

When Recorded Return To:

Skagit County Public Health
301 Valley Mall Way Ste 110
Mount Vernon, WA 98273

ATTN: Christi Brua Weaver

400125-LT

PRIORITY AND SUBORDINATION AGREEMENT
(Skagit County – Parkside Cottages)

Grantors:

1. BANNER BANK
2. SKAGIT COUNTY
3. SKAGIT HABITAT FOR HUMANITY

Grantees:

1. BANNER BANK
2. SKAGIT COUNTY
3. SKAGIT HABITAT FOR HUMANITY

Parcel # :
Abbreviated Legal
Description:

A portion of P31894/35024-0-117-0000
(0.2945 ac) (TAX 37B) THAT PORTION OF THE SOUTHEAST
QUARTER OF THE SOUTHEAST QUARTER OF SECTION 24,
TOWNSHIP 35 NORTH, RANGE 1 EAST, W.M., DESCRIBED AS
FOLLOWS: BEGINNING AT A POINT ON THE SOUTH LINE OF SAID
SUBDIVISION WHICH IS 492 FEET WEST OF THE SOUTHEAST
CORNER OF THE SOUTHEAST CORNER OF SAID SECTION; THENCE
EAST 49.2 FEET; THENCE NORTH 296 FEET; THENCE WEST 49.2
FEET; THENCE SOUTH 146.63 FEET; THENCE WEST 11.59 FEET;
THENCE SOUTH 146.58 FEET; THENCE EAST 11.59 FEET TO THE
POINT OF BEGINNING; EXCEPT THAT PORTION THEREOF
CONVEYED TO THE CITY OF ANACORTES FOR STREET PURPOSES
BY DEED RECORDED MARCH 9, 1959, UNDER AF#577489 AND
AF#577490, RECORDS OF SKAGIT COUNTY, WASHINGTON; ALSO
EXCEPT THAT PORTION THEREOF LYING WITHIN THE
BOUNDARIES OF THE FOLLOWING DESCRIBED TRACT:
BEGINNING AT A POINT WHICH IS 442.8 FEET WEST OF THE
SOUTHEAST CORNER OF SAID SECTION; THENCE NORTH 0-15-16
WEST TO THE CENTER LINE OF 28TH STREET IN ANACORTES,
WASHINGTON, IF PRODUCED; THENCE SOUTHERLY TO A POINT
ON THE SOUTH LINE OF SAID SUBDIVISION 8 FEET WESTERLY OF
THE POINT OF BEGINNING; THENCE EASTERLY ALONG SAID
SOUTH LINE TO THE POINT OF BEGINNING. AKA LOT A, BLA-2017-
0004, RECORDED UNDER AF#201704110054. **Unit B**

Full legal on Exhibit "A" attached hereto

Reference #s: 202510170053; 202510170055; 202510170056; 202510170057

*Assessor's Tax
Parcel Numbers:*

P31894 / 350124-0-117-0000 Ptn of

*Reference
Numbers:*

Affordable Homeownership Covenant
Homebuyer Assistance Agreement
Bank Deed of Trust
County Deed of Trust

202510170053

N/A

202510170055/ 202510170056

202510170057

UNOFFICIAL DOCUMENT

THIS PRIORITY AND SUBORDINATION AGREEMENT ("Agreement") is dated as of October 6, 2025, by and among the following parties: **SKAGIT HABITAT FOR HUMANITY**, 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"); **KELLI NOREN**, a low- to moderate-income homebuyer (the "Borrower"); and **BANNER 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 *1208 29th Street, Unit B, Anacortes, WA 98221*, 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 [**\$160,000.00**] (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 202510170055 (the "Bank Deed of Trust") and 202510170056 (the "2nd Bank Deed of Trust").
- D. County's Interests.** The County made a forgivable loan to the Borrower from its allocation of Housing Trust Funds funds in the amount of **\$78,000.00** (the "HTF Loan") evidenced by that certain Skagit County Funding Agreement (the "HTF Loan Agreement"). Pursuant to the HTF Loan Agreement, the Borrower executed a Promissory Note in the principal amount of **\$78,000.00** in favor of the County (the "HTF Note"). The HTF Note is secured by that certain [Deed of Trust] executed by the Borrower, naming Land Title & Escrow Company as trustee, and recorded under Skagit County recording number 202510170057 (the "HTF Deed of Trust"). In addition, the Seller and Borrower executed that certain Affordable Homeownership Covenant recorded under Skagit County recording number 202510170053 (the "Restrictive 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. First mortgage with Banner Bank
2. Covenant with Skagit County
3. Ground Lease with Skagit Habitat
4. Ground Lease Rider with Skagit Habitat
5. DPA from Skagit County
6. DPA from Banner Bank
7. DPA from FHLB
8. Covenant with Skagit Habitat

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.

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: | BANNER BANK PO Box 907 Walla Walla, WA 99362 |
| County: | Skagit County 1800 Continental Place Mount Vernon, WA 98273 |
| Seller: | Skagit Habitat for Humanity 1022 Riverside Drive Mount Vernon, WA 98273 |
| Borrower: | Kelli Noren 1208 29 th Street, Unit B Anacortes, WA 98221 |

- 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 Housing Trust Fund Documents and the County's security interests.

EXHIBIT 'A'
UNIT B DESCRIPTION

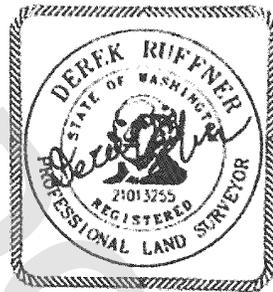
THAT PORTION OF LOT 'A' AS DESCRIBED AND DEPICTED ON BOUNDARY LINE ADJUSTMENT, RECORDED ON APRIL 11, 2017, RECORDING NUMBER 201704110054, SKAGIT COUNTY AUDITOR, STATE OF WASHINGTON:

DESCRIBED MORE PARTICULARLY AS COMMENCING AT THE SOUTHWEST PROPERTY CORNER OF SAID LOT 'A';
THENCE SOUTH 88°08'22" EAST, ALONG THE SOUTH BOUNDARY LINE OF SAID LOT 'A', A DISTANCE OF 21.24 FEET;
THENCE NORTH 00°55'56" EAST, PARALLEL WITH THE WEST MOST BOUNDARY LINE OF SAID LOT 'A', A DISTANCE OF 143.73 FEET TO THE POINT OF BEGINNING:

THENCE NORTH 00°49'29" EAST, A DISTANCE OF 19.52 FEET;
THENCE SOUTH 89°21'35" EAST, A DISTANCE OF 30.64 FEET;
THENCE SOUTH 00°29'21" WEST, A DISTANCE OF 22.78 FEET;
THENCE NORTH 89°12'47" WEST, A DISTANCE OF 12.52 FEET;
THENCE NORTH 00°47'00" EAST, A DISTANCE OF 3.19 FEET;
THENCE NORTH 89°13'44" WEST, A DISTANCE OF 16.43 FEET TO THE POINT OF BEGINNING.

CONTAINING 646 SQUARE FEET, MORE OR LESS.

Situate in the county of Skagit, State of Washington



08-27-2025

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

