

WHEN RECORDED MAIL TO:

Citibank, N.A.
Transaction Management Group/Post Closing
390 Greenwich Street, 2nd Floor
New York, New York 10013
Attention: Tanya Jimenez
Re: Deal ID# 23171



201510080103

Skagit County Auditor

\$102.00

10/8/2015 Page

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31 3:40PM

SUBORDINATION AND INTERCREDITOR AGREEMENT

Document Title(s) (or transactions contained therein): 1. Subordination and Intercreditor Agreement	CHICAGO TITLE 620019854
Reference Number(s) of Documents affected documents: (on page ___ of documents(s)) 201510080101 , 201510080102	620019855
Senior Lender (Last name first, then first name and initials): 1. Citibank, N.A. 2. <input type="checkbox"/> Additional names on page ___ of document.	
Junior Lender (Last name first, then first name and initials): 1. Washington State Housing Finance Commission 2. <input type="checkbox"/> Additional names on page ___ of document.	
Borrower (Last name first, then first name and initials): 1. BOH Portfolio Preservation Associates, LLLP 2. <input type="checkbox"/> Additional names on page ___ of document.	
Legal description (abbreviated: i.e. lot, block, plat or section, township, range) Fairhaven Manor: Lot(s): PTN TRACT 43 BURLINGTON ACREAGE, Skagit County Norris Place Apartments: Lot(s): LOT 2 BURLINGTON SHORT PLAT NO. BURL-1-95, Skagit County Madrona Manor: Lot 1, SP Vol. 3, Pg. 27, 03-32-1E, Island County Lexy Manor: Lot 2 OHSP No. 97-1, Col. 3, Pg. 177, 35-33-1E, Island County <input checked="" type="checkbox"/> Full legal description is on Exhibit A of document.	
Assessor's Property Tax Parcel/Account Numbers: Fairhaven: P62559/3867-000-043-0708 and P95540/3867-000-043-2308 Norris: P62646/3867-000-050-2400 Madrona: R13203-099-2780 Lexy: R13335-279-1310	

SUBORDINATION AND INTERCREDITOR AGREEMENT

THIS SUBORDINATION AND INTERCREDITOR AGREEMENT (this "Agreement") dated as of October 1, 2015, is made by and between the **WASHINGTON STATE HOUSING FINANCE COMMISSION**, a public body corporate and politic and an instrumentality of the State of Washington (in its capacity as maker of the Junior Loan, hereinafter defined, the "**Junior Lender**") and **CITIBANK, N.A.**, a national banking association ("**Senior Lender**"). The date of this Agreement as set forth above is for reference purposes only, and this Agreement will not be effective and binding until the Closing Date (as defined in the Senior Loan Agreement).

RECITALS:

A. BOH Portfolio Preservation Associates, LLLP, a Washington limited liability limited partnership ("**Borrower**"), has applied to the **WASHINGTON STATE HOUSING FINANCE COMMISSION**, a public body corporate and politic and an instrumentality of the State of Washington (in its capacity as purchaser of the Senior Loans, hereinafter defined, the "**Governmental Lender**"), to issue its revenue notes designated as the Multifamily Revenue Note (Ruby Portfolio), Series 2015A and Multifamily Revenue Note (Ruby Portfolio), Series 2015B and to use the proceeds thereof to acquire two loans (the "**Senior Loans**") made to the Borrower by Citibank, N.A., a national banking association (in such capacity, "**Mortgage Lender**"), for the acquisition, construction, rehabilitation, development, and/or equipping of the Property (as defined herein).

B. The Senior Loans are evidenced by (i) that certain Multifamily Note (Variable Rate) dated the Closing Date (the "**Series A Note**") in the maximum principal amount of \$3,700,000 made by Borrower payable to the order of Mortgage Lender, as endorsed and assigned to the Governmental Lender, (ii) that certain Multifamily Note (Fixed Rate) dated the Closing Date in the maximum principal amount of \$9,300,000 made by Borrower payable to the order of Mortgage Lender, as endorsed and assigned to the Governmental Lender (the "**Series B Note**" and, together with the Series A Note, the "**Senior Notes**") and (iii) that certain Borrower Loan Agreement dated as of the date hereof among Borrower, U.S. Bank National Association, as Fiscal Agent (the "**Fiscal Agent**"), Governmental Lender and Mortgage Lender (the "**Senior Loan Agreement**").

C. The Senior Loans are secured by, among other things, that certain Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of the date hereof executed by Borrower for the benefit of Mortgage Lender and assigned to Governmental Lender (as the same may from time to time be extended, consolidated, substituted for, modified, increased, amended and supplemented, the "**Senior Security Instrument**"; together with the Senior Notes, the Senior Loan Agreement and all other documents executed in connection with the Senior Loans, including this Agreement, as the same may from time to time be extended, consolidated, substituted for, modified, increased, amended and supplemented, the "**Senior Loan Documents**"), which Senior Security Instrument encumbers the Property.

D. The Senior Security Instrument will be recorded concurrently herewith in the office of the recording officer of Skagit County, State of Washington, and of Island County, State of Washington (together, the “**Official Records**”).

E. Borrower has requested that Governmental Lender enter into that certain Funding Loan Agreement dated as of the date hereof, among Governmental Lender, Fiscal Agent and Senior Lender, pursuant to which Senior Lender will make two loans to Governmental Lender (the “**Funding Loans**”), the proceeds of which will be used to make the Senior Loans to Borrower pursuant to the Senior Loan Agreement.

F. Governmental Lender has or will assign the Senior Notes, the Senior Security Instrument and the Senior Loan Agreement to Senior Lender and the other Senior Loan Document have or will be executed by Borrower for the benefit of Senior Lender to secure the Funding Loans.

G. Citibank, N.A., a national banking association (together with its successors and assigns, “**Servicer**”), will act as the initial servicer of the Senior Loans.

H. Pursuant to a Subordinate Loan Agreement (the “**Junior Loan Agreement**”), dated as of October 1, 2015, between the Junior Lender and Borrower, Junior Lender has made or will make a loan to Borrower (the “**Junior Loan**”) to finance the acquisition and rehabilitation of the Property (as hereinafter defined) in the original principal amount of \$1,500,000, which Junior Loan is evidenced by that certain Subordinate Commission Multifamily Note dated October 8, 2015, made by Borrower to Junior Lender (the “**Junior Note**”) and is secured by the Junior Security Instrument (as hereinafter defined) encumbering the Property.

I. As a condition to the making of the Senior Loans and the making of the Funding Loans, Senior Lender requires that Junior Lender execute and deliver this Agreement prior to the making of the Junior Loan and the granting of the Junior Security Instrument by Borrower.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce the making of the Senior Loans and the Funding Loans and to induce Senior Lender to consent to the Junior Loan and the Junior Security Instrument, Junior Lender hereby agrees as follows:

1. **Definitions.** Capitalized terms used but not defined in this Agreement shall have the meanings ascribed thereto in the Senior Security Instrument. As used in this Agreement, the terms set forth below shall have the respective meanings indicated:

“**Bankruptcy Proceeding**” means any bankruptcy, reorganization, insolvency, composition, restructuring, dissolution, liquidation, receivership, assignment for the benefit of creditors, or custodianship action or proceeding under any federal or state law with respect to Borrower, any guarantor of any of the Senior Indebtedness, any of their respective properties, or any of their respective partners, members, officers, directors, or shareholders.

"Casualty" means the occurrence of damage to or loss of any of the Property by fire or other casualty.

"Condemnation" means any proposed or actual condemnation or other taking, or conveyance in lieu thereof, of all or any part of the Property, whether direct or indirect.

"Enforcement Action" means the acceleration of all or any part of the Junior Indebtedness, the advertising of or commencement of any foreclosure or trustee's sale proceedings, the exercise of any power of sale, the acceptance of a deed or assignment in lieu of foreclosure or sale, the collecting of Rents, the obtaining of or seeking of the appointment of a receiver, the seeking of default interest, the taking of possession or control of any of the Property, the commencement of any suit or other legal, administrative, or arbitration proceeding based upon the Junior Note or any other of the Junior Loan Documents, the exercising of any banker's lien or rights of set-off or recoupment, or the taking of any other enforcement action against Borrower, any other party liable for any of the Junior Indebtedness or obligated under any of the Junior Loan Documents, or the Property.

"Enforcement Action Notice" means a written notice from Junior Lender to Senior Lender, given following a Junior Loan Default and the expiration of any notice or cure periods provided for such Junior Loan Default in the Junior Loan Documents, setting forth in reasonable detail the Enforcement Action proposed to be taken by Junior Lender.

"Junior Indebtedness" means all indebtedness of any kind at any time evidenced or secured by, or arising under, the Junior Loan Documents, whether incurred, arising or accruing before or after the filing of any Bankruptcy Proceeding.

"Junior Loan Default" means any act, failure to act, event, condition, or occurrence which constitutes, or which with the giving of notice or the passage of time, or both, would constitute, an "Event of Default" as defined in the Junior Security Instrument.

"Junior Loan Documents" means, collectively, the Junior Security Instrument, the Junior Note, the Junior Loan Agreement, and all other documents evidencing, securing or delivered in connection with the Junior Loan, all of which are listed on Exhibit B attached hereto, together with such modifications, amendments and supplements thereto as are approved in writing by Senior Lender prior to their execution.

"Junior Security Instrument" means that certain Subordinate Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of October 1, 2015, made by Borrower for the benefit of Junior Lender to secure Borrower's obligations with respect to the Junior Loan and to be recorded concurrently herewith in the Official Records, as the same may from time to time be extended, consolidated, substituted for, modified, amended or supplemented upon receipt of the consent of Senior Lender.

"Loss Proceeds" means all monies received or to be received under any insurance policy, from any condemning authority, or from any other source, as a result of any Condemnation or Casualty.

"Property" means (i) the land and improvements known as (a) that 50-unit multifamily residential rental project known as Norris Place Apartments and located in the City of Burlington, Skagit County, Washington; (b) that 40-unit multifamily residential rental project known as Fairhaven Manor and located in the City of Burlington, Skagit County, Washington; (c) that 50-unit multifamily residential rental project known as Madrona Manor and located in the City of Oak Harbor, Island County, Washington; and (d) that 26-unit multifamily residential rental project known as Lexy Manor and located in the City of Oak Harbor, Island County, Washington, which Property is more particularly described on Exhibit A attached hereto, and (ii) all furniture, fixtures and equipment located at such apartments and other property, accounts, deposits and rights and interests of Borrower encumbered by the Senior Security Instrument and/or the other Senior Loan Documents.

"Senior Indebtedness" means all indebtedness of any kind at any time evidenced or secured by, or arising under, the Senior Loan Documents, whether incurred, arising or accruing before or after the filing of any Bankruptcy Proceeding.

"Senior Loan Documents" means, collectively, the Senior Security Instrument, the Senior Notes, the Senior Loan Agreement, the Construction Funding Agreement and all of the other documents, instruments and agreements now or hereafter evidencing, securing or otherwise executed in connection with the Senior Loans, as the same may from time to time be extended, consolidated, substituted for, modified, increased, amended and supplemented in accordance with the provisions of this Agreement.

"Senior Loan Default" means any act, failure to act, event, condition, or occurrence which constitutes, or which with the giving of notice or the passage of time, or both, would constitute, an "Event of Default" as defined in the Senior Security Instrument.

2. Junior Loan and Junior Loan Documents are Subordinate; Acts by Senior Lender do not Affect Subordination.

(a) Junior Lender hereby covenants and agrees on behalf of itself and its successors and permitted assigns that the Junior Indebtedness is and shall at all times continue to be, subordinate, subject and inferior (in payment and priority) to the prior payment in full of the Senior Indebtedness, and that the liens, rights, payment interests, priority interests and security interests granted to Junior Lender in connection with the Junior Loan and under the Junior Loan Documents are, and are hereby expressly acknowledged to be in all respects and at all times, subject, subordinate and inferior in all respects to the liens, rights, payment, priority and security interests granted to Senior Lender under the Senior Loans and the Senior Loan Documents and the terms, covenants, conditions, operations and effects thereof.

(b) Except as expressly set forth herein, repayment of the Junior Indebtedness, is and shall be postponed and subordinated to repayment in full of the Senior Loans. Prior to a Senior Loan Default (regardless of whether such Default occurs prior to or during the pendency of a Bankruptcy Proceeding), Junior Lender shall be entitled to receive and retain payments made pursuant to and in accordance with the terms of the

Junior Loan Documents; provided, however, that no such payment is made more than ten (10) days in advance of the due date thereof. Junior Lender agrees that from and after such time as it has received from either Senior Lender or Borrower written notice that a Senior Loan Default then exists (which has not been expressly waived in writing by Senior Lender) or otherwise has actual knowledge of such a Senior Loan Default, Junior Lender shall not receive or accept any payments under the Junior Loan. If (i) Junior Lender receives any payment, property, or asset of any kind or in any form on account of the Junior Indebtedness (including, without limitation, any proceeds from any Enforcement Action) after a Senior Loan Default of which Junior Lender has actual knowledge or has been given notice, or (ii) Junior Lender receives, voluntarily or involuntarily, by operation of law or otherwise, any payment, property, or asset in or in connection with any Bankruptcy Proceeding, such payment, property, or asset will be received and held in trust for Senior Lender. Junior Lender will promptly remit, in kind and properly endorsed as necessary, all such payments, properties, and assets to Senior Lender. Senior Lender shall apply any payment, asset, or property so received from Junior Lender to the Senior Indebtedness in such order, amount (with respect to any asset or property other than immediately available funds), and manner as Senior Lender shall determine in its sole and absolute discretion.

(c) Without limiting the complete subordination of the Junior Indebtedness to the payment in full of the Senior Indebtedness, in any Bankruptcy Proceeding, upon any payment or distribution (whether in cash, property, securities, or otherwise) to creditors (i) the Senior Indebtedness shall first be paid in full in cash before Junior Lender shall be entitled to receive any payment or other distribution on account of or in respect of the Junior Indebtedness, and (ii) until all of the Senior Indebtedness is paid in full in cash, any payment or distribution to which Junior Lender would be entitled but for this Agreement (whether in cash, property, or other assets) shall be made to Senior Lender.

(d) The subordination of the Junior Indebtedness shall continue in the event that any payment under the Senior Loan Documents (whether by or on behalf of Borrower, as proceeds of security or enforcement of any right of set-off or otherwise) is for any reason repaid or returned to Borrower or its insolvent estate, or avoided, set aside or required to be paid to Borrower, a trustee, receiver or other similar party under any bankruptcy, insolvency, receivership or similar law. In such event, the Senior Indebtedness or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding to the extent of any repayment, return, or other action, as if such payment on account of the Senior Indebtedness had not been made.

(e) The subordination of the Junior Loan Documents and of the Junior Indebtedness shall apply and continue notwithstanding (i) the actual date and time of execution, delivery, recording, filing or perfection of the Senior Security Instrument and other Senior Loan Documents and of the Junior Security Instrument and other Junior Loan Documents, and (ii) the availability of any collateral to Senior Lender, including the availability of any collateral other than the Property.

(f) By reason of, and without in any way limiting, the full subordination of the Junior Indebtedness and the Junior Loan Documents provided for in this Agreement, all rights and claims of Junior Lender under the Junior Security Instrument or under the Junior Loan Documents in or to the Property or any portion thereof, the proceeds thereof, the Leases thereof, the Rents, issues and profits therefrom, and the Loss Proceeds payable with respect thereto, are expressly subject and subordinate in all respects to the rights and claims of Senior Lender under the Senior Loan Documents in and to the Property or any portion thereof, the proceeds thereof, the Leases thereof, the Rents, issues and profits therefrom, and the Loss Proceeds payable with respect thereto.

(g) If Junior Lender, by indemnification, subrogation or otherwise, shall acquire any lien, estate, right or other interest in any of the Property, that lien, estate, right or other interest shall be fully subject and subordinate to the receipt by Senior Lender of payment in full of the Senior Indebtedness, and to the Senior Loan Documents, to the same extent as the Junior Indebtedness and the Junior Loan Documents are subordinate pursuant to this Agreement.

(h) In confirmation, and not as a condition, of the subordination of the Junior Indebtedness and the Junior Loan Documents provided for in this Agreement, Junior Lender shall place on or attach to the Junior Note a notice to the following effect, and shall provide Senior Lender with a copy of the Junior Note showing such notice:

“The indebtedness evidenced by this Note is and shall be subordinate in right of payment to the prior payment in full of all amounts then due and payable (including, but not limited to, all amounts due and payable by virtue of any default or acceleration or upon maturity) with respect to the indebtedness evidenced by the Notes (as defined by that certain Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing by the Borrower in favor of Citibank, N.A., a national banking association, as mortgage lender (the “**Mortgage Lender**”)), in the original aggregate maximum principal amount of \$13,000,000, executed by Borrower and payable to Mortgage Lender, as assigned by Mortgage Lender to the Washington State Housing Finance Commission (in such capacity, the “**Governmental Lender**”) pursuant to that certain Assignment of Deed of Trust and Loan Documents (Mortgage Lender Assignment) and further assigned by Governmental Lender to Citibank, N.A., a national banking association (“**Senior Lender**”) pursuant to that certain Assignment of Deed of Trust and Loan Documents (Governmental Lender Assignment), to the extent and in the manner provided in that certain Subordination and Intercreditor Agreement, dated as of October 1, 2015, between Senior Lender and the holder of this Note (the “**Subordination Agreement**”). The rights and remedies of the payee and each subsequent holder of this Note shall be deemed, by virtue of such holder’s acquisition of this Note, to have agreed to perform and observe

all of the terms, covenants and conditions to be performed or observed by the "Junior Lender" under the Subordination Agreement."

(i) Junior Lender hereby acknowledges and agrees that Senior Lender may, without the consent or approval of Junior Lender, agree with Borrower to extend, consolidate, modify, increase or amend any or all the Senior Loan Documents and otherwise act or fail to act with respect to any matter set forth in any Senior Loan Document (including, without limitation, the exercise of any rights or remedies, waiver, forbearance or delay in enforcing any rights or remedies, the declaration of acceleration, the declaration of defaults or events of default, the release, in whole or in part, of any collateral or other property, and any consent, approval or waiver), and all such extensions, consolidations, modifications, amendments acts and omissions shall not release, impair or otherwise affect Junior Lender's obligations and agreements hereunder.

3. Junior Lender Agreements.

(a) Without the prior written consent of Senior Lender in each instance, Junior Lender shall not (i) amend, modify, waive, extend, renew or replace any provision of any of the Junior Loan Documents; or (ii) pledge, assign, transfer, convey, or sell any interest in the Junior Indebtedness or any of the Junior Loan Documents; or (iii) accept any payment on account of the Junior Indebtedness other than a regularly scheduled payment of interest or principal and interest made not earlier than ten (10) days prior to the due date thereof; or (iv) take any action which has the effect of increasing the Junior Indebtedness; or (v) appear in, defend or bring any action in connection with the Property; or (vi) take any action concerning environmental matters affecting the Property. Regardless of any contrary provision in the Junior Loan Documents, Junior Lender shall not collect payments for the purpose of escrowing for any cost or expense related to the Property or for any portion of the Junior Indebtedness.

(b) Junior Lender hereby agrees that Senior Lender may, at its option (but without any obligation to do so), at any time (including during the pendency of a Bankruptcy Proceeding), purchase the Junior Loan at par (and without liability for any prepayment premiums or liquidated damages set forth in the Junior Loan Documents). Such transfer and assignment of the Junior Loan shall be without representation or recourse, except that Junior Lender shall represent that it is the sole holder of the Junior Loan, that it has authority to assign and convey the Junior Loan Documents, that, to the best of its knowledge, there are no defaults or breaches under the Junior Loan Documents, and as to the total amount then outstanding under the Junior Loan. Additionally, Senior Lender shall have the right, but shall not have any obligation, to cure any Junior Loan Default until ninety (90) days following Senior Lender's receipt of an Enforcement Action Notice given by Junior Lender as a consequence of the Junior Loan Default. Senior Lender shall not be subrogated to the rights of Junior Lender under the Junior Loan Documents by reason of Senior Lender having cured any Junior Loan Default. However, Junior Lender acknowledges that all amounts advanced or expended by Senior Lender to cure a Junior Loan Default shall be added to and become a part of the Senior Indebtedness pursuant to the terms of the Senior Security Instrument.

(c) In the event and to the extent that each of Senior Lender and Junior Lender have under their respective loan documents certain approval or consent rights over the same subject matters (regardless of whether the obligations or rights are identical or substantially identical), Junior Lender agrees that Senior Lender shall exercise such approval rights on behalf of both Senior Lender and Junior Lender, and Junior Lender shall have no right to object to any such action or approval taken by Senior Lender and shall consent thereto and be bound thereby. Without limiting the generality of the foregoing, Senior Lender shall have all approval, consent and oversight rights in connection with any insurance claims relating to the Property, any decisions regarding the use of insurance proceeds after a casualty loss or condemnation awards, the hiring or firing of property managers, or otherwise related in any way to the Property, and Junior Lender shall have no right to object to any such action or approval taken by Senior Lender and shall consent thereto and be bound thereby.

(d) Junior Lender agrees that in any action commenced to enforce the obligation of Borrower to pay any portion of the Junior Indebtedness, the judgment shall not be enforceable personally against Borrower or Borrower's assets, and the recourse of Junior Lender for the collection of the Junior Indebtedness shall be limited to actions against the Property and the rents, profits, issues, products, and income from the Property.

(e) Junior Lender shall not commence or join with any other creditor in commencing any Bankruptcy Proceeding involving Borrower, and Junior Lender shall not initiate and shall not be a party to any action, motion or request, in a Bankruptcy Proceeding involving any other person or entity, which seeks the consolidation of some or all of the assets of Borrower into such Bankruptcy Proceeding. In the event of any Bankruptcy Proceeding relating to Borrower or the Property or, in the event of any Bankruptcy Proceeding relating to any other person or entity into which (notwithstanding the covenant in the first sentence of this clause) the assets or interests of Borrower are consolidated, then in either event, the Senior Loans shall first be paid in full before Junior Lender shall be entitled to receive and retain any payment or distribution in respect to the Junior Loan. Junior Lender agrees that (i) Senior Lender shall receive all payments and distributions of every kind or character in respect of the Junior Loan to which Junior Lender would otherwise be entitled, but for the subordination provisions of this Agreement (including without limitation, any payments or distributions during the pendency of a Bankruptcy Proceeding involving Borrower or the Property), (ii) the subordination of the Junior Loan and the Junior Loan Documents shall not be affected in any way by Senior Lender electing, under Section 1111(b) of the federal bankruptcy code, to have its claim treated as being a fully secured claim. In addition, Junior Lender hereby covenants and agrees that, in connection with a Bankruptcy Proceeding involving Borrower, neither Junior Lender nor any of its affiliates shall (i) make or participate in a loan facility to or for the benefit of Borrower on a basis that is senior to or pari passu with the liens and interests held by Senior Lender pursuant to the Senior Loan Documents, (ii) not vote affirmatively in favor of any plan of reorganization or liquidation unless Senior has also voted affirmatively in favor of such plan, and (iii) not contest the continued

accrual of interest on the Senior Indebtedness, in accordance with and at the rates specified in the Senior Loan Documents, both for periods before and for periods after the commencement of such Bankruptcy Proceedings. Junior Lender shall execute and deliver to Senior Lender powers of attorney, assignments or other instruments as may be requested by Senior Lender in order to enable it to exercise the above-described authority or powers with respect to any or all of the Junior Loan Documents, and to collect and receive any and all payments or distributions which may be payable or deliverable at any time upon or with respect to any of the Junior Loan Documents to Junior Lender.

(f) Junior Lender covenants and agrees that the effectiveness of this Agreement and the rights of Senior Lender hereunder shall be in no way impaired, affected, diminished or released by any renewal or extension of the time of payment of the Senior Loans, by any delay, forbearance, failure, neglect or refusal of Senior Lender in enforcing payment thereof or in enforcing the lien of or attempting to realize upon the Senior Loan Documents or any other security which may have been given or may hereafter be given for the Senior Loans, by any waiver or failure to exercise any right or remedy under the Senior Loan Documents, or by any other act or failure to act by Senior Lender. Junior Lender acknowledges that Senior Lender, at its sole option, may release all or any portion of the Property from the lien of the Senior Security Instrument, and may release or waive any guaranty, surety or indemnity providing additional collateral to Senior Lender, and Junior Lender hereby waives any legal or equitable right in respect of marshaling it might have, in connection with any release of all or any portion of the Property by Senior Lender, to require the separate sales of any portion of the Property or to require Senior Lender to exhaust its remedies against any portion of the Property or any other collateral before proceeding against any other portion of the Property or other collateral (including guarantees) for the Senior Loans. Senior Lender may pursue all rights and remedies available to it under the Senior Loan Documents, at law, or in equity, regardless of any Enforcement Action Notice or Enforcement Action by Junior Lender. At any time or from time to time and any number of times, without notice to Junior Lender and without affecting the liability of Junior Lender, (a) the time for payment of the Senior Indebtedness may be extended or the Senior Indebtedness may be renewed in whole or in part; (b) the time for Borrower's performance of or compliance with any covenant or agreement contained in the Senior Loan Documents, whether presently existing or hereinafter entered into, may be extended or such performance or compliance may be waived; (c) the maturity of the Senior Indebtedness may be accelerated as provided in the Senior Loan Documents; (d) any Senior Loan Document may be modified or amended by Senior Lender and Borrower in any respect, including, but not limited to, an increase in the principal amount; and (e) any security for the Senior Indebtedness may be modified, exchanged, surrendered or otherwise dealt with or additional security may be pledged or mortgaged for the Senior Indebtedness. If, after the occurrence of a Senior Loan Default, Senior Lender acquires title to any of the Property pursuant to a mortgage foreclosure conducted in accordance with applicable law, the lien, operation, and effect of the Junior Security Instrument and other Junior Loan Documents automatically shall terminate with respect to such Property upon Senior Lender's acquisition of title.

(g) Junior Lender acknowledges that it entered into the transactions contemplated by the Junior Loan Documents and made the Junior Loan to Borrower without reliance upon any information or advice from Senior Lender. Junior Lender made its own underwriting analysis in connection with the Junior Loan, its own credit review of Borrower, and investigated all matters pertinent, in Junior Lender's judgment, to its determination to make the Junior Loan to Borrower. Junior Lender acknowledges that it is a sophisticated, experienced commercial lender, and was represented by competent counsel in connection with this Agreement.

(h) Junior Lender hereby represents and warrants that, as of the date hereof, the entire proceeds of the Junior Loan have been disbursed to Borrower. Junior Lender hereby further represents and warrants that: (i) Junior Lender is now the owner and holder of the Junior Loan Documents; (ii) the Junior Loan Documents are now in full force and effect, (iii) the Junior Loan Documents have not been modified or amended; (iv) no default or event which, with the passing of time or giving of notice would constitute a default, under the Junior Loan Documents has occurred; (v) the current principal balance of the Junior Indebtedness is \$1,500,000; (vi) no scheduled monthly payments under the Junior Note have been or will be prepaid except with the prior written consent of Senior Lender; (vii) none of the rights of Junior Lender under any of the Junior Loan Documents are subject to the rights of any third parties, by way of subrogation, indemnification or otherwise; and (viii) there are no other Junior Loan Documents other than those listed on Exhibit B hereto. Borrower further represents and warrants that it has provided to Senior Lender a true, complete, and correct copy of all the Junior Loan Documents.

(i) Junior Lender hereby agrees that notwithstanding anything to the contrary in the Junior Loan Documents, for so long as the Senior Loans is outstanding, (i) the maturity date of the Junior Note shall occur no earlier than one (1) month after the maturity date of the Senior Notes, and (ii) Borrower shall not be obligated to pay more than one-half of seventy-five percent (75%) of Excess Cash Flow (as defined herein) in payments under the Junior Note. For the purposes hereof, the following definitions shall apply:

"Excess Cash Flow" shall mean, for any period, Gross Revenues for such period less the sum of (i) Expenses of the Property for such period, and (ii) without duplication, all amounts due on the Senior Loan Obligations for such period.

"Expenses of the Property" shall mean, for any period, the current expenses, paid or accrued, of operation, maintenance and current repair of the Property, as calculated in accordance with GAAP, and shall include, without limiting the generality of the foregoing, salaries, wages, employee benefits, cost of materials and supplies, costs of routine repairs, renewals, replacements and alterations occurring in the usual course of business, costs and expenses properly designated as capital expenditures (e.g. repairs which would not be payable from amounts on deposit in a repair and replacement fund held pursuant to the Loan Documents), a property management fee (however characterized and including all reimbursements payable to the Manager described in the

Management Agreement) not to exceed 5.0% of Gross Revenues, costs of billings and collections, costs of insurance, and costs of audits. Expenses of the Property shall not include any payments, however characterized, on account of the Junior Loan or any other subordinate financing in respect of the Property or other indebtedness, allowance for depreciation, amortization or other non-cash items, gains and losses or prepaid expenses not customarily prepaid.

"Gross Revenues" shall mean all receipts, revenues, income and other moneys received by or on behalf of Borrower and derived from the ownership or operation of the Property, and all rights to receive the same, whether in the form of accounts, accounts receivable, contract rights or other rights, and the proceeds of such rights, and whether now owned or held or hereafter coming into existence and proceeds received upon the foreclosure sale of the Property. Gross Revenues shall not include loan proceeds, equity or capital contributions, or tenant security deposits being held by Borrower in accordance with the applicable law.

"Senior Loan Obligations" shall mean and includes, collectively, and without limitation, each of the following: (A) all debt service payments due on the Senior Indebtedness, (B) all obligations of Borrower under the Senior Loan Documents, (C) all capital expenditures required for the proper maintenance of the Property in accordance with Senior Loan Documents, as calculated by Borrower in accordance with customarily accepted cash basis accounting principles, consistently applied, and in accordance with the terms of the Senior Loan Documents; (D) all amounts required to be deposited into any replacement reserve, completion/repair reserve, operating deficit reserve, principal repayment reserve, replacement hedge reserve or other reserve or escrow established or required by Senior Lender or Servicer in connection with the Senior Loans and Senior Loan Documents, including the Senior Security Instrument, and (E) all fees, costs and expenses of Senior Lender and Servicer in connection with the Senior Loans.

4. Standstill Agreement; Right to Cure Senior Loan Default.

(a) Until such time as any of the Senior Indebtedness has been repaid in full and the Senior Security Instrument has been released and discharged, Junior Lender shall not without the prior written consent of Senior Lender, which may be withheld in Senior Lender's sole and absolute discretion, (i) accelerate the Junior Loan, (ii) exercise any of Junior Lender's remedies under the Junior Security Instrument or any of the other Junior Loan Documents (including, without limitation, the commencement of any judicial or non-judicial action of proceeding (a) to enforce any obligation of Borrower under any of the Junior Loan Documents, (b) to collect any monies payable to Borrower, (c) to have a receiver appointed to collect any monies payable to Borrower; or (d) to foreclose the lien(s) created by the Junior Security Instrument) or (iii) file or join in the filing of any involuntary Bankruptcy Proceeding against Borrower or any person or entity which owns a direct or indirect interest in Borrower; provided, however, that such limitation on the remedies of Junior Lender shall not derogate or otherwise limit Junior Lender's rights, following an event of default under the Junior Loan Documents to (a) compute interest on all amounts due and payable under the Junior Loan at the default rate described in the

Junior Loan Documents, (b) compute prepayment premiums and late charges, and (c) enforce against any person, other than Borrower and any guarantors or indemnitors under the Senior Loan Documents, any guaranty of the obligations of Borrower under the Junior Loan.

(b) Senior Lender shall, simultaneously with the sending of any notice of a Senior Loan Default to Borrower, send to Junior Lender a copy of said notice under the Senior Loan Documents; provided, however, failure to do so shall not affect the validity of such notice or any obligation of Borrower to Senior Lender and shall not affect the relative priorities between the Senior Loans and the Junior Loan as set forth herein. Borrower covenants and agrees to forward to Junior Lender, within three (3) business days of Borrower's receipt thereof, a copy of any notice of a Senior Loan Default Borrower receives from Senior Lender.

(c) Junior Lender shall have the right, but shall have no obligation, to cure any Senior Loan Default; provided, if Junior Lender shall elect to cure any such Default, it shall so notify Senior Lender and shall commence and complete such curing within any applicable notice or grace period, if any, as Borrower is permitted by the terms of the Senior Loan Documents to cure such Senior Loan Default. Junior Lender shall not be subrogated to the rights of Senior Lender under the Senior Loan Documents by reason of Junior Lender having cured any Senior Loan Default. However, Senior Lender acknowledges that, to the extent so provided in the Junior Loan Documents, amounts advanced or expended by Junior Lender to cure a Senior Loan Default may be added to and become a part of the Junior Indebtedness.

(d) Junior Lender agrees that, notwithstanding any contrary provision contained in the Junior Loan Documents, a Senior Loan Default shall not constitute a default under the Junior Loan Documents if no other default occurred under the Junior Loan Documents.

(e) Junior Lender acknowledges that any conveyance or other transfer of title to the Property pursuant to a foreclosure of the Junior Security Instrument (including a conveyance or other transfer of title pursuant to the exercise of a power of sale contained in the Junior Security Instrument), or any deed or assignment in lieu of foreclosure or similar arrangement, shall be subject to the transfer provisions of the Senior Loan Documents; and the person (including Junior Lender) who acquires title to the Property pursuant to the foreclosure proceeding (or pursuant to the exercise of a power of sale contained in the Junior Security Instrument) shall not be deemed to be automatically approved by Senior Lender.

5. **Insurance.** Junior Lender agrees that all original policies of insurance required pursuant to the Senior Security Instrument shall be held by Senior Lender. The preceding sentence shall not preclude Junior Lender from requiring that it be named as a loss payee, as its interest may appear, under all policies of property damage insurance maintained by Borrower with respect to the Property, provided such action does not affect the priority of payment of the proceeds of property damage insurance under the Senior Security Instrument, or that it be named

as an additional insured under all policies of liability insurance maintained by Borrower with respect to the Property.

6. **Default.** Junior Lender and Borrower acknowledge and agree that a default by either such party under this Agreement shall, at the sole option of Senior Lender, constitute a default under the Senior Loan Documents. Each party hereto acknowledges that in the event any party fails to comply with its obligations hereunder, the other parties shall have all rights available at law and in equity, including the right to obtain specific performance of the obligations of such defaulting party and injunctive relief. No failure or delay on the part of any party hereto in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder.

7. **Enforcement Costs.** Borrower and Junior Lender agree to reimburse Senior Lender for any and all costs and expenses (including reasonable attorneys' fees) incurred by Senior Lender in connection with enforcing its rights against Junior Lender under this Agreement.

8. **Notices.** Any notice which any party hereto may be required or may desire to give hereunder shall be deemed to have been given and shall be effective only if it is in writing and (i) delivered personally, (ii) mailed, postage prepaid, by United State registered or certified mail, return receipts requested, (iii) delivered by overnight express courier or (iv) sent by telecopier, in each instance addressed as follows:

To Junior Lender: Washington State Housing Finance Commission
Attention: Director – Finance
1000 Second Avenue, Suite 2700
Seattle, Washington 98104-1046
Telephone: (206) 464-7139
Facsimile: (206) 587-5113
Email: bonds@wshfc.org

If to Senior Lender: Citibank, N.A.
390 Greenwich Street, 2nd Floor
New York, New York 10013
Attention: Transaction Management Group
Deal ID# 23171
Facsimile: (212) 723-8209

And to: Citibank, N.A.
325 East Hillcrest Drive, Suite 160
Thousand Oaks, California 91360
Attention: Operations Manager/Asset Manager
Deal ID# 23171
Facsimile: (805) 557-0924

Prior to the Conversion
Date under the Senior
Loan, with a copy to:

Citibank, N.A.
390 Greenwich Street, 2nd Floor
New York, New York 10013
Attention: Account Specialist
Deal ID# 23171
Facsimile: (212) 723-8209

Following the Conversion
Date under the Senior
Loan, with a copy to:

Citibank, N.A., ISAOA
c/o Berkadia Commercial Servicing Department
323 Norristown Road, Suite 300
Ambler, Pennsylvania 19002
Attention: Client Relations Manager
Deal ID# 23171
Facsimile: (215) 328-0305

And a copy of any notices
of default sent to:

Citibank, N.A.
388 Greenwich Street
New York, New York 10013
Attention: General Counsel's Office
Deal ID# 23171
Facsimile: (646) 291-5754

or at such other addresses or to the attention of such other persons as may from time to time be designated by the party to be addressed by written notice to the other in the manner herein provided. Notices, demands and requests given in the manner aforesaid shall be deemed sufficiently served or given for all purposes hereunder when received or when delivery is refused or when the same are returned to sender for failure to be called for.

9. **WAIVER OF TRIAL BY JURY.** TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, EACH OF THE PARTIES HERETO (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP BETWEEN THE PARTIES THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL. IF FOR ANY REASON THIS WAIVER IS DETERMINED TO BE UNENFORCEABLE, ALL DISPUTES WILL BE RESOLVED BY JUDICIAL REFERENCE PURSUANT TO THE PROCEDURES SET FORTH IN THE SENIOR SECURITY INSTRUMENT.

10. **Term.** The term of this Agreement shall commence on the date hereof and shall continue until the earliest to occur of the following events: (i) the payment of all of the principal of, interest on and other amounts payable under the Senior Loan Documents; (ii) the payment of all of the principal of, interest on and other amounts payable under the Junior Loan Documents,

other than by reason of payments which Junior Lender is obligated to remit to Senior Lender pursuant to the terms hereof; (iii) the acquisition by Senior Lender of title to the Property pursuant to a foreclosure, or a deed in lieu of foreclosure, of (or the exercise of a power of sale contained in) the Senior Security Instrument; or (iv) the acquisition by Junior Lender of title to the Property pursuant to a foreclosure, or a deed in lieu of foreclosure, of (or the exercise of a power of sale contained in) the Junior Security Instrument, but only if such acquisition of title does not violate any of the terms of this Agreement.

11. Miscellaneous.

(a) Junior Lender shall, within ten (10) business days following a request from Senior Lender, provide Senior Lender with a written statement setting forth the then current outstanding principal balance of the Junior Loan, the aggregate accrued and unpaid interest under the Junior Loan, and stating whether, to the knowledge of Junior Lender, any default or event of default exists under the Junior Loan, and containing such other information with respect to the Junior Indebtedness as Senior Lender may require. Upon notice from Senior Lender from time to time, Junior Lender shall execute and deliver such additional instruments and documents, and shall take such actions, as are required by Senior Lender in order to further evidence or effectuate the provisions and intent of this Agreement.

(b) Junior Lender shall give Senior Lender a concurrent copy of each notice of a Junior Loan Default or other material notice given by Junior Lender under the Junior Loan Documents.

(c) This Agreement shall bind and inure to the benefit of all successors and assigns of Junior Lender and Senior Lender. Senior Lender may assign its interest in the Senior Loan Documents without notice to or consent of Junior Lender. Junior Lender may only assign its rights and interests hereunder following the prior written consent of Senior Lender, which consent may be withheld or conditioned in its sole and absolute discretion.

(d) Senior Lender hereby consents to the Junior Loan and the Junior Loan Documents; provided, however, that this Agreement does not constitute an approval by Senior Lender of the terms of the Junior Loan Documents. Junior Lender hereby consents to the Senior Loans and Senior Loan Documents; provided, however, that this Agreement does not constitute an approval by Junior Lender of the terms of the Senior Loan Documents.

(e) This Agreement may be executed in multiple counterparts, each of which shall constitute an original document and all of which together shall constitute one agreement.

(f) IN ALL RESPECTS, INCLUDING, WITHOUT LIMITATION, MATTERS OF CONSTRUCTION AND PERFORMANCE OF THIS AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER, THIS AGREEMENT HAS

BEEN ENTERED INTO AND DELIVERED IN, AND SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY, THE LAWS OF THE STATE WHERE THE PROPERTY IS LOCATED, WITHOUT GIVING EFFECT TO ANY PRINCIPLES OF CONFLICTS OF LAW.

(g) Time is of the essence in the performance of every covenant and agreement contained in this Agreement.

(h) If any provision or remedy set forth in this Agreement for any reason shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision or remedy of this Agreement and this Agreement shall be construed as if such invalid, illegal or unenforceable provision or remedy had never been set forth herein, but only to the extent of such invalidity, illegality or unenforceability.

(i) Each party hereto hereby represents and warrants that this Agreement has been duly authorized, executed and delivered by it and constitutes a legal, valid and binding agreement enforceable in all material respects in accordance with its terms.

(j) Borrower hereby acknowledges and consents to the execution of this Agreement, and agrees to be bound by the provisions hereof that are applicable to Borrower. Solely as between Senior Lender and Junior Lender, all of the signatories below hereby agree that to the extent of any conflict between the terms and provisions of this Agreement and the terms and provisions of the Senior Loan Documents and/or the Junior Loan Documents respectively, the terms and provisions of this Agreement shall govern and control. By executing this Agreement in the place provided below, Borrower hereby (i) acknowledges the provisions hereof, (ii) agrees not to take any action inconsistent with Senior Lender's rights or Junior Lender's rights under this Agreement, (iii) waives and relinquishes to the maximum extent permitted by law any and all rights, defenses and claims now existing or hereinafter accruing relating to Junior Lender's forbearance from exercising any rights and remedies pursuant to Section 4 of this Agreement, including, without limitation, any defenses based on the statute of limitations or any equitable defenses, such as laches, and (iv) acknowledges and agrees that (A) this Agreement is entered into for the sole protection and benefit of Senior Lender and Junior Lender (and their respective successors, assigns and participants), and no other person (including Borrower) shall have any benefits, rights or remedies under or by reason of this Agreement, (B) nothing in this Agreement is intended, or shall be construed to, relieve or discharge the obligations or liabilities of any third party (including Borrower under the Senior Loan Documents and the Junior Loan Documents), (C) neither of them nor any of their affiliates shall be, or be deemed to be, beneficiaries of any of the provisions hereof or have any rights hereunder whatsoever, and (D) no provision of this Agreement is intended to, or shall be construed to, give any such third party (including Borrower) any right subrogating to the rights of, or action against, Senior Lender or Junior Lender.

(k) No amendment, supplement, modification, waiver or termination of this Agreement shall be effective against any party unless such amendment, supplement, modification, waiver or termination is contained in a writing signed by such party.

(l) No party other than Senior Lender and Junior Lender shall have any rights under or be deemed a beneficiary of any of the provisions of, this Agreement.

(m) Nothing herein or in any of the Senior Loan Documents or Junior Loan Documents shall be deemed to constitute Senior Lender as a joint venturer or partner of Junior Lender.

12. Attached Exhibits.

The following Exhibits are attached to this Agreement and are incorporated by reference herein as if more fully set forth in the text hereof:

Exhibit A – Legal Description

Exhibit B – Junior Loan Documents

Exhibit C – Modifications to Subordination and Intercreditor Agreement

The terms of this Agreement are modified and supplemented as set forth in said Exhibits. To the extent of any conflict or inconsistency between the terms of said Exhibits and the text of this Agreement, the terms of said Exhibits shall be controlling in all respects.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this Subordination and Intercreditor Agreement or caused this Subordination and Intercreditor Agreement to be duly executed and delivered by their respective authorized representatives as of the date first set forth above. The undersigned intend that this instrument shall be deemed to be signed and delivered as a sealed instrument.

JUNIOR LENDER:

**WASHINGTON STATE HOUSING
FINANCE COMMISSION,**
a public body corporate and politic
and an instrumentality of the State of Washington

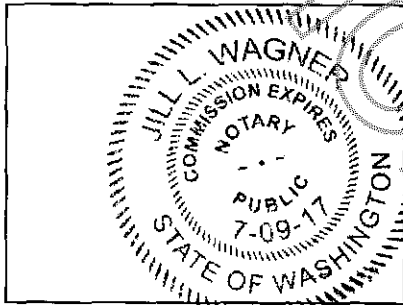
By:


Kim Hermen Executive Director

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Kim Herman is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Executive Director of WASHINGTON STATE HOUSING FINANCE COMMISSION, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: October 1, 2015.



(Use this space for notarial stamp/seal)

Jill L. Wagner
Notary Public

Print Name *Jill L. Wagner*

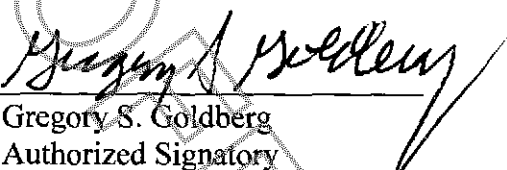
My commission expires *7-09-17*

(signatures follow on subsequent page)

SENIOR LENDER:

CITIBANK, N.A.,
a national banking association

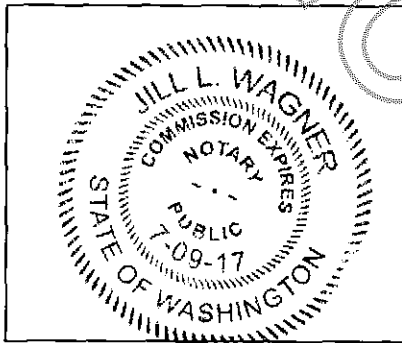
By: _____


Gregory S. Goldberg
Authorized Signatory

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Gregory S. Goldberg is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as an Authorized Signatory of Citibank, N.A., a national banking association, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: October 1, 2015



(Use this space for notarial stamp/seal)

Jill L. Wagner
Notary Public

Print Name Jill L. Wagner

My commission expires 7-09-17

(signatures follow on subsequent page)

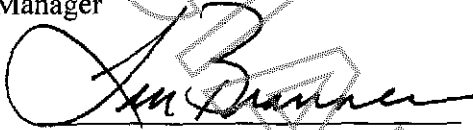
ACKNOWLEDGED AND AGREED AS OF THE DATE FIRST SET FORTH ABOVE:

BORROWER:

BOH PORTFOLIO PRESERVATION ASSOCIATES, LLLP,
a Washington limited liability limited partnership

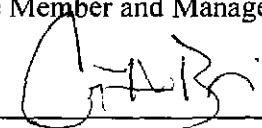
By: BOH Portfolio Preservation JV Associates, LLC,
a Washington limited liability company,
its Administrative General Partner

By: Shelter Resources, Inc.,
a Washington corporation,
its Manager

By: 
Len Brannen, President

By: Shelter America Group-Ruby LLC,
a Washington limited liability company,
its Managing General Partner

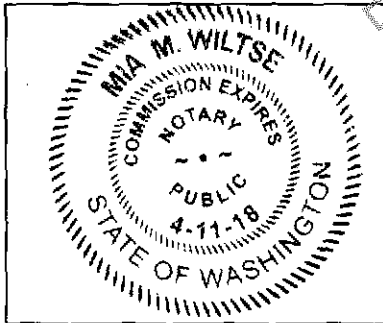
By: Shelter America Group,
a Washington nonprofit corporation,
its Sole Member and Manager

By: 
Christopher H. Bric, President

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Len Brannen is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the President of Shelter Resources, Inc., a Washington corporation, the Manager of BOH Portfolio Preservation JV Associates, LLC, a Washington limited liability company, the Administrative General Partner of BOH Portfolio Preservation Associates, LLLP, a Washington limited liability limited partnership, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: October 1, 2015



Mia M. Wiltse

Notary Public

Print Name Mia M. Wiltse

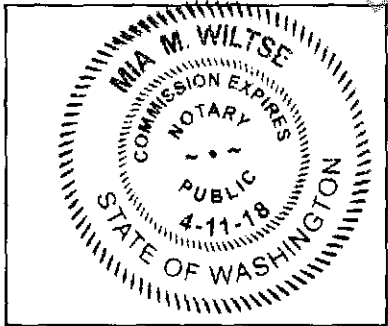
My commission expires 4-11-18

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STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Christopher H. Bric is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the President of Shelter America Group, a Washington nonprofit corporation, the Sole Member and Manager of Shelter America Group-Ruby LLC, a Washington limited liability company, the Managing General Partner of BOH Portfolio Preservation Associates, LLLP, a Washington limited liability limited partnership, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: October 1, 2015



Mia M. Wiltse

Notary Public

Print Name Mia M. Wiltse

My commission expires 4-11-18

(Use this space for notarial stamp/seal)

EXHIBIT A

LEGAL DESCRIPTION

PARCEL A - NORRIS PLACE:

LOT 2 OF BURLINGTON SHORT PLAT NO. BURL-1-95, AS APPROVED MARCH 28, 1995, AND RECORDED APRIL 20, 1995, IN VOLUME 11 OF SHORT PLATS, PAGES 194 AND 195, UNDER AUDITOR'S FILE NO. 9504200032, RECORDS OF SKAGIT COUNTY, WASHINGTON; BEING A PORTION OF THE NORTH HALF OF THE WEST HALF OF TRACT 50, PLAT OF THE BURLINGTON ACREAGE PROPERTY, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 1 PLATS, PAGE 49, RECORDS OF SKAGIT COUNTY, WASHINGTON.

FURTHER DESCRIBED AS:

COMMENCING AT AN ENCASED MONUMENT AT THE INTERSECTION OF W. FAIRHAVEN AVE AND HULBUSH LN; THENCE N88°25'56" W 965.42 FEET TO A ENCASED MONUMENT AT THE INTERSECTION OF W. FAIRHAVEN AVE AND S. NORRIS ST.; THENCE ALONG THE CENTERLINE OF S. NORRIS ST. S 2°08'45" W 647.76 FEET TO THE EXTENSION OF THE NORTH LINE OF TRACT 50, PLAT OF BURLINGTON ACREAGE PROPERTY, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 1 OF PLATS, PAGE 49, RECORDS OF SKAGIT COUNTY, WASHINGTON; THENCE S 88°13'06" E 30.00 FEET TO THE NORTHWEST CORNER OF SAID TRACT 50 AND THE POINT OF BEGINNING; THENCE ALONG THE WEST LINE OF SAID TRACT 50, S 2°08'45" W 30.00 FEET; THENCE PARALLEL TO THE NORTH LINE OF SAID TRACT 50, S 88°13'06" E 222.77 FEET; THENCE S2°08'45" W 279.35 FEET TO THE SOUTH LINE OF THE NORTH HALF OF SAID TRACT 50; THENCE S 88°06'41" E 400.00 FEET TO THE SOUTHEAST CORNER OF THE WEST HALF OF SAID NORTH HALF OF SAID TRACT 50; THENCE N 2°11'36" E 310.10 FEET TO THE NORTHEAST CORNER OF SAID WEST HALF OF SAID NORTH HALF OF SAID TRACT 50; THENCE ALONG THE NORTH LINE OF SAID TRACT 50, N88°13'06" W. 623.04 FEET TO THE POINT OF BEGINNING.

SITUATED IN SKAGIT COUNTY, STATE OF WASHINGTON.

PARCEL A-1:

A NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS AND UTILITIES AS CREATED BY AND PURSUANT TO THE BURLINGTON SHORT PLAT NO. BURL-1-95, RECORDED UNDER AUDITOR'S FILE NO. 9504200032, OVER THE SOUTH 30 FEET OF LOT 1 OF SAID SHORT PLAT.

PARCEL A-2:

A NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS AND UTILITIES AS CREATED BY AND PURSUANT TO THE BURLINGTON SHORT PLAT NO. BURL-1-95, RECORDED UNDER AUDITOR'S FILE NO. 9504200032, AND AS AMENDED BY AMENDMENTS TO DECLARATION OF EASEMENTS RECORDED UNDER AUDITOR'S FILE NOS. 9903020075 AND 200608160154, OVER THAT PORTION OF THE 55 FOOT EASEMENT DESIGNATED THEREIN WHICH LIES WITHIN THE NORTH 25 FEET OF LOT 1 OF SAID SHORT PLAT.

ALL SITUATE IN THE COUNTY OF SKAGIT, STATE OF WASHINGTON.

PARCEL B – FAIRHAVEN MANOR:

THE WEST HALF OF THE NORTH HALF OF THE EAST HALF OF TRACT 43, PLAT OF THE BURLINGTON ACREAGE PROPERTY, AS PER PLAT RECORDED IN VOLUME 1 OF PLATS, PAGE 49, RECORDS OF SKAGIT COUNTY, WASHINGTON;

EXCEPT THE TWO FOLLOWING DESCRIBED TRACTS:

1. BEGINNING AT THE SOUTHWEST CORNER OF THE EAST HALF OF THE NORTH HALF OF SAID TRACT 43; THENCE NORTH ALONG THE WEST LINE OF SAID EAST HALF OF THE NORTH HALF 18.4 FEET; THENCE EAST, 311.5 FEET; THENCE SOUTH 19.3 FEET TO THE SOUTH LINE OF SAID EAST HALF OF THE NORTH HALF; THENCE WEST ALONG THE SOUTH LINE OF SAID EAST HALF OF THE NORTH HALF, 311.5 FEET TO THE POINT OF BEGINNING.

2. THE EASTERLY 25 FEET THEREOF AS CONVEYED TO THE CITY OF BURLINGTON FOR ROAD PURPOSES BY DEEDS RECORDED DECEMBER 28, 1955 AND SEPTEMBER 13, 1977, UNDER AUDITOR'S FILE NOS. 529242 AND 864623, RECORDS OF SKAGIT COUNTY, WASHINGTON, RESPECTIVELY.

FURTHER DESCRIBED AS: COMMENCING AT AN ENCASED MONUMENT AT THE INTERSECTION OF W FAIRHAVEN AVE. AND S NORRIS ST; THENCE S 88°25'56" E 965.42 FEET TO A ENCASED MONUMENT AT THE INTERSECTION OF W FAIRHAVEN AVE. AND HULBUSH LN, SAID POINT BEING ON THE EXTENSION OF THE EAST LINE OF THE WEST HALF OF THE NORTH HALF OF THE EAST HALF OF LOT 43, PLAT OF THE BURLINGTON ACREAGE PROPERTY, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 1 OF PLATS, PAGE 49, RECORDS OF SKAGIT COUNTY, WASHINGTON; THENCE ALONG SAID EAST LINE, S 2°14'21" W 321.39 FEET TO A POINT 19.30 FEET NORTH OF THE SOUTHEAST CORNER OF THE WEST HALF OF THE NORTH HALF OF THE EAST HALF OF SAID LOT 43; THENCE N 88°29'27" W 25.00 FEET TO THE WEST LINE OF HULBUSH LN AND THE POINT OF BEGINNING; THENCE CONTINUING N 88°29'27" W 286.57 FEET TO A POINT ON THE

WEST LINE OF SAID WEST HALF, SAID POINT BEING 18.40 FEET NORTH OF THE SOUTHWEST CORNER OF SAID WEST HALF OF THE NORTH HALF OF THE EAST HALF OF SAID LOT 43; THENCE N 2°11'34" E 291.70 FEET TO THE NORTHWEST CORNER OF SAID WEST HALF AND THE SOUTH LINE OF W. FAIRHAVEN AVE; THENCE ALONG SAID SOUTH LINE, S 88°25'56" E 286.80 FEET TO THE WEST LINE OF HULBUSH LN, THENCE S 2°14'21" W 291.41 FEET TO THE POINT OF BEGINNING;

SITUATE IN THE COUNTY OF SKAGIT, STATE OF WASHINGTON.

PARCEL C – LEXY MANOR:

LOT 2 OF CITY OF OAK HARBOR, SHORT PLAT NO. SPL 97-1 AS APPROVED NOVEMBER 20, 1997, AND RECORDED NOVEMBER 24, 1997 IN VOLUME 3 OF SHORT PLATS, PAGE 177, UNDER AUDITOR'S FILE NO. 97019436, RECORDS OF ISLAND COUNTY WASHINGTON; BEING A PORTION OF TRACT A OF ISLAND COUNTY SHORT PLAT NO. 78/136 ALLEN/ELLMORE RECORDED UNDER AUDITOR'S FILE NO. 347002 ALL BEING IN THE GEORGE W.L. ALLEN DONATION LAND CLAIM AND WILLIAM ELLMORE DONATION LAND CLAIM, RECORDS OF ISLAND COUNTY, WASHINGTON;

FURTHER DESCRIBED AS FOLLOWS:

COMMENCING AT AN ALUMINUM MONUMENT AT THE INTERSECTION OF ELLIS WAY AND NE 7TH AVE; THENCE N 88°23'31" W A DISTANCE OF 211.37 FEET TO A BRASS SURFACE MON MARKED "F&K LS8947"; THENCE N 88°17'01" W A DISTANCE OF 102.50 FEET; THENCE N 1°49'18" E A DISTANCE OF 30.00 FEET TO THE NORTH LINE OF NE 7TH AVE AND THE POINT OF BEGINNING; THENCE CONTINUING N 1°49'18" E A DISTANCE OF 288.71 FEET; THENCE N 88°03'46" W A DISTANCE OF 330.00 FEET; THENCE S 1°49'18" W A DISTANCE OF 289.99 FEET TO SAID NORTH LINE OF NE 7TH AVE; THENCE ALONG SAID NORTH LINE, S 88°17'01" E A DISTANCE OF 116.30 FEET; THENCE N 1°49'18" E A DISTANCE OF 180.55 FEET; THENCE S 88°03'46" E A DISTANCE OF 121.00 FEET; THENCE S 1°49'18" W A DISTANCE OF 180.08 FEET TO SAID NORTH LINE OF NE 7TH AVE; THENCE ALONG SAID NORTH LINE, S 88°17'01" E A DISTANCE OF 92.70 FEET TO THE POINT OF BEGINNING;

SITUATE IN THE COUNTY OF ISLAND, STATE OF WASHINGTON.

PARCEL C-1:

AN EASEMENT FOR INGRESS, EGRESS AND UTILITIES AS SET FORTH IN DOCUMENT ENTITLED "EASEMENT" RECORDED UNDER RECORDING NO. 4380257.

PARCEL D – MADRONA MANOR:

LOT 1 OF CITY OF OAK HARBOR PLAT-BOUNDARY LINE ADJUSTMENT NO. 1-95 AS APPROVED JUNE 27, 1995, AND RECORDED JUNE 28, 1995, IN VOLUME 3 OF SHORT PLATS, PAGE 27, UNDER AUDITOR'S FILE NO. 95010037, RECORDS OF ISLAND COUNTY, WASHINGTON; EXCEPT THAT PORTION CONVEYED TO THE CITY OF OAK HARBOR BY QUIT CLAIM DEED RECORDED UNDER AUDITOR'S FILE NO. 20013175, BEING A PORTION OF LOTS 1 AND 2 OF CITY OF OAK HARBOR SHORT PLAT NO 5-94 RECORDED IN VOLUME 2 OF SHORT PLATS, PAGE 495, UNDER AUDITOR'S FILE NO. 95000207, RECORDS OF ISLAND COUNTY, WASHINGTON AND LOT 2 OF CITY OF OAK HARBOR SHORT PLAT NO. 10-86 RECORDED IN VOLUME 2 OF SHORT PLATS, PAGE 99, UNDER AUDITOR'S FILE NO. 86017031, RECORDS OF ISLAND COUNTY, WASHINGTON, BEING A PORTION OF GOVERNMENT LOT 4, SECTION 3, TOWNSHIP 32 NORTH, RANGE 1 EAST, W.M.

FURTHER DESCRIBED AS: COMMENCING AT THE SOUTH QUARTER CORNER OF SAID SECTION 3; THENCE ALONG THE NORTH-SOUTH CENTER OF SECTION LINE, N 1°31'12" E 1211.99 FEET TO AN EXISTING PLAT MONUMENT AND THE POINT OF BEGINNING; THENCE S 87°38'44" E 197.75 FEET; THENCE S 1°35'10" W 400.70 FEET TO THE NORTH LINE OF SW KIMBALL DR; THENCE ALONG SAID NORTH LINE, N 85°12'47" W 146.87 FEET TO SAID NORTH-SOUTH CENTER SECTION LINE; THENCE N 1°31'12" E 392.36 FEET TO THE POINT OF BEGINNING;

TOGETHER WITH THE FOLLOWING DESCRIBED PORTION OF SAID SECTION 3; COMMENCING AT THE SOUTH QUARTER CORNER OF SAID SECTION 3; THENCE ALONG THE NORTH-SOUTH CENTER OF SECTION LINE, N 1°31'12" E 594.87 FEET TO THE POINT OF BEGINNING; THENCE CONTINUING N 1°31'12" E 174.68' TO THE SOUTH LINE OF SW KIMBALL DR; THENCE ALONG SAID SOUTH LINE, S 85°13'33" E 39.15 FEET; THENCE S 1°31'12" W 186.79 FEET TO THE NORTH LINE OF SW SWANTOWN AVE; THENCE ALONG SAID NORTH LINE, N 68°20'06" W 41.63 FEET TO THE POINT OF BEGINNING;

SITUATE IN THE COUNTY OF ISLAND, STATE OF WASHINGTON.

EXHIBIT B

JUNIOR LOAN DOCUMENTS

1. Subordinate Loan Agreement dated as of October 1, 2015, between Junior Lender and Borrower;
2. Subordinate Commission Multifamily Note dated October 8, 2015, made by Borrower to Junior Lender; and
3. Subordinate Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of October 1, 2015, made by Borrower for the benefit of Junior Lender.

EXHIBIT C

**MODIFICATIONS TO
SUBORDINATION AND INTERCREDITOR AGREEMENT**

The following modifications are made to the text of the Agreement that precedes this Exhibit:

None.

Capitalized terms used and not defined herein shall have the respective meanings ascribed to them in the Agreement.