

AFTER RECORDING RETURN TO:

Washington State Housing Finance Commission
1000 Second Avenue, Suite 2700
Seattle, Washington 98104-1046

TRANSFER AGREEMENT

Purpose: This document is being recorded to maintain the terms of the **tax credit and bond regulatory agreements** between Transferor and the Washington State Housing Finance Commission.

Current Owner/Transferor: [_____], a [_____]

Proposed New Owner/Transferee: [_____], a [_____]

Legal Description:

[_____

_____]

Situate in [_____] County, State of Washington

Additional legal on page [____] of document

Assessor's Property Tax Parcel/Account Number(s): [_____]

Reference number(s) of documents being assigned or related documents: [_____]

TRANSFER AGREEMENT
[PROPERTY NAME] OAR #[_____]
Washington State Housing Finance Commission
Tax Credit and Bond Regulatory Agreements

THIS TRANSFER AGREEMENT ("Agreement") is entered into as of [DATE] by and among the **Washington State Housing Finance Commission** (the "Commission"), a public body corporate and politic; [CURRENT OWNER'S NAME], a [_____] ("Transferor"); and [PROPOSED NEW OWNER'S NAME], a [_____] ("Transferee").

WHEREAS, the Commission and Transferor entered into a Regulatory Agreement (Extended Use Agreement) (the "Tax Credit Regulatory Agreement") dated [_____] , and recorded [RECORDING DATE OF REGULATORY AGREEMENT], in the official public records of [_____] County, Washington, under Auditor's File No. [_____] affecting that certain property described on Exhibit A attached hereto (the "Property"), in which Transferor agreed to own and operate such Property and improvements as a "qualified low-income housing project" (the "Project") as that term is defined under Section 42 of the Internal Revenue Code of 1986 and comply with the terms, conditions and obligations of the Commission's low-income housing tax credit program (the "Program");

WHEREAS, the Commission and Transferor also entered into a Regulatory Agreement dated [_____] , and recorded [RECORDING DATE OF BOND REGULATORY AGREEMENT], in the official public records of [_____] County, Washington, under Auditor's File No. [_____] (the "Bond Regulatory Agreement") with respect to the Project and the Property in which Transferor agreed to own and operate the Project in compliance with the requirements of the Code and the Commission for the issuance of tax-exempt bonds to finance the Project;

WHEREAS, the Commission was designated by the Governor of the State of Washington as the sole housing credit agency authorized to allocate the federal low-income housing tax credit (the "Credit") for residential rental buildings located in the state of Washington, in accordance with Section 42 of the Internal Revenue Code of 1986, as amended. The Internal Revenue Code of 1986, as amended shall hereinafter be referred to as the "Code";

WHEREAS, Transferor intends to transfer all of its rights, title and interest in the Project including the Land and improvements thereon to the Transferee (the "Transaction").

NOW THEREFORE, the parties hereto agree as follows:

1. Transferor represents that it is not in default under the terms of the Tax Credit Regulatory Agreement or the Bond Regulatory Agreement.

2. Subject to the terms hereof, the Commission hereby consents to the Transaction. This consent is not a waiver of the Commission's right to require its consent with respect to all other or future sales or transfers of the Project.

3. Transferee hereby assumes and agrees to perform all of the obligations of Transferor under the Tax Credit Regulatory Agreement and the Bond Regulatory Agreement, and agrees to be bound by all of the covenants, terms and conditions thereof.

4. Transferor agrees that all of Transferor's rights under the Tax Credit Regulatory Agreement and Bond Regulatory Agreement are transferred to Transferee and that Transferor has no further right to the Credit under such Tax Credit Regulatory Agreement and Bond Regulatory Agreement with respect to the Project.

5. Transferee expressly assumes such obligations and duties of Transferor and shall perform such terms, conditions and obligations as required by the Tax Credit Regulatory Agreement and Bond Regulatory Agreement, any ancillary agreements entered into between the Commission and Transferor, the Program and the Code. Transferee hereby agrees to post a bond as described in Section 42(j)(6) of the Code within 60 days of the Transaction, if necessary to avoid recapture of the Credit.

6. Transferee understands and acknowledges that the Commission makes no representation or warranty as to the availability of Credit to the Project, the use of Credit by Transferee or any other party, or the compliance of the Project with the Code, the Commission's Program or the terms, conditions or obligations of the Tax Credit Regulatory Agreement and Bond Regulatory Agreement, and in no case shall the Commission's consent be construed as evidence of the Commission's determination that the Project is in such compliance.

7. Transferee hereby acknowledges and agrees that the Commission's consent is conditioned upon Transferee's compliance with the Tax Credit Regulatory Agreement and Bond Regulatory Agreement and any terms, conditions or obligations contained in any related documents or agreements.

8. Solely to meet the safe harbor requirements of IRS Revenue Procedure 2005-37 and as a clarification of requirements already contained in the Tax Credit Regulatory Agreement, the following language is hereby added to the Tax Credit Regulatory Agreement: During the Compliance Period and Extended Use Period, (i) no tenant of a Low-Income Housing Unit may be evicted, and (ii) the owner may not refuse to renew a rental agreement, other than for Good Cause and each rental agreement shall so provide. Further, in addition to any other rights and remedies provided hereunder, any individual who meets the income

limitation for a Low-Income Unit (whether a prospective, present or former occupant of the Building) shall have the right to enforce in any State court, the requirements of this Section. Good Cause is defined to mean (A) serious or repeated violation of the material term of the lease as that phrase is applied with respect to federal public housing at 24 C.F.R. Section 966.4(1)(2) or (B) failure or refusal to vacate the premises when there is a defective condition or damage that is so substantial that it is economically infeasible to remedy the defect with the tenant in possession.

9. Transferor and Transferee acknowledge that they have been advised to consult with their own legal counsel and tax advisors in connection with this Agreement, their participation in the Program, whether this Project qualifies for Credit, whether Credit may be utilized by Transferee or any investor, and with regard to the financial feasibility and viability of any building in the Project.

10. If any term or provisions of this Agreement or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected hereby. Each and every term of this Agreement shall be valid and enforceable to the fullest extent possible.

11. Transferee agrees to execute any and all documents and writings which may be necessary or expedient and to do other acts as will further the purposes hereof.

12. In the event any controversy or claim arises under this Agreement, the prevailing party shall be entitled to its reasonable costs, disbursements and attorney fees together with all expenses which it may reasonably incur, including but not limited to, costs incurred in searching records, expert witness and consultant fees, discovery depositions whether or not introduced into evidence in the trial, hearing or other proceeding and travel expenses in any arbitration, trial or other proceeding, including any proceeding brought to enforce an award or judgment, and any and all appeals taken therefrom.

13. This Agreement shall be governed by the laws of the State of Washington.

14. Transferor agrees to provide Transferee with the files, information, and data necessary to comply with the reporting requirements of the Tax Credit Regulatory Agreement and Bond Regulatory Agreement.

15. This Agreement may be executed in several counterparts, and as executed shall constitute one instrument, binding on all the parties hereto, notwithstanding that all parties are not signatory to the original or the same counterpart.

[Signatures on Following Page]

This Agreement shall be effective on the date of its execution by a duly authorized representative of the Commission.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their respective, duly authorized representatives.

TRANSFEROR:

[CURRENT OWNER]

By: _____

Name: _____

Its: _____

TRANSFeree:

[PROPOSED NEW OWNER]

By: _____

Name: _____

Its: _____

**WASHINGTON STATE HOUSING
FINANCE COMMISSION**

By: _____

Name: _____

Its: _____

STATE OF _____)
) ss.
COUNTY OF _____)

On this ____ day of _____, 20__, before me, the undersigned, a Notary Public in and for the State of _____, duly commissioned and sworn, personally appeared _____, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged to me that he/she signed the said instrument as his/her free and voluntary act and deed for the uses and purposes therein mentioned.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

Print Name: _____
NOTARY PUBLIC in and for the State of _____
residing at _____
My commission expires _____

STATE OF _____)
) ss.
COUNTY OF _____)

On this ____ day of _____, 20__, before me, the undersigned, a Notary Public in and for the State of _____ duly commissioned and sworn, personally appeared _____, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged to me that he/she signed the said instrument as his/her free and voluntary act and deed for the uses and purposes therein mentioned.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

Print Name: _____
NOTARY PUBLIC in and for the State of _____
residing at _____
My commission expires _____

Exhibit A

Legal Description

SAMPLE