



202307280234

07/28/2023 04:06 PM Pages: 1 of 9 Fees: \$211.50
Skagit County Auditor

When Recorded Return To:

Skagit County Public Health
700 South Second Street, #301
Mount Vernon, WA 98273

ATTN: Shelley Kjos

PRIORITY AND SUBORDINATION AGREEMENT

(Skagit County – Channel Cove)

Grantors:

1. WASHINGTON FEDERAL BANK
2. SKAGIT COUNTY
3. HOME TRUST SKAGIT

Grantees:

1. WASHINGTON FEDERAL BANK
2. SKAGIT COUNTY
3. HOME TRUST SKAGIT

Abbreviated Legal

Unit G, "SOUTHFIELD PLANNED UNIT RESIDENTIAL
DEVELOPMENT (P.U.R.D.) and BINDING SITE PLAN"

Description:

Full legal on Exhibit "A" attached hereto

Assessor's Tax

8082-000-007-0000/P128680

Parcel Numbers:

Reference

Numbers:

Declaration of Restrictive Housing Covenant	<u>202212280040</u>
Affordable Homeownership Covenant	<u>202307280231</u>
Bank Deed of Trust	<u>202307280232</u>
County Deed of Trust	<u>202306020045</u>

THIS **PRIORITY AND SUBORDINATION AGREEMENT** ("Agreement") is dated as of _____, 2023, by and among the following parties: **HOME TRUST SKAGIT**, a Washington nonprofit corporation (the "Seller"); **SKAGIT COUNTY**, a political subdivision of the State of Washington organized under the laws of the State of Washington (the "County"); **ALICIA HILL**, a low-to moderate-income homebuyer (the "Borrower"); and **WASHINGTON FEDERAL BANK**, a Washington state-chartered bank (the "Bank"); collectively, the "Parties" and each individually, a "Party." The Bank, and County, and their respective successors in interest, are referred to herein, in each case for so long as the Deed of Trust or Covenant (as defined below) of which that Party is a beneficiary remains a lien of record on any part of the Property (as defined below), as "Lenders", in each case only in such Party's capacity as the holder or assignee of the obligations secured by its Deed of Trust or the beneficiary of its Covenant.

This Agreement is made with reference to the following facts:

RECITALS

A. Seller's Interest. The Seller owns the real property located at 914 Park Street, La Conner, Skagit County, Washington, referred to herein as the "Property." The Property has been developed to serve as housing for low-to moderate-income homebuyers (the "Project") utilizing funds from various sources. The Lenders have provided or committed financial assistance, as described below.

B. Borrower's Interest. The Borrower has agreed to purchase from the Seller and occupy as their principal residence the improvements located on Property.

C. Bank's Interests. The Bank has agreed to make a loan to the Borrower in an amount not to exceed [\$135,000] (the "Bank Loan"). The Bank Note is secured by, among other security documents, that certain Deed of Trust, Security Agreement and Fixture Filing naming [Land Title and Escrow] as trustee and recorded under Skagit County recording number 202307280232 (the "Bank Deed of Trust").

D. County's Interests. The County made a loan to the Seller from its allocation of HOME funds in the amount of \$610,850.50 (the "HOME Loan") evidenced by that certain Skagit County Funding Agreement (the "HOME Loan Agreement"). Pursuant to the HOME Loan Agreement, the Seller executed a Promissory Note in the principal amount of \$610,850.50 in favor of the County (the "HOME Note"). The HOME Note is secured by that certain [Deed of Trust] executed by the Seller, naming Land Title & Escrow as trustee, and recorded under Skagit County recording number 202306020045 (the "HOME Deed of Trust"). In addition, the Seller executed that certain Declaration of Restrictive Housing Covenant recorded under Skagit County recording number 202212280040 (the "HOME Covenant"). Upon sale of the improvements located at the Property to the Borrower, the Affordable Homeownership Covenant is recorded under Skagit County recording number 202307280231 (the "Homeownership Covenant").

E. Purpose. The Parties wish to enter into this Agreement in order to establish their relative rights and priorities regarding the Borrower's interests in the Property, all as more fully set forth herein.

F. Incorporation of Documents. All of the documents discussed in the Recitals section of this Agreement are collectively referred to as the "Documents" and the information and definitions contained in the Recitals are acknowledged by the Parties to be an incorporated, integral part of this Agreement.

AGREEMENT

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

1. Priorities.

- A. Regardless of the time each Party's lien upon or interest in the Borrower's interests in the Property, or portion thereof, was or shall be created or recorded, the Parties hereto agree that the documents and instruments identified and described above, shall have priority in the order set forth below in this paragraph, with the most senior of the respective documents and instruments listed first:

- | | | |
|----|---|---------------------|
| 1. | Declaration of Restrictive Housing Covenant | <u>202212280040</u> |
| 2. | Affordable Homeownership Covenant | <u>202307280231</u> |
| 3. | Bank Deed of Trust | <u>202307280232</u> |
| 4. | County Deed of Trust | <u>202306020045</u> |

- B. Any Uniform Commercial Code financing statement or fixture filing recorded or filed in connection with any Deed of Trust or any loan referenced in this Agreement shall have the same relative priority or subordination as the Deed of Trust and loan to which such financing statement or fixture filing relates.

- C. The Parties acknowledge that the Covenant(s) apply simultaneously and that the grantors thereunder are obligated to comply with each of them regardless of their relative priority or order of recording. Each Covenant encumbering the Property shall survive the foreclosure of any deed of trust on the Property and shall be binding upon any person acquiring an interest in the Property by means of such foreclosure or deed in lieu thereof or that is a successor to one who acquires the Property by such means.

2. Reliance by Lenders; Consent. It is understood by the Parties hereto that the Lenders and the Borrower would not enter into their respective Documents without this Agreement and that each Lenders and Borrower will benefit as a result of the Documents and that such benefit constitutes good and valuable consideration for each of the Lenders and the Borrower to enter into this Agreement. The Borrower, consents to all terms hereof.

3. Miscellaneous.

- A. Entire Agreement. This Agreement comprises the entire agreement among the Parties with respect to the priority of each Party's liens upon and interests in the Property, and all prior understandings or agreements on that subject are superseded hereby.
- B. Applicable Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington. Venue of any action or proceeding to enforce, interpret or otherwise related hereto shall lie in Skagit County, Washington.
- C. Successors; Assignment. This Agreement is for the benefit of the Lenders and their respective successors and assigns, and any provision hereof may be waived or modified by written agreement among all of the Lenders, or so many of them as are affected thereby,

without the consent of the Borrower. The heirs, administrators, assigns, and successors-in-interest of the Parties hereto shall be bound by this Agreement. This Agreement may be assigned by a Party only as a part of an assignment of that Party's entire interest in the Property or its loan secured by one of the Deeds of Trust described herein; provided, however, that any Lender may assign participation interests in its loan as allowed by that Lender's loan documents.

- D. 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.

Bank: WASHINGTON FEDERAL BANK
Attn: Becki Bell
425 Pike St
Seattle, WA 98233

County: SKAGIT COUNTY
1800 Continental Place
Mount Vernon, WA 98273

Seller: HOME TRUST SKAGIT
612 S. First Street
P.O. Box 2444
Mount Vernon, WA 98273

Borrower: ALICIA HILL
914 Park Street
La Conner, WA 98257

- E. Amendment. This Agreement may be amended only by a writing signed by the Parties hereto, but this subsection 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 Party hereto or any title insurance Borrower acting on the instructions of any Party is hereby authorized to insert such information prior to recording this Agreement.

- H.** Consent to Other Parties' Loan Documents. By executing this Agreement, each Party hereby acknowledges and consents to the execution of, and where appropriate, the recording of, the Documents by the Borrower and the other Parties thereto.
- I.** Authority. Each person who signs this Agreement represents and warrants that he or she has authority to execute this Agreement, to bind the party on whose behalf he or she signs, and to subordinate the County HOME Documents and the County's security interests.

IN WITNESS WHEREOF, the Parties hereto have entered into this Priority and Subordination Agreement as of the day and year first above written.

WASHINGTON FEDERAL BANK

By: Becki Bell
Name: Becki Bell
Title: Branch Manager

STATE OF WASHINGTON)
COUNTY OF Skagit)

I hereby certify that I know or have satisfactory evidence that Becki Bell appeared before me, and acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute this instrument, and acknowledged it as the Branch Manager of **WASHINGTON FEDERAL BANK**, to be the free and voluntary act of such entity for the uses and purposes mentioned in this instrument.

GIVEN under my hand and official seal this 27 day of July 2023.

Annie Nett
NOTARY PUBLIC in and for the State of WA
Print name: Annie Nett
My commission expires: 7/15/26

[Signatures continue on following page.]

IN WITNESS WHEREOF, the Parties hereto have entered into this Priority and Subordination Agreement as of the day and year first above written.

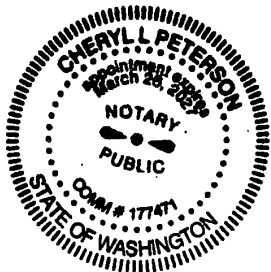
SKAGIT COUNTY, a political subdivision of the State of Washington

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

STATE OF WASHINGTON)
COUNTY OF SKAGIT)

I hereby certify that I know or have satisfactory evidence that Trisha Logue appeared before me, and acknowledged that s/he signed this instrument, on oath stated that s/he was authorized to execute this instrument, and acknowledged it as the Administrator of SKAGIT COUNTY, a political subdivision of the State of Washington, to be the free and voluntary act of such entity for the uses and purposes mentioned in this instrument.

GIVEN under my hand and official seal this 26th day of July, 2023.



Cheryl L. Peterson
NOTARY PUBLIC in and for the State of Washington
My commission expires March 26, 2027

[Signatures continue on following page.]

IN WITNESS WHEREOF, the Parties hereto have entered into this Priority and Subordination Agreement as of the day and year first above written.

HOME TRUST SKAGIT,
a Washington nonprofit corporation

By: Jodi Dear
Name: Jodi Dear
Title: Executive Director

STATE OF WASHINGTON)

) ss.

COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that Jodi Dear is the person who appeared before me and acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the executive Director of **HOME TRUST SKAGIT**, a Washington nonprofit corporation, to be the free and voluntary act of such nonprofit corporation for the uses and purposes mentioned in the instrument.

DATED this 27 day of July, 2023.

(Seal or Stamp)



Annie Neff
(Signature of Notary)
Annie Neff
(Legibly Print or Stamp Name of Notary)

NOTARY PUBLIC in and for the State of Washington
My Commission Expires:

**Exhibit "A" to Priority and Subordination Agreement
(Legal Description)**

Parcel Number: 8082-000-007-0000/P128680

Unit G, "SOUTHFIELD PLANNED UNIT RESIDENTIAL DEVELOPMENT (P.U.R.D.) AND
BINDING SITE
PLAN", approved June 23, 2009, 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;
Commencing at the Northeast corner of said Southfield P.U.R.D.;
thence North 59°59'20" West along the North line of said Southfield P.U.R.D., a distance of
171.94 feet;
thence South 30°00'40" West, a distance of 55.45 feet to the true point of beginning;
thence South 59°58'48" East, a distance of 43.99 feet;
thence South 30°01'12" West, a distance of 36.10 feet;
thence North 59°58'48" West, a distance of 43.99 feet;
thence North 30°01'12" East, a distance of 36.10 feet to the true point of beginning.
Situate in County of Skagit, State of Washington.