

AFTER RECORDING RETURN TO:

HOUSING AUTHORITY OF SKAGIT COUNTY
1650 PORT DRIVE
BURLINGTON, WA 98223
ATTN: EXECUTIVE DIRECTOR

NCS-1009324

**This Document is recorded as a courtesy only.
First American Title Insurance Co. assumes no liability for
sufficiency, validity or accuracy**

**SUBORDINATION AGREEMENT
(HASC MV Family Housing)**

Grantors: 1. HOUSING AUTHORITY OF SKAGIT COUNTY

Grantees: 1. SKAGIT COUNTY

Abbrev. Legal Description.: SW NW of Sec. 15, Twp. 34 N., R. 4 E., WM
(Full Legal Description on Exhibit A)

Assessor's Tax Parcel No.: P24832

Reference Numbers:
County Loan Number 2 Deed of Trust: 202212220054
Seller Loan Deed of Trust ~~20211022005~~ 202110220054

SUBORDINATION AGREEMENT

This **SUBORDINATION AGREEMENT** ("Agreement") is made as of December 15, 2022, by and among the **SKAGIT COUNTY**, a Washington municipal corporation ("Skagit County"); and the **HOUSING AUTHORITY OF SKAGIT COUNTY**, a Washington public body corporate and politic ("Sponsor"); and consented to by the **HOUSING AUTHORITY OF SKAGIT COUNTY MOUNT VERNON FARMWORKER LLLP**, a Washington limited liability limited partnership (the "Partnership").

RECITALS

This Agreement is made with reference to the following facts:

A. Skagit County's Interest. Skagit County has made a loan in the amount of Six Hundred Sixty One Thousand Eight Hundred Forty Eight Dollars and 0/100 (\$661,848), (the "County Loan") to the Partnership for the development of an affordable housing project located at 4103 East College Way, Mount Vernon, Washington, 98273 (the "Project"). The County Loan is evidenced by that certain Promissory Note made by the Partnership to the order of Skagit County in the amount of Six Hundred Sixty One Thousand Eight Hundred Forty Eight Dollars and 0/100 (\$661,848), (the "County Note") and is secured by that certain Leasehold Deed of Trust ("County Deed of Trust") in favor of First American Title Insurance Company, as trustee, and Skagit County, as beneficiary, dated of even date herewith and recorded in the Official Records as Instrument No. 202212220054. All documents identified in this Recital A, and any documents executed by County, Sponsor and/or the Partnership in connection therewith are collectively referred to as the "County Loan Documents." References to the County Loan Documents include all advances made under the County Deed of Trust, whether optional or obligatory, and all modifications, extensions, renewals or replacements of the County Deed of Trust.

B. Sponsor Interest.

1. **Seller Loan.** Sponsor has provided a loan to the Partnership evidenced by a Promissory Note in the amount of \$360,000 ("Seller Note"). The Seller Note is secured by a Leasehold Deed of Trust granted by the Partnership in favor of First American Title Insurance Company, as trustee, and Sponsor, as beneficiary, dated of even date herewith, and recorded in the Official Records as Instrument No. 202110220054 ("Seller Loan Deed of Trust"). References to the "Seller Loan Deed of Trust" include all modifications, extensions, renewals or replacements of the Seller Loan Documents. The Seller Note and Seller Loan Deed of Trust are collectively referred to as the "Seller Loan Documents." *202110220054

2. **Sponsor Option.** Pursuant to the First Amended and Restated Agreement of Limited Liability Limited Partnership of the Partnership (the "Amended and Restated Partnership Agreement") and that certain Right of First Refusal Agreement between the Partnership and Sponsor, as purchaser, Sponsor has certain unrecorded rights to purchase the limited partnership interests in the Partnership and the Project (together with any other rights of the Sponsor, in its individual capacity or in its capacity as general partner of the Partnership, to acquire the partnership interests in the Partnership and the Project, or any interest therein under the Amended and Restated Partnership Agreement or otherwise, the "Sponsor Option").

C. Purpose. The County has agreed to make the County Loan conditioned on the rights of the Sponsor under the Seller Loan Documents and the Sponsor Option be subordinate to the County Loan Documents, specifically including but not limited to the County Deed of Trust

AGREEMENT

NOW, THEREFORE, in consideration of the mutual agreements and undertakings herein contained, the Parties agree as follows:

1. **Priorities.** Notwithstanding the fact that the Seller Loan Deed of Trust and Sponsor Option were entered into and/or recorded prior to the recording of the County Deed of Trust, the Sponsor's interest in or lien on the Property created by the Seller Loan Deed of Trust and Sponsor Option shall be subordinate to and subject to the rights and interests of Skagit County under the County Deed of Trust.

2. **Reliance: Partnership's Consent.** It is understood by the parties hereto that the County would not enter into, or make disbursements under the County Loan Documents without this Agreement. The Partnership consents to all the terms hereof.

3. **Priority and Subordination Agreement.** The parties acknowledge that the Partnership, Sponsor, County and other lenders to the Partnership previously entered into a Priority and Subordination Agreement dated as of October 21, 2021 and recorded under Skagit County Recording Number 202110220060 (the "Priority and Subordination Agreement"). Except as otherwise set forth herein, all terms and conditions of the Priority and Subordination Agreement shall remain in full force and effect as if stated in full herein.

(a) **Applicable Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the state of Washington. Venue shall be Skagit County, Washington.

(b) **Notices.** All notices to be given pursuant to this Agreement shall be in writing and shall be deemed given when hand-delivered within normal business hours, when actually received by facsimile transmission during normal business hours, or two (2) business days after deposit in the U.S. mail, postage prepaid, (one (1) business day if sent by overnight courier) to the Parties hereto at the addresses set forth below, or to such other place as a Party may from time to time designate by notice to the other Parties. No transferee or successor of a Party hereto shall be entitled to notices or opportunity to cure defaults hereunder unless notice of the transfer is given in accordance with this subsection.

Skagit County: Skagit County Public Health
Attention: George Kosovich
700 South Second Street, #301
Mount Vernon, WA 98273

Sponsor: Housing Authority of Skagit County
1650 Port Drive
Burlington, WA 98223
Attn: Executive Director

Partnership: Housing Authority of Skagit County Mount Vernon Farmworker
LLLP
c/o Housing Authority of Skagit County
1650 Port Drive
Burlington, WA 98223
Attn: Executive Director

With a copy to: Wincopin Circle LLLP
c/o Enterprise Community Asset Management, Inc.
70 Corporate Center
11000 Broken Land Parkway, Suite 700
Columbia, MD 21044
Attn: Asset Management
Fax: (410) 772-2630

And to: sshack@enterprisecommunity.com
Attn: General Counsel

And to: Bocarsly Emden Cowan Esmail & Arndt LLP
7700 Old Georgetown Road, Suite 600
Bethesda, MD 20814
Attn: Craig A. Emden, Esq.
Fax: 301-654-4007

(d) **Successors; Assignment.** This Agreement is for the benefit of the Lenders and their respective successors and assigns, and not for the benefit of the Partnership. Any provision hereof may be waived or modified by agreement of the Lenders (or by any two or more of them, if the other(s) are unaffected thereby) without the consent of the Partnership and without affecting the priority of the liens and interests of the Lenders. The heirs, administrators, assigns and successors-in-interest of the Parties shall be bound by this Agreement. This Agreement may be assigned by a Party only as a part of an assignment of such Party's loan documents described in this Agreement.

(e) **Amendment.** This Agreement may be amended only by a writing signed by the Parties hereto, but this clause shall not impair the validity of any further agreements among fewer than all of the Parties hereto as among themselves.

(f) **Counterparts.** This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and whether or not all Parties execute each counterpart.

(g) **Completion of Recording Information.** If this Agreement is signed without completion of certain recording information called for above, any title insurance company acting on the instructions of any Party is hereby authorized to insert such information prior to recording this Agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, the undersigned has entered into this Agreement as of the day and year first written above.

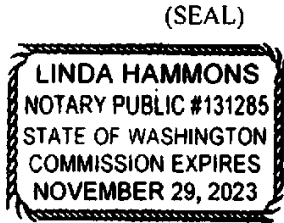
SKAGIT COUNTY
a Washington municipal corporation

By: Trisha Logue
Print Name: Trisha Logue
Title: Skagit County Administrator

STATE OF WASHINGTON
ss.
COUNTY OF SKAGIT

I certify that I know or have satisfactory evidence that Trisha Logue, as the County Administrator of SKAGIT COUNTY, a municipal corporation, is the person who appeared before me, and said person acknowledged that (s)he signed this instrument and acknowledged it to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED this 20 day of December, ²⁰²² ~~2021~~.



Notary Public Linda Hammons
Print name: Linda Hammons
Residing at: Skagit County, WA
My commission expires: 11-29-2023

IN WITNESS WHEREOF, the undersigned has entered into this Agreement as of the day and year first written above.

HOUSING AUTHORITY OF SKAGIT COUNTY,
a public body corporate and politic of the State of Washington

By: 
Name: Melanie Corey
Its: Executive Director

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that Melanie Corey is the person who appeared before me and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the Executive Director of the Housing Authority of Skagit County, a public body corporate and politic of the State of Washington, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: 12/13/2022

Print Name: Renee C Sinclair
Residing at: Skagit County
My appointment expires: 5/1/2023



Notary Public
State of Washington
Renee C Sinclair
Commission No. 207424
My Commission Expires 5/1/2023

**EXHIBIT A
LEGAL DESCRIPTION**

PARCEL A:

THE SOUTH 616 FEET OF THE FOLLOWING DESCRIBED PROPERTY:

THE EAST 1/2 OF THE EAST 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 15, TOWNSHIP 34 NORTH, RANGE 4 EAST, W.M.

EXCEPT THAT PORTION CONVEYED TO THE STATE OF WASHINGTON BY DEED DATED MAY 29, 1986 AND RECORDED UNDER AUDITOR'S FILE NO. 8610010020, RECORDS OF SKAGIT COUNTY, WASHINGTON.

SITUATE IN THE CITY OF MOUNT VERNON, COUNTY OF SKAGIT, STATE OF WASHINGTON.

PARCEL B:

AN EASEMENT FOR STORMWATER POND AS ESTABLISHED UNDER OPERATIONS, MAINTENANCE, AND EASEMENT AGREEMENT FOR DRAINAGE AND STORMWATER FACILITIES RECORDED October 21, 2021, UNDER RECORDING NO. 202110210093.