

**Loan Agreement by and between
KeyBank National Association,
Kitsap County
&
Kitsap County Consolidated Housing Authority:
Summary of Terms**

1. New KeyBank Loan to Kitsap County:

- **Amount: \$3,622,975.24**
- **Limited Tax General Obligation Bond Anticipation Note Non-
Revolving Credit Facility**

Use of Loan Proceeds:

Payoff (at closing of the New KeyBank Loan):

- Line of Credit \$3,000,000
- Office Building Note \$622,975.24

Interest Rates:

- Loan interest rates are calculated from “LIBOR” – the “London Interbank Offered Rate” – which is commonly used as an index for interest rates on this type of loan. For the new loan, LIBOR is assumed to be no lower than 1.00%.
- Initial rate:
 - 3 month LIBOR index rate + 2.00%
 - September 14, 2009 rate for 3 month period: 3.00%
- First Contingent Adjustment at 12 months following closing
 - Interest rate to be reduced by 0.25% if timely interest payments have been made.
- Second Contingent Adjustment at 24 months following closing
 - Interest rate to be reduced by an additional 0.15% if timely interest payments continue to be made.

Loan Fee to Bank:

- \$31,250 payable in 4 equal installments due September 1, October 1, November 1, and December 1, 2009.

Payments:

- Interest only payable on the first day of each month until Maturity.
- No prepayment penalty

Term:

- 4 years from closing

Bank Security/collateral:

- County Full Faith & Credit

**Loan Agreement by and between
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Summary of Terms**

- Covenant to issue limited tax general obligation bonds or refunding bond anticipation notes
- 1st lien Deed of Trust – Office Building, Bayshore Drive, Silverdale
- 1st lien Deed of Trust – unimproved Lot located on Karkainen Rd, Poulsbo
- 2nd lien Deed of Trust – two 4-plexes located at 131 and 135 Lippert Ave., Port Orchard
- 1st lien Deed of Trust – unimproved land known as Vikings Crest
- 2nd Lien Deed of Trust on Land and Building known as the former Water District Office & referred to as the “Maintenance Building” in Silverdale

County Security/collateral (from KCCHA):

- 2nd lien Deed of Trust – Office Building, Bayshore Drive, Silverdale
- 2nd lien Deed of Trust – unimproved Lot located on Karkainen Rd, Poulsbo
- 3rd lien Deed of Trust – two 4-plexes located at 131 and 135 Lippert Ave., Port Orchard
- 2nd lien Deed of Trust – unimproved land known as Vikings Crest
- 3rd Lien Deed of Trust on Land and Building known as the former Water District Office & referred to as the “Maintenance Building” in Silverdale

2. New KeyBank Loan to KCCHA to satisfy remaining balance of 2002 Notes:

- **Amount: Approx. \$2,244,000**

Use of Loan Proceeds:

Payoff (at closing of the New KeyBank Loan):

- Balance of 2002 notes (approx. \$2,244,000)

Interest Rates:

- Loan interest rates are calculated from “LIBOR” – the “London Interbank Offered Rate” – which is commonly used as an index for interest rates on this type of loan. For the new loan, LIBOR is assumed to be no lower than 1.00%.
- Interest rate:
 - 3 month LIBOR index rate + 5.75%, with a floor of 1.00% and cap of 8.00%.
 - September 14, 2009 rate for 3 month period: 6.75%

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Payments:

- Payments from surplus proceeds available from collateral on County loan, no payments required until maturity.
- No prepayment penalty

Term:

- 2 years from closing

Bank Security/collateral:

- All collateral pledged to New Loan for County is also pledged to this loan.