, Mercy desires to obtain an easement over and through the Housing Property to install electrical utility lines to serve the Mercy Property (the “Utility Line Easement”).

By this Easement, the City, Solid Ground and Mercy (collectively the “parties”) desire to create and provide for the maintenance of certain easements benefiting the Mercy Property.

NOW THEREFORE, in consideration of the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree and declare as follows:

AGREEMENT:

1. EASEMENTS IN FAVOR OF THE MERCY PROPERTY. The City and Solid Ground hereby convey and grant to Mercy, with quitclaim covenants, for the benefit of the Mercy Property, easements as follows, and Mercy agrees as follows:

- a. **Temporary Construction Easement:** A temporary non-exclusive easement (the “Construction Easement”) on, over, under and across the portion of the Housing Property as legally described on Exhibit G hereto and as depicted on Exhibit H of this Easement (the “Construction Easement Area”). The Construction Easement Area shall be used for activities necessary for Mercy’s installation of the Driveway Improvements consistent with this Easement, and for construction vehicle, pedestrian and equipment ingress and egress to complete the Building 9 Project and necessary to install the electrical utility lines in the Utility Line Easement. The Construction Easement includes, without limitation, upgrading the existing driveway to meet fire apparatus access road requirements and associated improvements and temporary construction access to install electrical utility lines adjacent to the Driveway Improvements. This Construction Easement shall become effective as of the date hereof. This Construction Easement shall automatically terminate twenty-four (24) months after the Effective Date hereof, unless the parties agree to an extension in writing or the Construction Easement is terminated earlier by agreement or by the City in case of default. If Mercy or its contractors or subcontractors shall be in breach of the terms of this Agreement as applicable to the Construction Easement, and shall fail to cure such breach within thirty (30) days of written notice from the City, then the City shall have the right, by written notice, to terminate the Construction Easement and all rights of Mercy thereunder. All obligations of Mercy related to the Construction Easement shall survive its termination.

- b. **Driveway:** A permanent, non-exclusive easement for pedestrian and vehicular ingress and egress at all times, subject to the terms and conditions herein, over and across the driveway connecting NE 70th Street to 62nd Avenue NE through the Housing Property, as legally described on Exhibit C of this Easement and as depicted on Exhibit E of this Easement (the “Driveway Easement Area”). In case of any conflict, the description on Exhibit C controls. Use of the Driveway Easement is limited to actual travel by the following: residents of the Mercy Property and their invitees; clients of a child care facility, healthcare facility or other institutional use approved by the City on the Mercy Property; persons working in the development, construction, renovation, repair, operation and maintenance of housing, child care, healthcare and such other use on the Mercy Property; drivers of delivery and service vehicles for those uses; and emergency vehicles (collectively, “Authorized Users”). Vehicular, pedestrian and bicycle use is limited to actual travel by Authorized Users through the Driveway Easement Area. Loitering, sitting, soliciting, or other activities are not permitted and will constitute trespassing. The City may, at its option, allow pedestrian and bicycle use of the Driveway Easement Area by the general public. Mercy shall not cause or permit its Authorized Users to use the Driveway Easement Area for any unlawful or unauthorized purpose, nor will Mercy cause or permit Authorized Users commit any nuisance or waste in connection with use of the Driveway Easement Area.
- c. **Utility Easement.** A permanent, non-exclusive easement, subject to the terms and conditions herein, for installation, repair, maintenance, replacement of and access to electrical utility lines serving the Mercy Property, as legally described on Exhibit D of this Easement and as depicted on Exhibit F of this Easement (the “Utility Line Easement Area”) from the transformer located in 62nd Avenue NE to the NE 70th Street right of way South of the Mercy Property. In case of any conflict, the description on Exhibit D controls. Installation and replacement of such lines, and any excavation for such purposes, is subject to the prior written approval by the City of plans submitted by Mercy. Mercy shall ensure that all work is performed in a manner so as not to disturb other utilities existing at the time the work is performed. The City shall have the right, at any time after notice to Mercy, at the City’s expense, to relocate the Utility Line Easement Area and the electrical lines and equipment then installed, so long as connections to the Mercy Property are maintained substantially in the same location and service to the Mercy Property is not interrupted. In addition, if Seattle City Light provides substantially equivalent electrical service to the Mercy Property from a source that does not require any lines across any other property except for public rights of way, then the City shall have the right to terminate the Utility Easement upon establishment of that service, including the granting of any necessary easements over such public rights of way, and in such case Mercy agrees to sign and deliver an acknowledgment of termination in recordable form, provided that Mercy shall not be obligated for the removal of any lines or equipment upon such termination.

2. CONSTRUCTION AND RESTORATION OBLIGATION.

A. Mercy shall cause the Driveway Easement Area to be improved in accordance with plans and specifications to be approved by the City pursuant to this Agreement (“Plans”) and in accordance with all applicable requirements of laws, ordinances and permits. Lighting is not required under the Plans. Neither Solid Ground, nor the City, nor Mercy shall have any obligation to provide lighting in the Driveway Easement Area. Prior to commencing work Mercy shall submit plans, specifications, and a work plan to City for prior written approval. If requested by the City, Mercy

shall require its general contractor to sign a right of entry agreement (“Right of Entry Agreement”) in form and substance acceptable to City, substantially in the form attached hereto as Exhibit I. Mercy will be responsible for its contractor’s compliance with the terms of the Right of Entry Agreement. Mercy shall cause all such work to be properly completed and the Housing Property restored as required in this Section no later than the expiration of the Construction Easement, and shall provide evidence satisfactory to City of such completion. Mercy shall provide written notice to the City promptly after all work in the Driveway Easement Area has been completed. The City may then conduct an inspection and give notice to Mercy of any deficiency in the work or any restoration of the Housing Property or improvements, or abutting right of way, that is required.

B. Mercy shall repair at no cost to Solid Ground or the City any damage that may be caused to the existing improvements on the Housing Property or in any abutting right of way by its construction or other activities in or around the Construction Easement Area, Utility Line Easement Area or Driveway Easement Area, or the activities of its contractors and their subcontractors, and the respective employees or agents of any of them, and shall restore the land surface, driveway and landscaping substantially to their immediately prior conditions, *provided* that the condition of the Driveway Easement Area at the end of the Construction Easement shall be as specified in this Section and in the Plans approved under this Easement. If Mercy shall fail to make repairs required under this Section promptly upon demand by the City or Solid Ground, then the City or Solid Ground may cause such repairs to be made and Mercy shall promptly reimburse the City or Solid Ground for the costs thereof, including in the case of the City an allocation of City staff costs for contracting and contract management.

3. MAINTENANCE OBLIGATIONS AND COST SHARING.

A. Maintenance.

- i. After completion of the Driveway Improvements by Mercy, Solid Ground shall perform all necessary ordinary maintenance, repair, upkeep of the Driveway Easement Area and replacement of the improvements in the Driveway Easement Area (“Maintenance”). Solid Ground shall keep all such improvements in good condition and repair at all times and free from obstructions, hazards, water accumulation and debris, ice and snow at all times. This subsection is subject to the obligations of Mercy under Section 2 above. All parties agree that so long as Solid Ground or any other person is lessee of the entire Housing Property, Solid Ground or such other lessee shall have the sole obligation for Maintenance under this subsection and the City shall have no obligation whatsoever with respect to the condition of the Driveway Easement Area, the Maintenance or inspection thereof, or for the safety or security of any persons using the Driveway Easement Area. If at any time there shall be no such lessee, then the City shall have no greater obligations for Maintenance or for the condition of the driveway than it has to maintain public streets generally, and no greater duty to Authorized Users of the Driveway Easement Area than to the general public using public streets, any other provision of this Agreement notwithstanding. If Solid Ground fails to perform the Maintenance pursuant to this Section 3.A.i. within thirty (30) days after written demand by Mercy specifying the actions needed, Mercy shall be entitled to perform such maintenance and shall be entitled to reimbursement pursuant to Section 3.B. of this Agreement.

B. Cost Sharing.

- i. Mercy shall be responsible for 80% of the costs of Maintenance of the Driveway Easement Area. The parties comprised by “Mercy” agree among themselves that Mercy North shall reimburse Solid Ground 35% of the costs of the Maintenance of the Driveway Easement Area and Mercy South shall reimburse Solid Ground 45% of the costs of the Maintenance of the Driveway Easement Area. Solid Ground shall pay 20% of the costs of the Maintenance of the Driveway Easement Area.
- ii. On an annual basis, by no later than February 1st of each year, Solid Ground shall submit to Mercy a request for payment of any cost sharing pursuant to this Easement. Such request for payment of cost sharing shall include an itemization of the costs and copies of invoices evidencing payment for such work. Payment shall be made within 30 days of receipt of such request for reimbursement.
- iii. At any time when there is no lessee of the Housing Property, Mercy shall make payments to the City in reimbursement of costs of Maintenance on the same terms as set forth above.
- iv. Any other provision notwithstanding, any liability of City as holder of any interest in the Housing Property, whether as fee owner or as successor to a leasehold estate through foreclosure sale (judicial or nonjudicial) or deed in lieu thereof, or otherwise, for performing Maintenance, cost sharing or reimbursement of any costs is conditioned on (a) the termination, prior to the cost being incurred, of the lease of the Housing Property to Solid Ground; and (b) the existence, at the time of the receipt of request for payment by City, of sufficient expenditure authority in an applicable line item of the Seattle City Budget for the then current year, not yet expended or encumbered for other purposes. Any other provision notwithstanding, any liability of City as holder of any interest in the Mercy Property, whether as successor by foreclosure sale (judicial or nonjudicial) or deed in lieu thereof, or otherwise, for any cost sharing, reimbursement of costs, restoration or costs thereof, is conditions on (a) the party requesting payment having incurred Maintenance costs consistent with, and complied with, all laws and ordinances applicable to contracts for work done at the expense of City; and (b) the existence, at the time of the receipt of request for payment by City, of sufficient expenditure authority in an applicable line item of the Seattle City Budget for the then current year, not yet expended or encumbered for other purposes.

4. INSURANCE. From and after the Effective Date of this Agreement, Mercy and Solid Ground shall, at their respective sole cost and expense, maintain in full force and effect the following minimum insurance. Each party shall also ensure that its contractors and their subcontractors carry insurance, as described below, as applicable. Capitalized terms used in this Section and not defined in this Agreement shall be construed in accordance with customary usage in the insurance industry as of the date of this Agreement, unless the context clearly requires otherwise.

(a) **Coverages Required during Course of Construction in the Construction Easement Area.**

(1) Builder's Risk Property Insurance.

Prior to mobilization on-site of its contractor or any subcontractor of any tier, Mercy shall maintain, or cause to be maintained by its contractor, not at the City or Solid Ground's expense, Builder's Risk Property insurance, and Grantor shall ensure that such insurance shall be in effect at all times during new construction or structural alteration and not be terminated until the physical completion thereof. Such insurance shall:

- i. Cover all portions of the Construction Easement Area and all materials, equipment, supplies and temporary structures being built or stored at or near the construction site, or while in transit;
- ii. Provide "All Risk" coverage in an amount equal to the current 100% completed value replacement cost of all property required to be covered, including the value of existing structures that have been structurally altered (including allowance for "soft costs") against loss from the perils of fire and other risks of direct physical loss not less broad than provided by the insurance industry standard Causes of Loss - Special Form CP 10 30; and
- iii. Include Delay of Opening (loss of income) Endorsement equal to 100% of projected gross annual rents, Soft Cost Endorsement (indemnification of finance charges) and Permission to Occupy Endorsement (permission is automatically granted for occupancy of the insured project for the purpose it was intended).

(2). Commercial General Liability Insurance.

- i. Mercy shall maintain at all times from initial mobilization on the Construction Easement Area of any contractor to final completion of all construction in the Construction Easement Area, Commercial General Liability (CGL) insurance, written on Insurance Services Office (ISO) form CG 00 01 or its equivalent, including Premises/Operations and Contractual Liability. The minimum limits of liability shall be not less than \$5,000,000 each occurrence Bodily Injury and Property Damage, Personal Injury and Advertising Injury Combined Single Limit (CSL) and may be in any combination of primary and umbrella/excess liability policies.
- ii. Mercy shall ensure that its contractor maintains at all times from initial mobilization on the Property to final physical completion of all construction in the Construction Easement Area, and for six years thereafter, Commercial General Liability (CGL) insurance, written on Insurance Services Office (ISO) form CG 00 01 or its equivalent, including Premises/Operations; Products/Completed Operations; and Contractual Liability and with no exclusion for Independent Contractors Liability. The minimum limits of liability shall be not less than \$10,000,000 each occurrence Bodily Injury and Property Damage Combined Single Limit (CSL) and \$10,000,000 General and Products/Completed Operations aggregate, in any combination of primary and umbrella/excess liability policies.

iii. Mercy shall ensure that each of Mercy's contractor's first tier subcontractors, and each of Mercy's contractor's subcontractors with subcontracts of \$50,000 or greater, of any tier, maintains at all times from initial mobilization on the Construction Easement Area to final physical completion of all construction in the Construction Easement Area, and for three years thereafter, Commercial General Liability (CGL) insurance, written on Insurance Services Office (ISO) form CG 00 01 or its equivalent, including Premises/Operations; Products/Completed Operations; and Contractual Liability and with no exclusion for Independent Contractors Liability. The minimum limits of liability shall be not less than \$1,000,000 each occurrence Bodily Injury and Property Damage Combined Single Limit (CSL) and \$2,000,000 General and Products/Completed Operations aggregate, in any combination of primary and umbrella/excess liability policies.

(3) Workers Compensation and Employers Liability.

Mercy shall ensure that its contractor and each of Mercy's contractor's subcontractors maintain Worker's Compensation for the State of Washington ("Industrial Insurance") as required by Title 51 of the Revised Code of Washington. Mercy's contractor shall also maintain Stop Gap/Employers liability with \$1,000,000 minimum limit.

(4) Automobile Liability Insurance.

Mercy's contractor shall maintain automobile liability insurance for owned, non-owned, and hired vehicles as appropriate with minimum limits of liability of \$1,000,000 CSL. Mercy's contractor shall include "The City of Seattle, its officers, elected officials, employees, agents, and volunteers" as additional insureds for primary and non-contributory limits of liability per the ISO CG 20 26 designated additional insured endorsement or its equivalent.

(b) Coverages Required of Mercy and Solid Ground

(1) Commercial General Liability Insurance.

Mercy and Solid Ground shall maintain at all times CGL insurance, written on an Insurance Services Office (ISO) occurrence form CG 00 01 or equivalent, including Premises/Operations; Products/Completed Operations; Contractual Liability; and, Independent Contractors Liability. The minimum limits of liability shall be not less than \$5,000,000 CSL and \$6,000,000 General and Products/Completed Operations Aggregate, in any combination of primary and umbrella/excess liability policies.

(2) Automobile Liability Insurance.

Mercy and Solid Ground shall maintain automobile liability insurance for owned, non-owned, and hired vehicles as appropriate with minimum limits of liability of \$1,000,000 CSL. Mercy and Solid Ground shall include "The City of Seattle, its officers, elected officials, employees, agents, and volunteers" as additional insureds for primary and non-contributory limits of liability per the ISO CG 20 26 designated additional insured endorsement or its equivalent.

(3) Workers Compensation and Employers Liability.

Mercy and Solid Ground shall maintain Worker's Compensation for the State of Washington ("Industrial Insurance") as required by Title 51 of the Revised Code of Washington. Contractor shall also maintain Stop Gap/Employers liability with \$1,000,000 minimum limit.

(c) General Conditions (Not Applicable to Washington State Workers Compensation).

- (1) Deductibles or Self-Insured Retentions. Deductibles or Self-Insured Retentions shall be disclosed in the evidence of insurance and are subject to approval of the City. Mercy, Solid Ground or their contractors as appropriate shall be responsible for payment of any claims or expenses incurred within a deductible or self-insured retention.
- (2) Security of Insurers. Insurers shall be licensed to do business in the State of Washington and shall maintain not less than an A- VII A.M. Best's ratings unless coverage is procured as surplus lines under Revised Code of Washington (RCW) chapter 48.15 ("Unauthorized insurers").
- (3) Cancellation. Coverage shall not be cancellable without at least thirty (30) days advance written notice of cancellation, except ten (10) days with respect to cancellation for non-payment of premium.
- (4) Waiver of Subrogation. CGL, Auto, and Employer's Liability insurance required to be maintained hereunder shall contain a waiver of subrogation in favor of the City. CGL, Auto, and Employer's Liability insurance required to be maintained hereunder by Mercy shall contain a waiver of subrogation in favor of Solid Ground and CGL, Auto, and Employer's Liability insurance required to be maintained hereunder by Solid Ground shall contain a waiver of subrogation in favor of Mercy.
- (5) CGL Insurance Additional Insured.
 - i. MERCY'S OR SOLID GROUND'S CONTRACTOR: CGL insurance maintained by each contractor of Mercy and/or Solid Ground shall include "The City of Seattle, its officers, elected officials, employees, agents, and volunteers" as additional insureds for primary and non-contributory limits of liability per the ISO CG 20 26 11 85 designated additional insured endorsement or its equivalent with products additional insured status for not less than six (6) years following physical completion.
 - ii. MERCY'S OR SOLID GROUND'S CONTRACTOR'S SUBCONTRACTORS, WITH SUBCONTRACTS OF \$50,000 OR MORE (ALL TIERS), AND ALL FIRST-TIER SUBCONTRACTORS: CGL insurance maintained by each of Mercy's or Solid Ground's contractor's subcontractors at all tiers shall include "The City of Seattle, its officers, elected officials, employees, agents, and volunteers" as additional insureds for primary and non-contributory limits of liability per the ISO CG 20 26 designated additional insured endorsement or its equivalent and the ISO CG 20 37 completed operations, or equivalent.
 - iii. MERCY OR SOLID GROUND: CGL insurance maintained by Mercy or Solid Ground shall include "The City of Seattle, its officers, elected officials, employees, agents, and volunteers" as additional insureds for primary and non-contributory limits of liability per the ISO CG 20 26 designated additional insured endorsement or its equivalent.

NOTE: "OWNERS, LESSEES OR CONTRACTORS" ADDITIONAL INSURED FORMS, INCLUDING THE CG 20 09, CG 20 10 and CG 20 33, OR THEIR

EQUIVALENTS, ARE NOT ACCEPTABLE AS NO WORK IS BEING PERFORMED FOR THE CITY.

- (6) CGL Additional Insured Limits of Liability. The limits of liability stated for CGL insurance are for demonstrating compliance with minimum acceptable limits of liability only. The City and Solid Ground shall be additional insureds under the full limits of liability available under Mercy's and Mercy's contractor's and each subcontractor's CGL insurance program, whether such limits are for primary or excess coverage, contingent coverage or otherwise. Mercy shall be additional insureds under the full limits of liability available under Solid Ground's and Solid Ground's contractor's and each subcontractor's CGL insurance program, whether such limits are for primary or excess coverage, contingent coverage or otherwise. The statement of minimum limits of liability herein shall not serve to limit the liability of Mercy's, Solid Ground's or such parties contractor or subcontractor(s), or of any of their respective liability insurers except for the limit(s) of liability shown in the declarations in each respective CGL, Excess, Umbrella or any other Liability insurance policy.
- (7) Reserved
- (8) Failure to Comply with Insurance Requirements. Failure of Mercy or Mercy's contractor to fully comply with the insurance requirements of this Section shall be considered a material breach of contract.
- (9) Right of the City to Procure Insurance. Notwithstanding anything to the contrary herein, in the event that Mercy or Mercy's contractor fails to pay any premium required for any policy when required hereunder or otherwise fails to provide, maintain, keep in full force and effect or, after not less than ten (10) days prior written notice to Mercy, to deliver and furnish to the City evidence of insurance required hereunder, in addition to all other remedies available under this Agreement, the City, in its sole and absolute discretion and without obligation with respect thereto, may pay such premiums or procure such insurance or single-interest insurance of such risks covering the City's interest as the City shall elect, and Mercy will reimburse the City for all premiums thereon (with interest thereon at the rate of twelve percent (12%) per annum from the date of expenditure by the City until the date of payment by Mercy) promptly upon demand by the City.

(d) Evidence of Insurance.

- (1) When Evidence of Insurance is to Be Submitted and Approved. Evidence of insurance shall be submitted upon request by Mercy and/or Solid Ground.
- (2) Form of Evidence of Insurance. Current evidence of insurance shall consist of the following:
 - i. Certificates of Liability insurance issued in conformance with prevailing established market practice evidencing compliance with the minimum levels of coverages and limits of liability and meeting general conditions stated herein, including but not limited to provision for notice of cancellation as specified herein.
 - ii. Copies of declarations pages and schedules of forms and endorsements for CGL insurance policy.
 - iii. Copies of the actual CGL additional insured policy provision per the ISO CG 20 26 endorsement for Mercy or Solid Ground and CG 20 26 11 85 for Mercy's or

Solid Ground's contractor or equivalent designated or blanket additional insured policy provisions acceptable to the City.

- iv. Should any policy not have been issued and delivered to Mercy, Solid Ground or such party's contractor, a currently effective binder evidencing to the City's satisfaction compliance with all applicable requirements shall be provided, but Mercy and/or Solid Ground shall cause evidence of insurance as set forth above to be provided as soon as available.

- (3) Policies. In the event that any liability or property insurance claim shall be denied or coverage made subject to reservation of rights, or if the City, Mercy or Solid Ground shall otherwise request at any time, Mercy, Solid Ground or such party's contractor of any tier shall cause a complete, true and certified copy of the requested insurance policy(ies) to be promptly delivered to the requesting party.

5. SAFETY. During the term of the Construction Easement and whenever performing any work on the Housing Property under the terms hereof, Mercy shall provide and cause its contractors and their subcontractors to provide, such safety and security measures as are appropriate to protect public safety and the safety of occupants of the Housing Property and their invitees, including, but not limited to, vehicle, bicycle or pedestrian barricades, fencing, flaggers, or other traffic controls including sufficient warning signs. Mercy assumes full responsibility for the sufficiency of such measures.

6. GENERAL CONDITIONS AND REQUIREMENTS OF EASEMENTS.

A. In connection with all construction, installation, maintenance, repair, and restoration activities on or about the Housing Property by or on behalf of Mercy, Mercy shall ensure compliance with all applicable laws, regulations, ordinances, legal requirements of local authorities, permits and approvals applicable and necessary and with all requirements of the encumbrances of record on the Housing Property as of the date hereof, including without limitation those included or incorporated in the deed from the United States to the City.

B. Except as necessary during construction and maintenance in the exercise of the easement rights herein, Mercy and its contractors and subcontractors shall not interfere with the normal use, operation and enjoyment of the Housing Property.

C. Prior to commencing any work or placing any equipment or supplies on the Housing Property, Mercy shall give the City at least 15 days written notice of the date when such action will commence, which notice shall identify the general contractor and subcontractors to be involved in the work on the Housing Property. All such contractors must be qualified, licensed and bonded, and if so requested by the City, shall sign a right of entry agreement in form and content acceptable to the City and provide evidence of insurance satisfactory to the City. All work must be performed properly and completed without delay. At the request of the City, Mercy or its contractors shall post a bond, or bonds, for the benefit of the City, in such amount and form and from such surety as shall be acceptable to the City, guaranteeing completion of work and payment therefor, and restoration of any land and all improvements disturbed by such work.

D. Mercy shall fence off any open trenching in the Construction Easement Area to prevent access to such trenching in the Construction Easement Area except to authorized persons. Mercy will be responsible for maintaining the fence. Mercy will provide the City with keys, security code, or other mechanism to access the Construction Easement Area upon request of the City.

E. Mercy shall not permit any other party, except Mercy's duly authorized representatives, general contractor and their subcontractors, their respective officers, employees, and agents, and any persons inspecting construction for The City of Seattle or any lender or investor for the Project (collectively "Representatives") to enter or use the Construction Easement Area. Mercy will be responsible for its Representatives' compliance with the terms of this Easement.

F. Mercy may erect signs on the Construction Easement Area only with the prior written consent of City, which City may withhold in its sole discretion, unless the sign is required by applicable law or ordinance in connection with work on the Project). Any signs placed on or about the Housing Property by Mercy or its contractors or subcontractors shall be removed by Mercy at the termination of this Easement.

G. Mercy shall properly remove and dispose of all construction debris, trash, and other such material from the Construction Easement Area. Mercy shall provide the City evidence of proper disposal promptly upon request. Materials such as mud, soils, cutting slurry, etc. shall be collected and disposed of at an appropriate disposal site. Mercy shall in no event dispose of hazardous materials on or under the ground surface of the Housing Property or any abutting right of way.

H. Mercy shall pay for all materials and labor used for any work performed or caused to be performed by Mercy or its agents under this Easement and shall not allow any liens to attach to the Housing Property resulting from such activities under this Easement by Mercy or its contractors, subcontractors, or their respective suppliers or consultants, or to attach to any interest therein, relating to any such work or related materials. If the Housing Property or any interest therein becomes subject to any claims for mechanics' or material suppliers' liens, or for liens of engineers or others, related to such work or materials, Mercy shall promptly and in any event within thirty (30) days cause such lien claim to be discharged or released of record, by payment, posting of bond, court deposit or other means, without cost to City or Solid Ground, and shall indemnify City and Solid Ground against all costs and expenses, including attorneys' fees, incurred in investigating, discharging and releasing such claim of lien. Upon completion of initial construction under the Construction Easement in accordance with this agreement, including any corrections needed after City inspection under subsection 2.A, all maintenance in the Driveway Easement Area shall be performed pursuant to Section 3 and the costs related to such maintenance shall be shared pursuant to Section 3.

I. City and Solid Ground are not obligated to provide any utilities, services or other facilities to Mercy or its contractors or subcontractors in connection with their use of any of the easement areas.

7. HAZARDOUS AND OBJECTIONABLE MATERIALS.

A. In carrying out the obligations under this Agreement, Mercy agrees not to bring onto or allow any contractor, subcontractor, supplier, or any employee or agent of any of them or to bring onto the Housing Property or abutting right of way any Hazardous Substance, as defined below, except to the extent such materials are used in the ordinary course of performing maintenance, repair, reconstruction or replacement under this Agreement or are transported across the Driveway Easement Area for lawful use in the construction, rehabilitation, maintenance, repair, reconstruction or replacement of the Building 9 Project, such as oil or gasoline used to power tools or equipment. Mercy shall ensure that all Hazardous Substances shall be disposed of in a lawful manner.

B. For purposes of this Agreement, "Hazardous Substance" means any hazardous, toxic, or dangerous substance, waste, or material that is regulated under any Environmental or Safety Law. "Environmental or Safety Law" means the Federal Water Pollution Control Act, the Clean Air Act, the Resource Conservation and Recovery Act ("RCRA"), the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), the Superfund Amendment and Reauthorization Act, the Toxic Substances Control Act ("TSCA"), the Occupational Safety and Health Act, the Hazardous Materials Transportation Act, the Hazardous Materials Transportation Uniform Safety Act, the Oil Pollution Act of 1990, the Washington Water Pollution Control Act, the Clean Air Washington Act, the Washington Hazardous Waste Management Act ("HWMA"), the Washington Model Toxics Control Act ("MTCA"), the Washington Industrial Safety and Health Act, the Washington Worker and Community Right to Know Act, and the Washington Oil and Hazardous Substance Spill Prevention and Response Act, together with all regulations promulgated under any such authority, and any and all other federal, state, regional, local or international statutes, regulations, rules, ordinances, orders, court or regulatory agency directives, permits, licenses, governmental authorizations and common law causes of action that apply to (1) any hazardous substance or material regulated or restricted under CERCLA, RCRA, TSCA, MTCA, or the HWMA; (2) any other pollutant, contaminant, or waste; (3) the health or safety of persons; or (4) the protection of the environment or land use. "Environmental or Safety Law" includes past and future amendments and supplements.

8. BURDEN AND BENEFIT; SUCCESSORS; NO DEDICATION; NO BENEFIT TO THIRD PARTIES. This Easement shall run with the land and be binding upon, and inure to the benefit of, the parties and their heirs, successors, successors in interest and assigns, except as otherwise provided herein. Without limiting the foregoing, this Easement shall be binding on, and benefit, Solid Ground, City and Mercy as holders of any interests acquired after the recording hereof. Any future lessee of the entire Housing Property, whether by assignment or under a new lease from the City, shall be considered a successor to SPCC and shall have the obligations of Solid Ground hereunder. Nothing in this Easement shall be deemed to be a gift or dedication of any portion of the real property referred to herein to the general public nor for any public use or purpose whatsoever. Except to the extent specifically provided otherwise herein, nothing in this Easement, express or implied, is intended to benefit or to confer any right upon any person who is not a party hereto.

9. JURISDICTION, VENUE. Every legal action arising under this Easement shall be in a state or federal court with subject matter jurisdiction sitting in King County, Washington and each person bound hereby consents to the personal jurisdiction of such courts and waives any objection to venue being in any such court.

10. INDEMNITY.

A. Mercy shall defend, indemnify and hold harmless the City and Solid Ground, and their respective officials, members, partners, employees, volunteers, agents, successors and assigns (collectively, "Grantor Persons"), harmless from any and all liability, loss, damages, claims, demands, suits or expenses, including reasonable attorneys' fees and other litigation costs, arising out of the exercise of the rights granted herein or from any actual or alleged bodily injury (including death) or actual or alleged damage to property caused by the exercise of the rights granted herein by Mercy, its tenants, subtenants, contractors or subcontractors, or any of their respective officers, agents, contractors, or employees (collectively, "Mercy Persons"). To the extent that RCW 4.24.115 applies and such claims, suits, or actions result from concurrent negligence of Mercy Persons and of Grantor Persons, the indemnity in this subsection shall be valid and enforceable only to the extent of the negligence of Mercy Persons. Mercy specifically assumes potential liability for any claim, demand, and/or cause of action brought by, or on behalf of, any of its employees or

agents against any Grantor Persons. Solely for this purpose, Mercy, by mutual negotiation, hereby waives, with respect to the Grantor Persons only, any immunity that would otherwise be available to Mercy against such claims under the industrial insurance provisions of Title 51 RCW or any applicable industrial insurance, disability act or employee benefit act of any other jurisdiction that would be applicable in case of such a claim. Mercy's obligation to indemnify Solid Ground and its members, partners, employees, volunteers, agents, successors and assigns shall not apply to the extent that Solid Ground would be obligated to indemnify Mercy under the terms of subsection B of this Section.

B. Solid Ground shall defend, indemnify and hold harmless Mercy, the City and their respective officials, members, partners, employees, volunteers, agents, successors and assigns ("Indemnitees"), harmless from any and all liability, loss, damages, claims, demands, suits or expenses, including reasonable attorneys' fees and other litigation costs, including claims for any actual or alleged bodily injury (including death) or actual or alleged damage to property, to the extent caused by the negligence or intentional wrongful acts of Solid Ground, its tenants, subtenants, contractors or subcontractors, or any of their respective officers, agents, contractors, or employees ("SG Persons"). To the extent that RCW 4.24.115 applies and such claims, suits, or actions result from concurrent negligence of Indemnitees and of SG Persons, the indemnity in this subsection shall be valid and enforceable only to the extent of the negligence of SG Persons. Solid Ground specifically assumes potential liability for any claim, demand, and/or cause of action brought by, or on behalf of, any of its employees or agents against any Indemnitee. Solely for this purpose, Solid Ground, by mutual negotiation, hereby waives, with respect to the Indemnitees only, any immunity that would otherwise be available to Solid Ground against such claims under the industrial insurance provisions of Title 51 RCW or any applicable industrial insurance, disability act or employee benefit act of any other jurisdiction that would be applicable in case of such a claim.

C. Any other provision of this Easement notwithstanding, City shall not have any obligation to indemnify or defend any party or person hereunder, whether in City's capacity of fee owner of any property or as holder of any interest or as successor to any interest in any property through foreclosure sale (judicial or nonjudicial) or deed in lieu thereof, or otherwise.

D. The indemnification obligations under this section do not apply to any liabilities, claims, causes of action, judgments or expenses resulting from bodily injury or property damage caused by the sole negligence or solely by intentional wrongful acts of the City, its officers, employees, elected officials, agents or subcontractors.

E. The provisions of this indemnity Section shall survive any termination of this Agreement.

11. RISK OF LOSS.

A. Placement and/or storage of personal property, equipment, vehicles, or materials of any kind on the Housing Property are at Mercy's sole risk.

B. The provisions of this Section shall survive any termination of this Agreement.

12. NOTICES. Any demand, request or notice which a party hereto desires or may be required to make or deliver to the other shall be in writing and shall be deemed effective when personally delivered, or when delivered by private courier service (such as Federal Express), or on the third business day after being mailed postage prepaid United States first class mail, certified with return receipt requested, addressed as follows:

To City:

The City of Seattle, Office of Housing
Attention: Director
P. O. Box 94725
Seattle, WA 98124-4725

To Mercy:

c/o Mercy Housing Northwest
Attn: President
2505 Third Avenue, Suite 204
Seattle, WA 98121

With a copy to:

Wells Fargo Affordable Housing Community
Development Corporation
MAC D1053-170
301 South College Street, 17th Floor
Charlotte, NC 28288
Attention: Director of Asset Management

To Solid Ground:

c/o Solid Ground Washington
Attn: President & CEO
1501 North 45th
Seattle, WA 98103

or to such other address and person as a party may communicate to the others by like written notice. Copies of notices to Wells Fargo Affordable Housing Community Development Corporation ("Investor Limited Partner") shall not be required when the Investor Limited Partner is no longer a partner in any entity holding an interest in the Mercy Property.

13. CAPACITY OF CITY; NO WARRANTY OR WAIVER. City enters into this Easement solely in its capacity as fee owner of the Housing Property, except as expressly set forth herein. The City, in its capacity as lender to Solid Ground and beneficiary of a deed of trust on Solid Ground's interest, consents to Solid Ground's execution of this Easement and subordinates the lien of that certain Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing of which the City is beneficiary recorded under King County Recording number 20121204001837 to this Agreement. The City makes no representation or warranty as to title, encumbrances or any other matters. Mercy accepts the easement areas hereunder "AS IS". Nothing herein shall be construed to waive or modify any requirement of or obligation of Mercy or Solid Ground under any agreement with City. Nothing herein grants any rights over, under or through any City street or right of way, nor constitutes any consent or approval of The City of Seattle for any regulatory or other purpose.

14. REPRESENTATIONS AND WARRANTIES OF SOLID GROUND

Solid Ground represents and warrants:

A. LP is a limited partnership validly existing under the laws of the State of Washington

with full power to enter into and perform its obligations under this Agreement. SPCC is the sole general partner of LP, is a limited liability company validly existing under the laws of the State of Washington, is not “member-managed,” and has full power and authority to act as such general partner, to enter into this Agreement for the LP and in its own capacity, and to carry out the obligations of Solid Ground hereunder on its own behalf and on the LP’s behalf. Solid Ground Washington is the sole member of SPPCC, is a nonprofit corporation validly existing under the laws of the State of Washington, and has full power and authority to act as such sole member and to enter into this Agreement on behalf of SPCC.

B. All necessary corporate and other action has been duly taken to authorize the execution, delivery and performance of this Agreement by LP and SPCC hereunder, and all such actions remain in full force and effect.

C. This Agreement is the valid, binding obligation of LP and SPCC, enforceable in accordance with its terms.

D. SPCC is the sole holder of the leasehold interest in the Housing Property, subject to the Sublease to the LP, and the LP is the sole holder of the subleasehold interest, subject only to subleases or rental agreements to residential tenants, to liens and encumbrances of record on the Housing Property, and to any or options or rights of first refusal in favor of SPCC. No liens on the Housing Property for money borrowed, or options or rights of first refusal thereon, have priority over this Agreement.

15. REPRESENTATIONS AND WARRANTIES OF MERCY

Mercy represents and warrants:

A. Each of Mercy North and Mercy South is a limited partnership validly existing under the laws of the State of Washington with full power to enter into and perform its obligations under this Agreement. The general partners of Mercy North and Mercy South each is a limited liability company validly existing under the laws of the State of Washington, is not “member-managed,” and has full power and authority to act as such general partner, to enter into this Agreement for each of Mercy North and Mercy South, respectively, and to carry out on their behalf their obligations hereunder. Mercy Housing Northwest is the sole member of each such general partner, is a nonprofit corporation validly existing under the laws of the State of Washington, and has full power and authority to act as such sole member and to enter into this Agreement on behalf of each general partner and on its own behalf.

B. All necessary corporate and other action has been duly taken to authorize the execution, delivery and performance of this Agreement by each party comprised by “Mercy” hereunder, and all such actions remain in full force and effect.

C. This Agreement is the valid, binding obligation of each party comprised by “Mercy” hereunder, enforceable in accordance with its terms.

D. Mercy North and Mercy South are the sole holders of title to the Mercy Property in fee simple, subject to no liens or encumbrances except any in favor of the City, the State of Washington or the U.S. Government and any as shown on a Priority Agreement signed by the City and recorded against

the Mercy Property, and no liens on the Mercy Property for money borrowed or leases of the Mercy Property, or options or rights of first refusal thereon, have priority over this Agreement.

16. JOINT AND SEVERAL. All obligations of Mercy hereunder are the joint and several obligations of the parties named herein comprised by Mercy and their respective successors and assigns. All obligations of Solid Ground hereunder are the joint and several obligations of the parties named herein comprised by Solid Ground and their respective successors and assigns.

17. MERCY'S INVESTOR'S RIGHT TO CURE. The Investor Limited Partner shall have the right, but not the obligation, to cure any defaults of Mercy so long as the Investor Limited Partner is a partner in any entity holding an interest in the Mercy Property. The City and Solid Ground shall accept such action as curing such default on the same basis as if such cure were made directly by Mercy.

(Signatures on Following Pages)

City's Signature Page to Easement Agreement

In witness whereof, the parties have executed this Easement by their duly authorized representatives, as of the day and year first above written.

THE CITY OF SEATTLE
a municipal corporation

By: _____
Printed Name: _____
Title: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that s/he signed this instrument, on oath stated that s/he was authorized to execute the instrument and acknowledged it as the _____ of the Office of Housing of The City of Seattle, a municipal corporation, to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

DATED: _____.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

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

My appointment expires _____

Mercy North's Signature Page to Easement Agreement

In witness whereof, the parties have executed this Easement by their duly authorized representatives, as of the day and year first above written.

MHNW 14 Building 9 North LP,
a Washington limited partnership

By: MHNW 14 Building 9 North GP LLC
Its: General Partner

By: Mercy Housing Northwest
Its: Sole Member and Manager

By: _____
Bill Rumpf, President

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Bill Rumpf is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the President of Mercy Housing Northwest, a Washington nonprofit corporation, which is the Sole Member and Manager of MHNW 14 Building 9 North GP LLC, a Washington limited liability company, which is the General Partner of MHNW 14 Building 9 North LP, a Washington limited partnership, to be the free and voluntary act of such corporation on behalf of such company on behalf of such partnership for the uses and purposes mentioned in this instrument.

DATED: _____

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

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

My appointment expires _____

Mercy South's Signature Page to Easement Agreement

In witness whereof, the parties have executed this Easement by their duly authorized representatives, as of the day and year first above written.

MHNW 13 Building 9 South LP,
a Washington limited partnership

By: MHNW 13 Building 9 South GP LLC
Its: General Partner

By: Mercy Housing Northwest
Its: Sole Member and Manager

By: _____
Bill Rumpf, President

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Bill Rumpf is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the President of Mercy Housing Northwest, a Washington nonprofit corporation, which is the Sole Member and Manager of MHNW 13 Building 9 South GP LLC, a Washington limited liability company, which is the General Partner of MHNW 13 Building 9 South LP, a Washington limited partnership, to be the free and voluntary act of such corporation on behalf of such company on behalf of such partnership for the uses and purposes mentioned in this instrument.

DATED: _____

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

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

My appointment expires _____

Mercy Housing Northwest's Signature Page to Easement Agreement

In witness whereof, the parties have executed this Easement by their duly authorized representatives, as of the day and year first above written.

Mercy Housing Northwest

By: _____
Bill Rumpf, President

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Bill Rumpf is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the President of Mercy Housing Northwest, a Washington nonprofit corporation, to be the free and voluntary act of such corporation for the uses and purposes mentioned in this instrument.

DATED: _____

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

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

My appointment expires _____

Solid Ground's Signature Page to Easement Agreement

In witness whereof, the parties have executed this Easement by their duly authorized representatives, as of the day and year first above written.

SAND POINT PHASE 2 LP,
a Washington limited partnership

By: Sand Point Community Connections LLC,
a Washington limited liability company
Its: General Partner

By: Solid Ground Washington,
a Washington nonprofit corporation
Its: Sole Member and Manager

Printed Name: _____
Title: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the _____ of Solid Ground Washington, a Washington nonprofit corporation, which is the sole member and manager of Sand Point Community Connections LLC, a Washington limited liability company, which is the general partner of Sand Point Housing Phase 2 LP, a Washington limited partnership, to be the free and voluntary act of such partnership for the uses and purposes mentioned in this instrument.

DATED: _____

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

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

My appointment expires _____

SAND POINT COMMUNITY CONNECTIONS LLC,
a Washington limited liability company

By: Solid Ground Washington,
a Washington nonprofit corporation
Its: Sole Member and Manager

Printed Name: _____
Title: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the _____ of Solid Ground Washington, a Washington nonprofit corporation, which is the sole member of Sand Point Community Connections LLC, a Washington limited liability company, to be the free and voluntary act of such company for the uses and purposes mentioned in this instrument.

DATED: _____

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

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

My appointment expires _____

Exhibit A
Legal Description of Mercy Property

THAT PORTION OF THE EAST ONE-HALF OF THE SOUTHWEST QUARTER OF SECTION 2, TOWNSHIP 25 NORTH, RANGE 4 EAST, WILLAMETTE MERIDIAN, IN KING COUNTY, WASHINGTON, SAID EAST ONE-HALF BEING ACQUIRED BY THE U.S. NAVY ON BEHALF OF THE UNITED STATES OF AMERICA BY DEED RECORDED IN THE RECORDS OF KING COUNTY, WASHINGTON IN VOLUME 1306 OF DEEDS AT PAGE 455 (RECORDING NO. 2153940), DESCRIBED AS FOLLOWS:

BEGINNING AT THE WEST ONE-SIXTEENTH CORNER COMMON TO SECTIONS 2 AND 11, TOWNSHIP 25 NORTH, RANGE 4 EAST, WILLAMETTE MERIDIAN, IN KING COUNTY, WASHINGTON, ACCEPTED AS BEING THE SAME AS THE CENTERLINE INTERSECTION OF NORTHEAST 65TH STREET AND SAND POINT WAY NORTHEAST;
THENCE NORTH 00°48'49" WEST ON THE CENTERLINE OF SAND POINT WAY NORTHEAST A DISTANCE OF 60.01 FEET;
THENCE LEAVING SAID CENTERLINE SOUTH 89°35'06" EAST A DISTANCE OF 40.01 FEET TO A POINT ON THE EAST MARGINAL BOUNDARY OF SAID SAND POINT WAY NORTHEAST;
THENCE NORTH 00°48'49" WEST ON SAID EAST MARGINAL BOUNDARY A DISTANCE OF 1296.32 FEET TO THE TRUE POINT OF BEGINNING OF THIS DESCRIPTION;
THENCE CONTINUING NORTH 00°48'49" WEST ON SAID EAST MARGINAL BOUNDARY A DISTANCE OF 787.88 FEET;
THENCE LEAVING SAID EAST MARGINAL BOUNDARY NORTH 89°59'00" EAST A DISTANCE OF 90.18 FEET;
THENCE NORTH 00°01'23" WEST A DISTANCE OF 49.40 FEET;
THENCE NORTH 89°59'00" EAST A DISTANCE OF 198.34 FEET;
THENCE SOUTH 00°01'23" EAST A DISTANCE OF 837.08 FEET;
THENCE SOUTH 89°57'32" WEST A DISTANCE OF 277.65 FEET TO THE EAST MARGINAL BOUNDARY OF SAND POINT WAY NORTHEAST AND THE TRUE POINT OF BEGINNING.

(ALSO BEING KNOWN AS BUILDING 9, PARCEL 4 OF, LOT A, FORMER SAND POINT NAVAL STATION PUGET SOUND)

Exhibit B
Legal Description of Housing Property

THAT PORTION OF THE EAST ONE-HALF OF THE SOUTHWEST QUARTER OF SECTION 2, TOWNSHIP 25 NORTH, RANGE 4 EAST, WILLAMETTE MERIDIAN, IN KING COUNTY, WASHINGTON, SAID EAST ONE-HALF BEING ACQUIRED BY THE U.S. NAVY ON BEHALF OF THE UNITED STATES OF AMERICA BY DEED RECORDED IN THE RECORDS OF KING COUNTY, WASHINGTON IN VOLUME 1306 OF DEEDS AT PAGE 455, DESCRIBED AS FOLLOWS:

COMMENCING AT THE WEST ONE-SIXTEENTH CORNER COMMON TO SECTIONS 2 AND 11, TOWNSHIP 25 NORTH, RANGE 4 EAST, WILLAMETTE MERIDIAN, IN KING COUNTY, WASHINGTON, ACCEPTED AS BEING THE SAME AS THE CENTERLINE INTERSECTION OF NORTHEAST 65TH STREET AND SAND POINT WAY NORTHEAST; THENCE NORTH 00°48'49" WEST ON THE CENTERLINE OF SAND POINT WAY NORTHEAST A DISTANCE OF 60.01 FEET;

THENCE LEAVING SAID CENTERLINE SOUTH 89°35'06" EAST A DISTANCE OF 40.01 FEET TO A POINT ON THE EAST MARGINAL BOUNDARY OF SAID SAND POINT WAY NORTHEAST;

THENCE NORTH 00°48'49" WEST ON SAID EAST MARGINAL BOUNDARY A DISTANCE OF 1032.34 FEET TO THE TRUE POINT OF BEGINNING OF THIS DESCRIPTION;

THENCE CONTINUING NORTH 00°48'49" WEST ON SAID EAST MARGINAL BOUNDARY A DISTANCE OF 203.97 FEET;

THENCE LEAVING SAID EAST MARGINAL BOUNDARY NORTH 89°57'32" EAST A DISTANCE OF 276.82 FEET;

THENCE SOUTH 00°01'23" EAST A DISTANCE OF 200.14 FEET;

THENCE SOUTH 89°09'37" WEST A DISTANCE OF 274.04 FEET TO THE EAST MARGINAL BOUNDARY OF SAND POINT WAY NORTHEAST AND THE TRUE POINT OF BEGINNING.

(ALSO BEING KNOWN AS PARCEL A, CITY OF SEATTLE SHORT SUBDIVISION NO. 9904054, RECORDED UNDER RECORDING NO. 1999121490006, KING COUNTY, WASHINGTON)

(ALSO BEING KNOWN AS PARCEL 5B, CITY OF SEATTLE SURVEY RECORDED UNDER RECORDING NO. 20000906900018, KING COUNTY, WASHINGTON)

Exhibit C
Legal Description of Driveway Easement Area

CORE DESIGN, INC.
BELLEVUE WA 98007

Core Project No: 15031
7/1/16

LEGAL DESCRIPTION – Private Access Easement

A STRIP OF LAND 24.00-FEET IN WIDTH OVER THAT PORTION OF THE EAST ONE-HALF OF THE SOUTHWEST QUARTER OF SECTION 2, TOWNSHIP 25 NORTH, RANGE 4 EAST, WILLAMETTE MERIDIAN, IN KING COUNTY, WASHINGTON, SAID EAST ONE-HALF BEING ACQUIRED BY THE U.S. NAVY ON BEHALF OF THE UNITED STATES OF AMERICA BY DEED RECORDED IN THE RECORDS OF KING COUNTY, WASHINGTON IN VOLUME 1306 OF DEEDS AT PAGE 455 (RECORDING NO. 2153940), DESCRIBED AS FOLLOWS, SAID STRIP HAVING 12.00 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE:

COMMENCING AT THE INTERSECTION OF THE EAST MARGINAL BOUNDARY OF SAND POINT WAY NORTHEAST AND THE SOUTH MARGINAL BOUNDARY OF NORTHEAST 70TH STREET, SAID POINT BEING THE NORTHWEST CORNER OF PARCEL 5B, CITY OF SEATTLE SURVEY RECORDED UNDER RECORDING NO. 20000906900018; THENCE SOUTH 88°58'18" EAST, ALONG SAID SOUTH MARGINAL BOUNDARY OF NORTHEAST 70TH STREET, A DISTANCE OF 28.88 FEET TO THE POINT OF BEGINNING OF THE HEREIN DESCRIBED CENTERLINE; THENCE SOUTH 00°21'59" WEST 121.97 FEET TO A POINT OF TANGENCY WITH A 37.00-FOOT RADIUS CURVE TO THE LEFT; THENCE SOUTHERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 89°59'39", A DISTANCE OF 58.12 FEET TO A POINT OF TANGENCY; THENCE SOUTH 89°37'40" EAST 209.08 FEET TO THE WEST MARGINAL BOUNDARY OF 62ND AVENUE NE.

THE SIDELINES OF THE ABOVE DESCRIBED STRIP OF LAND SHALL BE LENGTHENED OR SHORTENED, AS REQUIRED, TO INTERSECT WITH SAID SOUTH AND EAST MARGINAL BOUNDARIES.

Exhibit D
Legal Description of Utility Line Easement

CORE DESIGN, INC.
BELLEVUE WA 98007

Core Project No: 15031

LEGAL DESCRIPTION – Private Utility Easement

A STRIP OF LAND 10.00-FEET IN WIDTH OVER THAT PORTION OF THE EAST ONE-HALF OF THE SOUTHWEST QUARTER OF SECTION 2, TOWNSHIP 25 NORTH, RANGE 4 EAST, WILLAMETTE MERIDIAN, IN KING COUNTY, WASHINGTON, SAID EAST ONE-HALF BEING ACQUIRED BY THE U.S. NAVY ON BEHALF OF THE UNITED STATES OF AMERICA BY DEED RECORDED IN THE RECORDS OF KING COUNTY, WASHINGTON IN VOLUME 1306 OF DEEDS AT PAGE 455 (RECORDING NO. 2153940), DESCRIBED AS FOLLOWS, SAID STRIP HAVING 5.00 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE:

COMMENCING AT THE INTERSECTION OF THE EAST MARGINAL BOUNDARY OF SAND POINT WAY NORTHEAST AND THE SOUTH MARGINAL BOUNDARY OF NORTHEAST 70TH STREET, SAID POINT BEING THE NORTHWEST CORNER OF PARCEL 5B, CITY OF SEATTLE SURVEY RECORDED UNDER RECORDING NO. 20000906900018; THENCE SOUTH 88°58'28" EAST, ALONG SAID SOUTH MARGINAL BOUNDARY OF NORTHEAST 70TH STREET, A DISTANCE OF 16.32 FEET TO THE POINT OF BEGINNING OF THE HEREIN DESCRIBED CENTERLINE; THENCE SOUTH 00°26'32" WEST 168.76 FEET TO POINT "A"; THENCE CONTINUING SOUTH 00°26'32" WEST 9.03 FEET;

AND BEGINNING AT SAID POINT "A"; THENCE SOUTH 89°28'35" EAST 34.59 FEET TO A POINT OF TANGENCY WITH A 12.00-FOOT RADIUS CURVE TO THE RIGHT; THENCE EASTERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 08°34'11", A DISTANCE OF 1.79 FEET TO A POINT OF TANGENCY; THENCE SOUTH 80°54'24" EAST 58.52 FEET TO A POINT OF TANGENCY WITH A 12.00-FOOT RADIUS CURVE TO THE LEFT; THENCE EASTERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 08°58'19", A DISTANCE OF 1.88 FEET TO A POINT OF TANGENCY; THENCE SOUTH 89°52'44" EAST 149.49 FEET TO THE TERMINUS OF SAID CENTERLINE.

THE SIDELINES OF THE ABOVE DESCRIBED STRIP OF LAND SHALL BE LENGTHENED OR SHORTENED, AS REQUIRED, TO INTERSECT AT ALL INTERIOR ANGLE POINTS AND WITH SAID SOUTH MARGINAL BOUNDARY.

NE 70TH ST

62ND AVE NE

Parcel A Short
City of Seattle Short
Plat No. 9904054
Rec. No. 1999121490006

SAND POINT WAY NE

N88°58'18"W 28.88'
12.0' 12.0'
N00°21'59"E 121.97'
N89°37'40"W 209.08'
12.0' 12.0'

R=37.00' Δ=00°07' L=58.12'

SCALE: 1" = 40'

0 20 40

BUILDING NO. 9
DRIVEWAY EASEMENT AREA
EXHIBITE

PAGE
1 OF 1

CORE DESIGN
14711 NE 28th Place Suite 101
Bellevue, Washington 98007
425.865.7877 Fax 425.865.7963

ENGINEERING · PLANNING · SURVEYING
JOB NO. 15031

Exhibit F
Schematic of Utility Line Easement

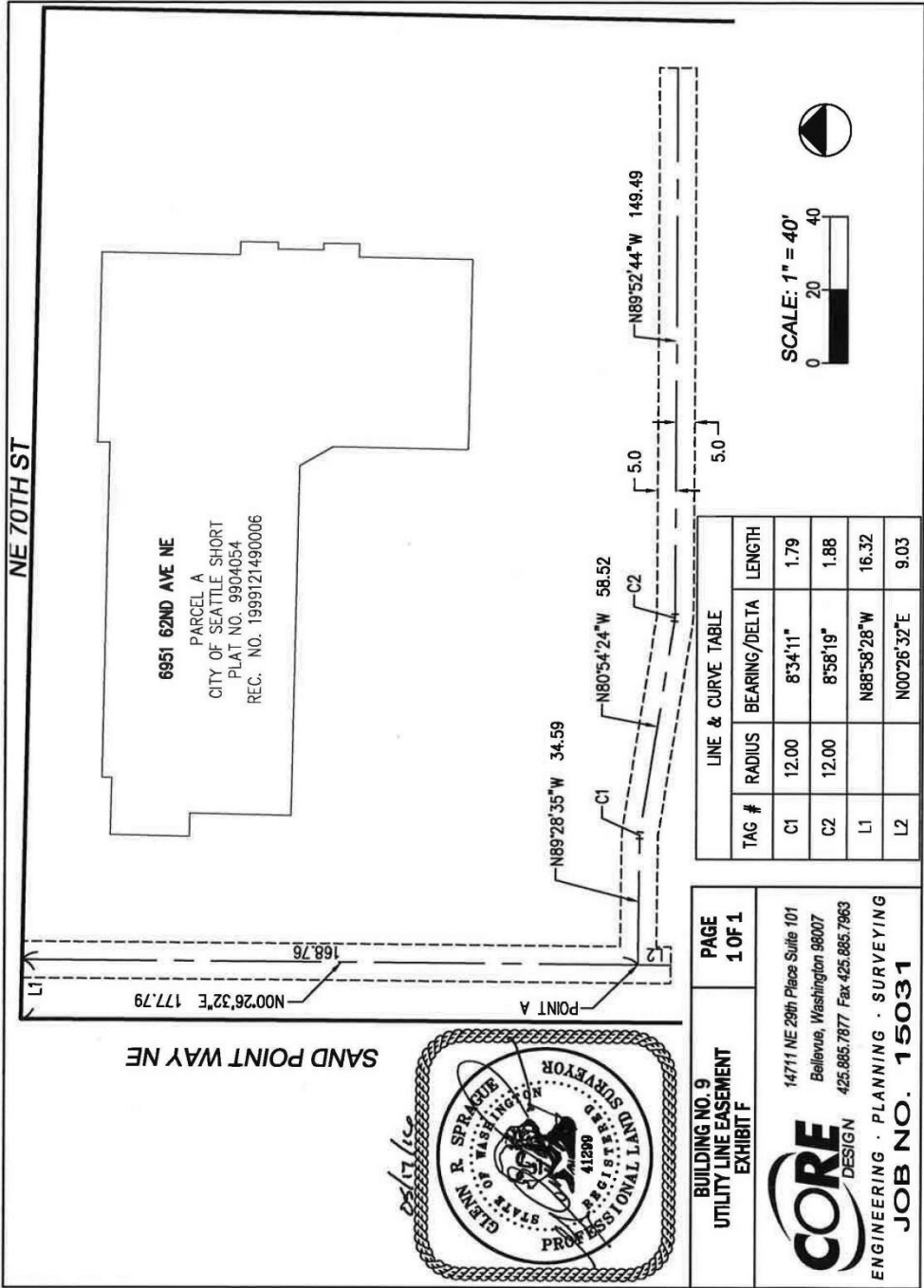


Exhibit G
Legal Description of Construction Easement Area

CORE DESIGN, INC.
BELLEVUE WA 98007

Core Project No: 15031
9/19/16

LEGAL DESCRIPTION – Construction Easement

THAT PORTION OF THE EAST ONE-HALF OF THE SOUTHWEST QUARTER OF SECTION 2, TOWNSHIP 25 NORTH, RANGE 4 EAST, WILLAMETTE MERIDIAN, IN KING COUNTY, WASHINGTON, SAID EAST ONE-HALF BEING ACQUIRED BY THE U.S. NAVY ON BEHALF OF THE UNITED STATES OF AMERICA BY DEED RECORDED IN THE RECORDS OF KING COUNTY, WASHINGTON IN VOLUME 1306 OF DEEDS AT PAGE 455 (RECORDING NO. 2153940), DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE EAST MARGINAL BOUNDARY OF SAND POINT WAY NORTHEAST AND THE SOUTH MARGINAL BOUNDARY OF NORTHEAST 70TH STREET, SAID POINT BEING THE NORTHWEST CORNER OF PARCEL A, CITY OF SEATTLE SHORT PLAT NO. 9904054 RECORDED UNDER RECORDING NO. 19991214900006; THENCE SOUTH 88°58'18" EAST, ALONG SAID SOUTH MARGINAL BOUNDARY OF NORTHEAST 70TH STREET, A DISTANCE OF 11.32 FEET TO THE POINT OF BEGINNING OF THE HEREIN DESCRIBED PORTION OF LAND; THENCE CONTINUING SOUTH 88°58'18" EAST 29.56 FEET; THENCE SOUTH 00°21'59" WEST 121.83 FEET TO A POINT OF TANGENCY WITH A 25.00-FOOT RADIUS CURVE TO THE LEFT; THENCE SOUTHERLY, ALONG SAID CURVE, THROUGH A CENTRAL OF 89°59'39", A DISTANCE OF 39.27 FEET TO A POINT OF TANGENCY; THENCE SOUTH 89°37'40" EAST 209.22 FEET TO THE WEST RIGHT-OF-WAY MARGIN OF 62ND AVENUE NORTHEAST; THENCE SOUTH 01°02'47" WEST, ALONG SAID MARGIN, 35.18 FEET; THENCE NORTH 89°52'44" WEST 162.46 FEET; THENCE NORTH 80°54'24" WEST 58.52 FEET; THENCE NORTH 89°28'35" WEST 29.59 FEET; THENCE SOUTH 00°26'32" WEST 4.02 FEET; THENCE NORTH 89°33'28" WEST 10.00 FEET; THENCE NORTH 00°26'32" EAST 177.84 FEET TO THE POINT OF BEGINNING.

CONTAINS: ±13,300.24 SF (±0.3053 ACRES)



[illegible]

**Exhibit I to Easement Agreement:
Form of Right of Entry Agreement**

**Right of Entry Agreement -- Limited Access License
City of Seattle Office of Housing**

Contractor Information

Name		
Street		
City, State, Zip		
Phone, Cell	Phone	Cell
Contact Person:		
Email		

Proposed Activity

Complete Description

Purpose of License	

Proposed Period

Start Date	
Finish Date	
Continuous Use?	Yes/ No
Intermittent Use?	Yes/ No

The contractor named above ("Contractor") has been authorized by _____ ("Grantee"), as holder of certain easement rights under the Easement Agreement dated _____ between The City of Seattle ("City") acting through its Office of Housing ("OH") and Grantee, recorded under King County Recording No. _____ ("Easement"), to conduct certain activities for the benefit of Grantee on the property owned by the City described on Exhibit A to this Agreement ("Property"), which is leased to SAND POINT COMMUNITY CONNECTIONS LLC, a Washington limited liability company ("SPCC") and subleased to SAND POINT PHASE 2 LP, a Washington limited partnership ("LP") (LP and SPCC are referred to collectively as "Tenant"). As a condition of the Easement, Contractor agrees to the terms and conditions, and makes the representations and warranties, set forth below, for the benefit of City and Tenant:

- 1) License Purposes:** The purpose of this License is limited to the purposes specifically identified above.
- 2) License Restrictions:** All work and activities performed by or for Contractor on City of Seattle property shall conform to all terms and conditions of the Easement. Contractor shall obtain all governmental permits and approvals required and provide OH with copies prior to beginning any work.
- 3) License Area:** The Contractor's activities shall be limited to the area legally described in the Easement for the purpose of this License. Any use of abutting right of way requires separate approval from Seattle Department of Transportation.

- 4) **License Period:** The term of this License shall end on the Termination Date stated above, unless extended in writing by OH, and in any event is limited to the term specified in the Easement for construction unless otherwise agreed in writing by OH. Contractor agrees that OH may terminate the license earlier by notice to Contractor if Contractor breaches any of the terms of this Agreement.
- 5) **Insurance:** Contractor shall maintain insurance as required by the Easement, including additional insured endorsements. Prior to the commencement of any activity on City Property, Contractor must provide OH with satisfactory evidence of required insurance coverage.
- 6) **Indemnification:** Contractor hereby agrees to indemnify, defend, and hold the City and its officials, employees, agents and volunteers, and the Tenant and subtenants of the Property, harmless from any and all losses, claims, actions, costs, damages and expenses (including reasonable attorney fees) arising out of or resulting from the Contractor's use of the City's Property, activities on or around the Property, or failure to comply with the terms of this License or the Easement, or from any such use, activities or breach by Contractor's agents or subcontractors or the employees of Contractor or any subcontractor or agent. If any suit based upon such losses, claims, actions, damages, or expenses is brought against the City, the Contractor, upon notice of the commencement thereof, shall defend the same with counsel acceptable to the City at Contractor's sole cost and expense; and, if final judgment be entered the Contractor shall promptly satisfy the same. If the City determines that one or more principles of governmental or public law are involved, the City retains the right to participate in such action at its sole election, however, this shall not relieve the Contractor of the obligation to defend. This obligation shall not include such claims, costs, damages or expense which may be caused by the sole negligence of the City, its authorized agents, contractors or employees.
- 7) **Notification / Emergency Contact:** Contractor agrees that any notice to Contractor may be made to the Contractor's address on p. 1 of this Agreement, or by email or telephone as indicated on page 1, and agrees to notify the City with changes in Contractor's address and other contact information. Notice to the City shall be made _____.
- 8) **Hazardous Substances:** The Contractor shall not use or allow the use, release or storage of hazardous substances (including but not limited to fuels, greases and spent battery cells) on City property. In the event Contractor brings or uses hazardous substances on City property, Contractor shall, at no cost to the City, remove or dispose of all hazardous substances brought onto or used on City property and remedy any contamination on City property, including abutting right of way, promptly at Contractor's sole expense. The Contractor shall be responsible for complying with all federal, state and local laws and regulations in regard to the handling and disposing of hazardous substances. In no instance shall the Contractor cause or allow the release or disposal of hazardous substances on City property.
- 9) **Occupants; Manner of Performance**
Contractor acknowledges that the Property is occupied as housing and will remain occupied during the term of the License. Contractor shall perform all of its activities on the Property in such manner as to minimize any inconvenience to the occupants of the Property or their visitors.
- 10) **Best Management Practices**
The Contractor accepts responsibility for assuring its employees, subcontractors, agents, and the employees, volunteers, invitees, and guests of any of them adhere to all best management and safety practices and take such action as is necessary to minimize erosion, water run-off and slide hazard within or adjacent to the License area.
- 11) **Protection of Property**
The Contractor accepts responsibility for assuring that its agents, employees, subcontractors, invitees, and guests protect City's and Tenant's property including but not limited to trees, plantings, hard surfaces, and

drainage facilities, from any damage due to activity by Contractor, any subcontractor, or their respective employees or agents. If the activities of the Contractor or its subcontractors or agents, or their respective employees, invitees or guests, result in damage to the City's or Tenant's property, the Contractor shall pay on demand the amount required to repair or replace such property at equal or better to its prior condition.

12) Public Safety

The Contractor shall be responsible for assuring that subcontractors, agents, employees, volunteers, invitees, and guests, provide such security measures as are appropriate to protect public safety and the safety of the occupants of the Property and their invitees and visitors, including, but not limited to, vehicle or pedestrian barricades, fencing, flaggers or other traffic controls, as necessary. Contractor assumes full responsibility of for the sufficiency of said measures.

13) Personal Safety; Release

The City is making the License area available in an as-is condition. Placement and or temporary storage of personal property, equipment, vehicles, or materials of any kind on City Property during the term of the Limited Access License is at the Contractor's sole risk. City shall not be liable to Contractor or its employees, subcontractors, agents or consultants for any loss, damage, death or injury to person or property incurred or sustained at or about the Property, including but not limited to that caused by accident or a defect in, upon or about the Property, or by the act or omission of any tenant or occupant of the Property. Contractor hereby releases City from any loss of or damage to property and from any bodily injury, including death, suffered by Contractor or any subcontractor, agent or employee occurring on the Property or arising in any way from the use of the Property by any of them.

14) Representations and Warranties of Contractor

Contractor represents and warrants:

Unless Contractor is signing as an individual, Contractor is duly organized and validly existing as an entity of the type stated below under the laws of the State indicated, is qualified to do business in the State of Washington, is duly licensed for the work to be performed and is in good standing as to all related requirements under State law, including without limitation bonding, insurance, and workers' compensation. Contractor has a contract in full force and effect with Grantee to perform the work that requires access to the Property, and Contractor acknowledges that Grantee is not acting as agent for the City or for its Tenant, and that the City shall have no obligation for any expense whatever in connection with Contractor's work, regardless of any benefit to the City or its Tenant. Contractor has reviewed the Easement and understands all of the terms, conditions and restrictions in the Easement. This Agreement has been authorized by all necessary corporate or other action and is the valid, binding, enforceable obligation of Contractor.

15) General

This Agreement shall be governed by the internal laws of the State of Washington. Contractor agrees that any action arising under this Agreement may be brought in Superior Court for King County, Washington, and Contractor waives any objection to venue in such Court, but City may, at its option, enforce this Agreement by an action in another court with jurisdiction over Contractor. This Agreement shall not be construed strictly for or against any party as the drafter. The obligations of Contractor under this Agreement shall survive termination of its License.

CONTRACTOR:

_____, a _____

By: _____

Name: _____

Title: _____