

**Prepared By/Return To: Banner Bank, Attn: Real Estate Loan
Administration Loan #1804035, PO Box 907, Walla Walla, WA 99362 ~**

**Grantor: Katelyn Morgan
Grantee: Banner Bank**

DEED RESTRICTION

REVIEWED BY
SKAGIT COUNTY TREASURER
DEPUTY Josie Bear
DATE 01/31/2023

THE STATE OF Washington

COUNTY OF Skagit

P131489 Unit D, North Half, Southfield P.U.R.D.

The undersigned, Katelyn Morgan, a single person ("Owner" or "Grantor"), is the owner of certain real property and improvements located at 938 Park St, in La Conner, Skagit County, State of Washington, and more particularly described on Exhibit A attached hereto and incorporated herein for all purposes (the "Property"). For value received, the adequacy and sufficiency of which are hereby acknowledged, Owner/Grantor does hereby impress the Property with the following deed restrictions:

1. For purposes of these restrictions, the following terms have meaning indicated:

"AHP" means the affordable housing program of the Bank.

"Bank" means The Federal Home Loan Bank of Des Moines ATTN: Community Investment Department, 909 Locust Street, Des Moines, IA 50309-3515.

"Lender" or "Grantee" means Banner Bank, with place of business is located at: 10 S. 1st Ave, Walla Walla, WA 99362.

"Closing Date" means January 20, 2023.

"Direct Subsidy" means the amount funded by the Bank, in association with its AHP as prescribed by the applicable rules and regulations of the Federal Housing Finance Agency (FHFA), for the

benefit of the prospective Owner/Grantor and for the purpose of assisting such Owner/Grantor in the purchase, for purchase in conjunction with construction, for purchase in conjunction with rehabilitation, or for construction of the property.

"Household's Investment" means the following, to the extent paid by the household and documented (in the Closing Disclosure or other settlement statement, if applicable, or elsewhere) to the Bank or its designee: (1) Reasonable and customary costs paid by the household in connection with the purchase of the unit (including real estate broker's commission, attorney's fees, and title search fees); (2) Any down payment paid in connection with the household's purchase of the unit; (3) The cost of any capital improvements made after the household's purchase of the unit until the time of the subsequent sale, transfer, assignment of title or deed, or refinancing; and (4) The amount of principal on any mortgage senior to the AHP subsidy lien or other legally enforceable AHP subsidy repayment obligation repaid by the household.

"Net Proceeds" means: (1) In the case of a sale, transfer, or assignment of title or deed of an AHP-assisted unit by a household during the five-year retention period, the sales price minus reasonable and customary costs paid by the household in connection with the transaction (including real estate broker's commission, attorney's fees, and title search fees) and outstanding debt superior to the AHP subsidy lien or other legally enforceable AHP subsidy repayment obligation; (2) In the case of a refinancing of an AHP-assisted unit by a household during the five-year retention period, the principal amount of the new mortgage minus reasonable and customary costs paid by the household in connection with the transaction (including attorney's fees and title search fees) and the principal amount of the refinanced mortgage.

"Retention Period" means a period of five (5) years beginning on the Closing Date.

"Termination Date" means the next calendar day following the end of the Retention Period, on which day this Deed Restriction shall terminate and be of no further force or effect.

"Very low-, low-, or moderate-income household" means a family with an income at or below 30%, 50% or 80%, respectively, of the median income for the area, with the income limit adjusted for household size in accordance with the methodology of the applicable median income standard.

2. *Notice.* The Bank and Lender/Grantee is to be given notice of any sale, transfer, assignment of title or deed, or refinancing of the Property that occurs prior to the end of the Retention Period.
3. *Repayment of subsidy.* In the case of a sale, transfer, assignment of title or deed, or refinancing of the Property during the Retention Period, an amount equal to a pro rata share of the \$7,500.00 Direct Subsidy, shall be repaid to the Bank from any net proceeds, as applicable, minus the AHP-assisted household's investment realized upon the sale transfer, assignment of title or deed, or refinancing of the Property, in accordance with Section 6, unless:
 - i. the Property was assisted with a permanent mortgage loan funded by an AHP subsidized advance;
 - ii. the Property is sold, transferred or assigned to a very low-, low-, or moderate-income household based on proxy or actual income, as determined by the Bank
 - iii. the amount of subsidy that would be required to be repaid in accordance with the calculation in Section 6 is \$2,500 or less, or;
 - iv. following a refinancing, the unit continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism.
4. *Subsidy repayments to Bank.* Repayment of the Direct Subsidy shall be made to the Bank. The Lender/Grantee is required by FHFA regulations to remit any payments received to the Bank.
5. *Termination of subsidy repayment obligation.* This instrument and these restrictions are subordinate to the rights and liens, if any, under any valid outstanding Mortgage or Deed of Trust, currently of record. The obligation to repay the Direct Subsidy shall terminate after any event of foreclosure, transfer by deed-in-lieu of foreclosure, or assignment of a Federal Housing Administration first Mortgage or Deed of Trust to the Secretary of the U.S. Department of Housing and Urban Development (HUD), or death of the AHP-assisted homeowner.
6. *Calculation of AHP subsidy repayment based on net proceeds and household's investment.* The Bank shall be repaid the lesser of:
 - i. the AHP subsidy amount equal to the subsidy, reduced by 1/60 for every month the selling Owner/Grantor owned the Property; or
 - ii. any net proceeds from the sale, transfer, or assignment of title or deed of the unit, or the refinancing, as applicable, minus the AHP-assisted household's investment.

7. This instrument and the deed restrictions contained herein shall be deemed released and discharged on the earlier to occur of (i) the Termination Date, or (ii) the date on which the Direct Subsidy is repaid prior to the Termination Date under Sections 3, 4, or 5 hereof. The Lender named in this instrument, or its successors or assigns, shall be responsible for the completion and recording of any and all documentation necessary to effect any release or subordination of this instrument in connection with a sale or refinancing of the Property during the Retention Period. The Lender/Grantee shall not be required to file a release in connection with the expiration of this Deed Restriction following the Termination Date.
8. Owner/Grantor understands and agrees that this instrument shall be governed by the laws of the State of Washington and that venue for any action to enforce the provisions of this instrument shall be in Skagit County.

EXECUTED this 3rd day of January, 2023.

By: Katelyn Morgan
Title: Owner/Grantor Printed Name: Katelyn Morgan

By: _____
Title: Owner/Grantor Printed Name:

[Owner/Grantor Acknowledgment]

THE STATE OF WASHINGTON
COUNTY OF SKAGIT

This instrument was acknowledged before me on this 27th day of JANUARY, 2023 by
(Grantor) KATELYN MORGAN

By: L. Shannon
Title: Notary Public, State of WASHINGTON

Printed Name: LINDSEY C. SHANNON

My commission expires (m/d/yyyy): 08.10.2025

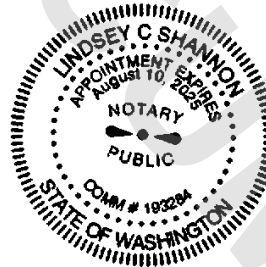


Exhibit A**(Legal description subject property)**

Unit D, (North Half) "SOUTHFIELD PLANNED UNIT RESIDENTIAL DEVELOPMENT (P.U.R.D) and BINDING SITE PLAN", recorded July 24, 2009, under Auditor's File No. 200907240089, and more particularly described as follows:

That portion of Southfield P.U.R.D., Skagit County, Washington, described as follows:

Beginning at the Northeast corner of said Southfield P.U.R.D.;
thence South 29°56'00" West along the East line of said Southfield P.U.R.D., a distance of 404.08 feet;
thence North 60°04'00" West, a distance of 129.28 feet to the true point of beginning;
thence North 85°09'16" West, a distance of 52.70 feet;
thence North 04°50'44" East, a distance of 25.99 feet;
thence South 85°09'16" East, a distance of 52.70 feet;
thence South 04°50'44" West, a distance of 25.99 feet to the true point of beginning.

Situate in the County of Skagit, State of Washington.