

WHEN RECORDED, MAIL TO:

City of Bellevue  
11511 Main Street  
Bellevue, WA 98009  
ATTN: City Clerk/DCD, Housing Planner

**LAKEMONT RIDGE, A CONDOMINIUM  
COVENANT RESTRICTING RESALE  
AND  
OPTION TO PURCHASE**

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**LAKEMONT RIDGE, A CONDOMINIUM  
COVENANT RESTRICTING RESALE  
AND  
OPTION TO PURCHASE**

This COVENANT RESTRICTING RESALE AND OPTION TO PURCHASE (the "Covenant") is entered into and made effective as of this \_\_\_\_ day of \_\_\_\_\_, 199\_\_, by Tom S. Lin ("Owners") and their successors and assigns in interest for the purpose of implementing the City's goal of creating, preserving, maintaining and protecting housing in the City of Bellevue ("City") for households of low and moderate incomes.

The cooperation of the City and Lakemont Ridge Limited Partnership ("Developer") allows the Property to be sold at less than full market price to households who would not otherwise be able to afford the Property. The City wishes to establish resale controls to provide for the continued availability of the Property to low and moderate income households.

In consideration of the benefits received by the Owner, this Covenant shall govern and affect the Owners' right to sell, convey, encumber, transfer or dispose of in any way the Owners' interest in the real property described in Exhibit A attached hereto and incorporated herein by this reference ("Property").

Owner expressly acknowledges that this Covenant addresses a number of issues related to the purchase and resale of the Property, including without limitation that: (a) the Property must be occupied as the Buyer's principal residence [§1.1]; (b) at the time of purchase, the combined maximum income for all household members cannot exceed 90% of the King County median income (adjusted for household size), unless modified by the City [§1.3]; and (c) the resale price of the Property will be based on the initial price, plus an appreciation factor, plus the value of certain improvements, less deferred maintenance, if any [§§4.2.1, .2&.3].

**SECTION 1. ELIGIBILITY REQUIREMENTS.**

An Owner must meet the following requirements and by acceptance of a deed or otherwise acquiring an interest in the Property hereby warrants as follows:

1.1 **Principal Residence.** Owner will occupy the Property as his or her principal residence for the term of this Covenant.

1.2 **Leasing.** During the term of this Covenant, the Owner shall not lease the Property; provided, that the Owner may lease the Property for a period of up to twelve (12) months in order to avoid hardships resulting from the Owner's employment transfer, reduction, termination or similar reasons, or resulting from separation, dissolution or similar domestic occurrences, or from the illness or disability of the Owner or Owner's dependents, or from similar reasons beyond the reasonable control of Owner; provided further, that a copy of any lease or rental agreement shall be provided to the City; and provided further, the City in the exercise of its reasonable discretion may extend said 12-month period. It is understood that the City's primary purpose is to provide the opportunity to acquire a personal residence and not rental investment property; any lease in violation of this Covenant is void ab initio.

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1.3 **Income Limitation.** At the time of purchase, the combined maximum income for all household members of the Owner shall not exceed ninety percent (90%) of the median yearly income adjusted for family size for a family in the Seattle Metropolitan Statistical Area (MSA) as published by HUD from time to time, or such higher income limit as the City may determine or pursuant to Section 3.2. In the event such income determination is no longer published, or has not been updated for a period of at least eighteen (18) months, the City may use or develop such other reasonable method as it may choose in order to determine the income for families in King County at the median yearly income for King county adjusted for family size.

1.4 **Household Size.** The Owner's household at the time of purchase contains a minimum number of one member for a studio, 1-bedroom, or 2-bedroom unit; and a minimum number of two members for a 3-bedroom unit.

## SECTION 2. RIGHT OF FIRST REFUSAL.

2.1 **City's Right.** Owners hereby grant and give to the City a right of first refusal to purchase the Property and any improvements located thereon under conditions as hereinafter set forth. The City may designate a governmental or non-profit organization to exercise its right of first refusal, and the City or its designee may assign this right to an individual private buyer who meets the City's eligibility qualifications. After the exercise of said right by the City, its designee or assignee, in the manner as hereinafter prescribed, the City, its designee or assignee, may assign said right of first refusal to purchase to any substitute, individual or private buyer who meets the eligibility requirements and is approved by the City; provided, however, that such subsequent assignment shall not extend any time limits contained herein. Any transfer of title to the Property of any interest therein by the Owners, or any attempt thereof, in violation of these covenants shall be void ab initio.

2.2 **Exception of FHA Loans.** Notwithstanding any provision in this Covenant to the contrary, the option granted by Section 2.1 shall not be exercised by the City when a deed of trust insured by the Federal Housing Administration, a division of HUD ("HUD/FHA"), is secured by the subject property, and

2.2.1 The Owners are undergoing consideration by HUD/FHA for assignment forbearance relief; or

2.2.2 Owners are undergoing consideration for relief under HUD's Temporary Mortgage Assistance Payment (TMAP) program.

## SECTION 3. PROCEDURE FOR PURCHASE/RESALE.

### 3.1 Notice.

3.1.1 Whenever the Owners no longer desire to own the Property, the Owners shall notify the City in writing to that effect. Such notice (the "Notice of Intent to Sell") shall be personally delivered or deposited in the United States Mail, postage prepaid, or by certified mail and addressed to the City, its designee or assignee.

3.1.2 The City, its designee or assignee, shall then have the right to exercise its first right to purchase said Property by delivery of written notice, by personal delivery or certified mail to the Owners at any time within sixty (60) days from the receipt by the City of such written notice from the Owners of their intent to sell or dispose of the Property.

### 3.2 City Not Elect to Purchase.

If the City, its designee or assignee, does not exercise its right to purchase said Property, then the Owners may proceed to sell the Property without regard to the provisions of Section 1.3, Section 1.4 and Section 3.3, but otherwise in compliance with the remaining provisions of the Covenant.

3.2.1 **Assumption Agreement.** Prior to the close of escrow an assumption agreement (substantially in the form attached hereto as Exhibit C) shall be executed in a form acceptable to the City from the proposed purchaser under which the proposed purchaser shall assume the obligations and duties and agree to be bound by the provisions set forth in this Covenant. Notwithstanding the foregoing, even if said assumption agreement is not so executed and recorded, any person acquiring an interest in the Property from or through the Owners shall acquire such interest subject to and be bound by the provisions of the Covenant.

3.2.2 **Establishing the Purchase Price.** The purchase price shall be paid in cash at the close of escrow or as may be otherwise provided by mutual agreement to the Buyer and the Owners. The purchase price of the Property shall be fixed at the lower of the amounts as established by the following methods:

a. **Formula Value.** The Formula derived from Sections 4.2.1, 4.2.2 and 4.2.3;  
or

b. **Current Market Value.** The City, its designee or assignee, may have an appraisal of the Property prepared at its own expense by an MAI appraiser. The Owners may also have an appraisal prepared at their own expense by a different MAI appraiser for the same purpose. If the two appraisals show different value, the average of the two values shall be deemed and established as the value.

### 3.3 City Elects to Purchase.

If the City, its designee or assignee, exercises its right to purchase said Property, then the following provisions of Section 3.3 shall apply:

3.3.1 **Close of Escrow.** Close of escrow for said purchase shall be within one hundred twenty (120) days of the City's receipt of Owner's Notice of Intent to Sell, unless such period is extended by the mutual agreement of the Owners and the City, its designee or assignee.

3.3.2 **Closing Costs.** Closing costs and title insurance shall be paid pursuant to the custom and practice in King County at the time of the opening of such escrow. The Owners shall bear the expense of providing a current written report of an inspector who is licensed as a Structural Pest Control Operator. All work recommended in said report to repair damage

caused by infestation or infection of wood-destroying pests or organisms found and all work to correct conditions that caused such infestation or infection shall be done at the expense of the Owners. Any work to correct conditions usually deemed likely to lead to infestation or infection of wood-destroying pests or organisms, but where no evidence of infestation or infection is found with respect to such conditions, is not the responsibility of the Owners, and such work shall be done only if requested by the purchaser (the "Buyer") and then at the expense of the Buyer. The Buyer shall be responsible for payment of any assumption or pre-payment fees imposed by any lender by reason of the sale of Property.

**3.3.3 Assumption Agreement.** Prior to the close of escrow an assumption agreement (substantially in the form attached hereto as Exhibit C) shall be executed in a form acceptable to the City from the proposed purchaser under which the proposed purchaser shall assume the obligations and duties and agree to be bound by the provisions set forth in this Covenant. The recordation of the assumption agreement shall be a condition of the City's approval of the proposed Transfer. The Owner shall pay a reasonable assumption fee to the City and reimburse it for out of pocket costs to cover the costs of administering its rights and obligations under this Covenant. Notwithstanding the foregoing, even if said assumption agreement is not so executed and recorded, any person acquiring an interest in the Property from or through the Owners shall acquire such interest subject to and be bound by the provisions of the Covenant.

**3.3.4 Establishing the Purchase Price.** The purchase price shall be paid in cash at the close of escrow or as may be otherwise provided by mutual agreement to the Buyer and the Owners. The purchase price of the Property shall be fixed at the lower of the amounts as established by the following methods:

a. **Formula Value.** The Formula derived from Sections 4.2.1, 4.2.2 and 4.2.3;  
or

b. **Current Market Value.** The City, its designee or assignee, may have an appraisal of the Property prepared at its own expense by an MAI appraiser. The Owners may also have an appraisal prepared at their own expense by a different MAI appraiser for the same purpose. If the two appraisals show different value, the average of the two values shall be deemed and established as the value.

#### **SECTION 4. LIMITATION ON PURCHASE PRICE.**

**4.1 Initial Sale.** The initial sale price of the Property will be One Hundred Thirteen Thousand Two Hundred Seventeen dollars (\$113,217).

**4.2 Resales.** After the initial sale, the resale purchase price of the Property shall be paid in cash at the close of escrow or as may be otherwise provided by mutual agreement of the Buyer and the Owner. Pursuant to Sections 3.2.2 (a) and 3.3.4 (a), the Formula Value shall be established as follows:

**4.2.1 Formula Value.** The "Formula Value" shall be derived from the Base Price of the Property. The "Base Price" is the original price paid by the Owners intending to sell the Property. The Formula Value shall be equal to the Base Price plus an "Appreciation Factor".

The Appreciation Factor shall be based on the increase in median income of the Seattle MSA as published by the United States Department of Housing and Urban Development (HUD). For this purpose, the median income prevailing on the date a recorded interest in the Property was first acquired by the Owners shall be compared with the latest median income available on the date of receipt by the City of the Notice of Intent to Sell provided for under Section 3.1.1. The percentage increase in the median income, if any, shall be computed and the Base Price shall be increased by that percentage.

#### 4.2.2 Adjustments for Approved Improvement.

In the event the Owner makes significant improvements to the Property, including replacing appliances and fixtures, the Formula Value can be adjusted to cover all or a portion of the incurred expenses if the conditions of this Section are met. This Section is not intended to restrict the Owner's rights to make improvements to the Property, nor does it waive the Owner of meeting any Homeowner's Association requirements. It is for the purposes of calculating adjustments to the Formula Value in the event of improvements.

a. The purchase price, as calculated in Section 4.2.1 Formula Value, shall be increased by the value of any substantial structural or permanent, fixed improvements which cannot be removed without significant damage to the Property or significant or total loss of value of said improvement, and by the value of appliances, fixtures, or equipment purchased to replace appliances, fixtures, or equipment which were originally acquired as part of the Property by the Owners; provided however, that such price adjustment for replacement appliances, fixtures, or equipment shall be allowed only when the expenditure was necessitated by the non-operative or deteriorated condition of the original appliances, fixtures, or equipment. If at the time of replacement, the original appliances, fixtures, or equipment had in excess of twenty percent (20%) of its original estimated useful life remaining, the Owners shall show evidence, to the City's satisfaction that the actual condition of the appliances, fixtures, or equipment necessitated and warranted its replacement. No such price adjustment shall be made significantly in excess of the reasonable cost to replace the original appliances, fixtures, or equipment with new appliances, fixtures, or equipment of comparable quality as hereinafter provided. No such adjustment shall be made except for improvements, appliances, fixtures, or equipment made or installed by the Owners.

b. No appliances, fixtures, improvement or equipment shall be deemed substantial unless the actual initial cost thereof the Owners exceeds one percent (1.0%) of the purchase price paid by the Owners for the Property provided that this minimum limitation shall not apply in either of the following situations:

i. Where the expenditure was made for the replacement of the appliances, fixtures, or equipment which were originally acquired as part of the Property by the Owners; or,

ii. Where the expenditure was made pursuant to a mandatory assessment levied by the homeowners' association for the development in which the Property is located, whether levied for improvements or maintenance to the Property, the common area, or related purposes.

c. No adjustment shall be made for the cost of any appliances, fixtures, or equipment unless the Owners shall present to the City valid written documentation of the cost of said item. The value of such item by which the purchase price shall be adjusted shall be determined as follows:

i. The value of any improvement, appliances, fixtures, or equipment, the original cost of which was less than Five Thousand Dollars (\$5,000), shall be the depreciated value of the improvement appliances, fixtures, or equipment calculated in accordance with principles of straight-line depreciation applied to the original cost of the improvement, appliance, fixture, or equipment; and

ii. The value of any improvement, appliance, fixture, or equipment, the original cost of which was Five Thousand Dollars (\$5,000) or more shall be the appraised market value of the improvement, appliance, fixture, or equipment when considered as an addition or fixture the Property (i.e., the amount by which said improvement, appliance, fixture, or equipment enhances the market value of the Property at the time of sale. Said value shall be determined in the same manner as the market value of the Property in Section 3.3.4b above.

iii. On January 1, 1995, and every two years thereafter, regardless of the date of execution or recordation of this covenant, the amount of Five Thousand Dollars (\$5,000) referred to in paragraphs (i) and (ii) immediately above shall be automatically adjusted for the purpose of those paragraphs in the following manner: On each adjustment date, the Consumer Price Index for the Seattle area published by the U.S. Department of Labor, Bureau of Labor Statistics, shall be compared with the Index prevailing on the January 1, 1993. The percentage increase in the Index, if any, shall be computed and the sum of Five Thousand Dollars (\$5,000) shall be increased in the same percentage. In no event shall the sum be reduced below Five Thousand Dollars (\$5,000).

iv. No price adjustment will be made except upon presentation to the City of written documentation of all expenditures made by the Owners for which an adjustment is requested.

d. The Purchase Price Determination Worksheet, provided as Exhibit B, shall be used to calculate the adjusted purchase price of the Property under Section 4.2.2 above.

**4.2.3 Escrow for Deferred Maintenance.** Once determined under Sections 4.2.1 and 4.2.2 above, the purchase price shall be adjusted by decreasing said price by an amount to compensate for deferred maintenance cost, if any, which amount shall be determined as follows:

a. Upon receipt of the Notice of Intent to Sell, the City or its designee shall be entitled to inspect the Property. The City or its designee shall have an opportunity to determine: whether all plumbing, electrical, and heating systems are in working order; whether any violations of applicable building, plumbing, electric, fire, or housing codes exists; whether all appliances which were originally furnished to the Owner as part of the Property, or any replacement thereof, are in working order; whether walls, ceilings and floors are clear and free of holes or other defects (except for holes typical for picture hangers); whether doors, windows, screens and similar appurtenances are cracked, broken or torn; and whether carpets, drapes and

similar features which were originally furnished to the Owner as part of the Property, or any replacement thereof are clean and free of holes; tears or defects; and when not maintained by the homeowners' association, whether the landscaping has been generally maintained.

b. In the event deficiencies are noted, the Owner shall cure the deficiencies in a reasonable manner acceptable to the City or its designee within sixty (60) days of being notified of the results of the inspection, but in no event later than the close of escrow. At the option of the City or its designee escrow may be closed, title passed and monies paid to the Owner subject to the condition that such funds as are necessary to pay for curing such deficiencies (based upon written estimates obtained by the City or its designee) shall be separated from the monies due to the Owner and held by an escrow holder acceptable to the City or its designee of the purpose of curing such deficiencies.

c. The City or its designee shall cause such deficiencies to be cured. Upon certification of completion of work by the City or its designee, escrow holder shall utilize such funds to pay for said work. Any remaining funds shall be paid to the Owners and thereupon, no other payment shall be due to the Owners.

## **SECTION 5. LIABILITIES**

In no event shall the City become liable to the Owners, or become obligated in any manner, by reason of the assignment of its first right of refusal to purchase, or after such an assignment become in any way obligated or liable to the Owners for any failure of the City's designee or assignee to consummate a purchase of the Property or to comply with the terms of any purchase and sale agreement.

## **SECTION 6. RESTRICTION ON DISPOSITION OF PROPERTY**

### **6.1 City's Consent to Transfer.**

Until such time as the City's right to purchase is exercised, waived, or expired, the Property and any interest in title thereto shall not be sold, leased, rented, assigned, or otherwise transferred to any person or entity without express written consent of the City, or its designee or assignee, as applicable, which consent shall be consistent with the City's goal of creating, preserving, maintaining, and protecting housing for low and moderate income households, and which consent shall not be unreasonably withheld or denied so long as the proposed transfer of an interest in the Property otherwise complies with this Covenant. This provision shall not prohibit the Owners' right to encumber their title to the Property for the sole purpose of securing financing; however, in the event of foreclosure or transfer by deed in lieu for foreclosure, the provisions of Section 2, Right of First Refusal, and Section 3.3, Procedure for Purchase, of this Covenant shall govern subject to the provisions of Section 11.

### **6.2 Dispositions Not Restricted.**

The following transfers of title or any interest therein are not subject to the right of first refusal provisions of this Covenant: transfer by gift, devise, or inheritance to grantee's spouse or issue; taking of title by surviving joint tenant; transfer of title to a spouse as part of a divorce or



dissolution proceedings; and acquisition of title or interest therein in conjunction with marriage; provided, however, that the covenants and restrictions created herein shall continue to run with the title to said Property following any of said transfers.

## **SECTION 7. TERMINATION OF RIGHT OF FIRST REFUSAL/COVENANT.**

### **7.1 Duration of City's Purchase Rights.**

The provisions set forth in this Covenant shall be in effect for fifty (50) years from the date this Covenant was originally signed subject to the following: Upon the first sale to occur after fifty (50) years from the date of this agreement, any surplus of proceeds so distributed remaining after payment of encumbrances of said Property shall be distributed as follows: that portion of the surplus up to but not to exceed the net amount that the Owners would have received under the formula to purchase the Property on the date of sale pursuant to Section 3, shall be distributed to the Owners, and the balance of such surplus, if any, shall be distributed to the City or its successor or assignee in interest.

### **7.2 Termination of Covenant.**

Notwithstanding any provision in this Covenant to the contrary, all of the provisions of this Covenant shall terminate and have no further force and effect upon the occurrence of one of the following events:

7.2.1 Title to subject property is acquired by HUD/FHA, Veterans Administration ("VA"), Federal National Mortgage Association ("FNMA"), Federal Home Loan Mortgage Corporation ("FHLMC") or another party upon foreclosure of a deed of trust or mortgage insured, made or held by HUD/FHA, VA, FNMA, FHLMC or an institutional lender or an institutional investor which is neither a natural person nor directly or indirectly related to or affiliated with Owner or Owner's successors in interest.

7.2.2 Title to the subject property is acquired by HUD/FHA, VA, FNMA, FHLMC or another party by deed in lieu of foreclosure of a deed or trust or mortgage insured, made or held by HUD/FHA, VA, FNMA, FHLMC or an institutional lender or an institutional investor which is neither a natural person nor directly or indirectly related to or affiliated with Owner or Owner's successors in interest.

7.2.3 A deed of trust insured by HUD/FHA on the subject property is assigned to HUD/FHA.

Upon termination of the Covenant, on request of the then record owner of the fee title to the Property, the City shall execute, acknowledge and record a termination of the Covenant.

## **SECTION 8. DEFAULTS, REMEDIES, RESALE RESTRICTIONS.**

### **8.1 Default and Remedies.**

Upon violation of any of the provisions of this Covenant by Owner or Owner's proposed

purchaser, the City may give written notice to Owner specifying the nature of the violation. If the violation is not corrected to the satisfaction of the City within a reasonable period of time, not longer than (30) days after the date the notice is mailed, or within such further time as the City determines is necessary to correct the violation, the City may declare a default under this Covenant. Upon the declaration of a default or if the Owner or Owner's proposed purchaser makes any misrepresentation in connection with receiving any benefits under this Covenant, the City may apply to a court of competent jurisdiction for specific performance of this Covenant, for an injunction prohibiting a proposed sale or transfer in violation of this Covenant, for a declaration that a transfer in violation of this Covenant is void, or for any such other relief at law or in equity as may be appropriate.

## **8.2 City's Option to Purchase.**

Notwithstanding, and in addition to, the remedies provided in Section 8.1, Owner hereby grants to the City, the option to purchase the Property effective upon the declaration of a default. Said option to purchase is given in consideration of the economic benefits received by Owner resulting from ownership of the Property made possible by the assistance of the City in developing the Property.

## **SECTION 9. DEFAULT MORTGAGES**

### **9.1 Notice of Default.**

The Owners covenant to cause to be filed for record in the Office of the Recorder of the King County a request for a copy of any notice of default and of any notice of sale under any deed of trust or mortgage with power of sale encumbering said Property pursuant to RCW 61.24.045. Such request shall specify that any such notice shall be mailed to the City.

### **9.2 City's Right to Purchase.**

Any notice of default and sale given to and received by the City shall constitute a Notice of Intent to Sell hereunder and the City, its designee or assignee, may exercise its right for first refusal prior to any trustee's sale, judicial foreclosure sale, or transfer by deed in lieu of foreclosure; provided, however, that time by which the City, its designee or assignee, may complete the purchase of the Property, shall be limited by the period of foreclosure prescribed in the RCW 61.12 or 61.24 and not the period allowed under Section 3 of this Covenant. In the event the Owners fail to file such request for notice, the City's right to purchase shall run from the date the City has actual knowledge of a sale or proposed sale, but the City's right to purchase shall not extend beyond the period of foreclosure prescribed in RCW 61.12 or 61.24 and a mortgagee's or trust deed beneficiary's rights of foreclosure shall not be affected.

### **9.3 Surplus if City not Purchase.**

In the event the City elects not to exercise its right to purchase upon notice of default or sale, any surplus to which the Owners may be entitled shall be paid as follows: that portion of surplus (after payment of encumbrances), if any, up to but not exceeding the net amount that the Owners would have received after payment of encumbrances under the formula set forth above had the

City exercised its right to purchase the Property on the date of the foreclosure sale, shall be paid to the Owners on the date of the foreclosure sale, and the balance of surplus, if any, shall be paid to the City or its successor assignee in interest.

## **SECTION 10. INSURANCE/CONDEMNATION PROCEEDS.**

In the event that the Property is destroyed and insurance proceeds are distributed to the Owners instead of being used to rebuild, or if in the event of condemnation, or a dissolution of the homeowners' association and a liquidation and distribution of the associations' assets, any surplus of proceeds so distributed remaining after payment of encumbrances of said Property shall be distributed as follows: that portion of the surplus up to but not to exceed the net amount that the Owners would have received under the formula to purchase the property on the date of liquidation, shall be distributed to the Owners, and the balance of such surplus, if any, shall be distributed to the City or its successor or assignee in interest.

## **SECTION 11. PRIORITY OF MORTGAGE.**

### **11.1 Lender's Rights Not Impaired.**

Notwithstanding any provisions herein, this Covenant shall not diminish or affect the rights (including the legal rights to take action following a default under an obligation secured by the Property) of HUD/FHA, FNMA, FHLMC, VA or the holder of any other deed of trust or mortgage on Property made, held or insured by an institutional lender or an institutional investor which is neither a natural person nor directly or indirectly related to or affiliated with Owner or Owner's successors in interest.

### **11.2 Subordination.**

This Covenant shall be subordinate to any deed of trust or mortgage on the Property made, held or insured by HUD/FHA, VA, FNMA, FHLMC or other institutional lender or an institutional investor which is neither a natural person nor directly or indirectly related to or affiliated with Owner or Owner's successors in interest. Any party, and its successors and assigns, receiving title to the Property through a trustee's sale, judicial foreclosure sale or deed in lieu of foreclosure, of such deed of trust or mortgage, and any conveyance or transfer thereafter, shall receive title free and clear of the provisions of the Covenant.

### **11.3 Only Agreement.**

This Section 11 shall be the whole and only agreement necessary with regard to the subjection and subordination of the provisions of the Covenant to a mortgage or deed of trust referred to in Section 11.2 above. In furtherance of the foregoing, the provisions of Section 11 shall fully apply with respect to, (and for the benefit of the anyone holding, making, insuring or title insuring) mortgages and deeds of trust recorded subsequent to the recording of the Covenant without necessity of any other or further agreement of subordination being required. Notwithstanding the foregoing, the City and Owner shall execute and record such additional agreement as may reasonably be necessary to cause any Mortgagees ALTA Title Insurance Policy to insure that the Covenant is subordinate to any mortgage or deed of trust referred to in Section

11.2.

**11.4 Intent of City and Owner.**

In accordance with the conditions hereof, the City and the Owner intentionally waive, relinquish, subject and subordinate the provisions of the Covenant together with all rights and privileges of the City thereunder in favor of the lien or charge of any mortgage or deed of trust referred to in Section 11.2 upon said Property and understand that in reliance upon, and in consideration of, this waiver, relinquishment, subjection and subordination, specific loans and advances will be or have been made and title insurance will be or has been issued and, as part and parcel thereof, specific monetary and other obligations have been entered into which would not have been made or entered into but for said reliance upon this waiver, relinquishment, subjection and subordination.

**SECTION 12. SUPERIORITY OF AGREEMENT.**

The Owner covenants that he or she has not, and will not, execute any other agreement with provisions contradictory to or in opposition to the provisions hereof except for documents executed pursuant to the requirements of the lenders with a security of interest in the Property superior to the position of the City and that, with the exception of the aforementioned lender documents, this Covenant is controlling as to the rights and obligations between and among Owner, the City and their respective successors.

**SECTION 13. MISCELLANEOUS.**

**13.1 Notice.**

All notices required herein shall be sent to the following addresses:

**CITY:** City of Bellevue  
11511 Main Street  
Bellevue, WA 98009  
Attn: City Clerk/Department of Community Development

**ARCH**  
16225 NE 87th St, Suite A-3  
Redmond, WA 98052

**DEVELOPER:** Lakemont Ridge Limited Partnership  
4030 Lake Washington Blvd NE, Suite 201  
Kirkland, WA 98033

**OWNERS:** 6725 SE Cougar Mountain Way  
Bellevue, WA 98006

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**13.2 Number/Gender.**

The use of the singular or plural and the masculine and feminine or neuter pronouns shall be construed as interchangeable and such correct pronouns when referring to a particular person, person, entity or entities shall be construed to have been used herein appropriately and correctly.

**13.3 Applicable Law.**

This Covenant and the covenants, conditions and restrictions contained herein shall be construed under the laws of the State of Washington. References to statutes are construed to apply to later enactments on the same subject.

**13.4 Owner's Acceptance.**

By execution of the this Covenant and the acceptance of any interest in the Property, the Owner accepts and agrees to be bound by the covenants contained herein.

**13.5 Invalid Provision.**

If any more of the provisions contained in this Covenant shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Covenant, and this Covenant shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

**13.6 Successors and Assigns.**

Unless otherwise limited and/or indicated herein, this Covenant shall constitute covenants that run with the land, as provided by law, and shall be binding upon and inure to the benefit of all parties and all persons who shall be or shall become the owner of, or otherwise have an interest in, the Property.

Dated as of the date first above written.

OWNERS:



Tom S. Lin

9605030984

STATE OF WASHINGTON }  
                                  } ss.  
COUNTY OF KING }

On this day appeared before me Tom S. Lin, known to me to be the individual described in and who executed the attached instrument, and acknowledged to me that they signed the same as the free and voluntary act and deed, for the uses and purposes herein mentioned

Given under my hand and official seal this first day of May of 1996.



James Baird  
Notary Public in and for the State of Washington.  
My commission expires 9-21-97.

9605030984

Unofficial Copy

**EXHIBIT A  
TO  
COVENANT RESTRICTING RESALE AND OPTION TO PURCHASE**

Description of Property

UNIT 3, BUILDING 3-2, LAKEMONT RIDGE, A CONDOMINIUM, SURVEY MAP AND PLANS RECORDED IN VOLUME 125 OF CONDOMINIUMS, PAGES 6 THROUGH 14, INCLUSIVE; AMENDED IN VOLUME 128, PAGES 47 THROUGH 55, INCLUSIVE; AMENDED IN VOLUME 131, PAGES 9 THROUGH 18, INCLUSIVE; CONDOMINIUM DECLARATION RECORDED UNDER RECORDING NUMBER(S) 9506140732, IN KING COUNTY, WASHINGTON; TOGETHER WITH PARKING SPACE 19 (LIMITED COMMON ELEMENT).

9605030984

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