

When Recorded Return To:

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

ATTN: Shelley Kjos

PRIORITY AND SUBORDINATION AGREEMENT**Grantors:**

1. BANNER BANK
2. SKAGIT COUNTY
3. HOME TRUST SKAGIT
4. WASHINGTON STATE DEPARTMENT OF COMMERCE

Grantees:

1. BANNER BANK
2. SKAGIT COUNTY
3. HOME TRUST SKAGIT
4. WASHINGTON STATE DEPARTMENT OF COMMERCE

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

8082-000-007-0100/ P136855

Parcel Numbers:

8082-000-007-0000/P128680

Reference**Numbers:**

| | |
|---|---|
| Declaration of Restrictive Housing Covenant | <u>202212280040</u> |
| Affordable Homeownership Covenant | <u>202512300049</u> |
| Bank Deed of Trust | <u>202512300051</u> |
| County Deed of Trust | <u>202306020045</u> |
| Bank Deed of Trust | <u>202512300052</u> |
| Department Covenant Agreement | <u>202512300050</u> |
| Department Deed of Trust | <u>202506280026 rerec as 202512300043</u> |

UN
THIS PRIORITY AND SUBORDINATION AGREEMENT ("Agreement") is dated as of December 17, 2025, by and among the following parties: **HOME TRUST SKAGIT**, a Washington nonprofit corporation (the "Lessor"); **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 homeowner (the "Seller"); **SARAH ZEIGLER**, a low- to moderate-income homebuyer (the "Borrower"); **BANNER BANK**, a Washington state-chartered bank (the "Bank"); and the **DEPARTMENT OF COMMERCE**, a department of the State of Washington (the "Department"); 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 improvements located at 914 Park Street, La Conner, Skagit County, Washington, referred to herein as the "Improvements." Improvements are affixed to real property "Property" subject to a long-term affordability lease held by Lessor.

B. Borrower's Interest. The Borrower has agreed to purchase from the Seller and occupy as their principal residence Improvements subject to the long-term affordability Lease held by Lessor and recorded under Skagit County recording number 202512300045.

C. Bank's Interests. The Bank has agreed to make a loan to the Borrower for purchase of Improvements in an amount not to exceed [\$150,522] (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 202512300051 (the "Bank Deed of Trust").

D. County's Interests. The County made a loan to the Lessor 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 Lessor executed a Promissory Note in the principal amount of \$610,850.50 in favor of the County (the "HOME Note") against Property and Improvements. The HOME Note is secured by that certain [Deed of Trust] executed by the Lessor, naming Land Title & Escrow as trustee, and recorded under Skagit County recording number 202306020045 (the "HOME Deed of Trust"). In addition, the Lessor executed that certain Declaration of Restrictive Housing Covenant recorded under Skagit County recording number 202212280040 (the "HOME Covenant").

The County executed a Contract with the Lessor from its allocation of HOME funds authorizing the use of HOME funds for homebuyer assistance. Under Skagit County Contract C20230235 the Borrower's purchase of Improvements includes \$30,000 of HOME homebuyer assistance, requiring execution of the associated Affordable Homeownership Covenant. Upon sale of the Improvements located at the Property to the Borrower, the Affordable Homeownership Covenant is recorded under Skagit County recording number 202512300049 (the "Homeownership Covenant").

E. Department's Interests. The Department and the Lessor have entered into a Housing Trust Fund Contract numbered 19-94110-037 which sets forth the terms and conditions under which the Department has agreed to lend the Borrower up to \$75,000 in Housing Trust Fund Program funds. The Department Recoverable Grant is evidenced by a Promissory Note (the "Department Note"), made by the BORROWER to the order of the Department. The BORROWER's obligation to repay the Department Note is secured by, among other security documents, a Deed of Trust in favor of Land Title Insurance Company, as trustee, and the Department as beneficiary, recorded under Skagit County recording number.

202512300043 (the "Department Deed of Trust"), encumbering The Department Recoverable Grant is evidenced by a Promissory Note (the "Department Note"), made by the BORROWER to the order of the Department. The BORROWER's obligation to repay the Department Note is secured by, among other security documents, a Deed of Trust in favor of Land Title Insurance Company, as trustee, and the Department as beneficiary, recorded under Skagit County recording number. 202512300043 (the "Department Deed of Trust"), encumbering the BORROWER's fee interest in the Property. In addition, the BORROWER executed that certain Low Income Housing Covenant Agreement recorded under Skagit County recording number 202512300050 (the "Department Covenant Agreement"). All documents identified in this paragraph, and any documents executed by the BORROWER in connection therewith, are collectively referred to as the "Department Documents."

F. Lessor's Interests. The Lessor owns as a community land trust the real property upon which the Improvements are affixed. The Lessor executed a Lease with the Borrower recorded under Skagit County recording number 202512300045, detailing the leasing terms and conditions associated with the Borrower's purchase of Improvements.

F. 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 Improvements, all as more fully set forth herein.

G. 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 Improvements, 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>202512300049</u> |
| 3. | Bank Deed of Trust | <u>202512300051</u> |
| 4. | County Deed of Trust | <u>202306020045</u> |
| 5. | Bank Deed of Trust | <u>202512300052</u> |
| 6. | Department Covenant Agreement | <u>202512300050</u> |

7. Department Deed of Trust

202406280026 re rec as 202512300043

- 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 Improvements shall survive the foreclosure of any deed of trust on the Improvements 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 Improvements 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 Improvements, 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 Improvements 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
Attn: Cody Ellison
301 E. Fairhaven Ave
Burlington, WA 98233

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

Commerce: WASHINGTON STATE DEPARTMENT OF
COMMERCE
1011 Plum Street SE
Olympia, WA 98504

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

Seller: ALISHA HILL
793 Summerset Way
Sedro Woolley, WA 98284

Borrower: SARAH ZEIGLER
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.

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

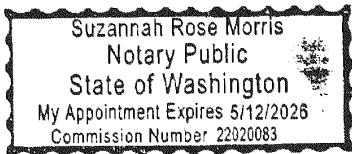
BANNER BANK

By: Kylie F
Name: Kylie Flowers
Title: Vice President

STATE OF WASHINGTON)
)
COUNTY OF Walla Walla)

I hereby certify that I know or have satisfactory evidence that Kylie flowers 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 Vice President of **BANNER 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 17 day of December, 2025.



Suzannah Rose Morris
NOTARY PUBLIC in and for the State of WASHINGTON
Print name: Suzannah Rose Morris
My commission expires: May 12, 2026

[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

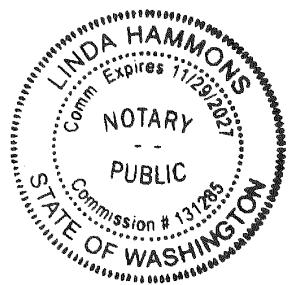
By: Trisha Logue
Name: Trisha Logue
Title: Skagit County Administrator

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 22 day of December, 2025.

(Seal or Stamp)



Linda Hammons
(Signature of Notary)

Linda Hammons
(Legibly Print or Stamp Name of Notary)

NOTARY PUBLIC in and for the State of Washington
My Commission Expires: 11-29-2027

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: *Felicia Minto*
Name: *Felicia Minto*
Title: *Executive Director*

STATE OF WASHINGTON)

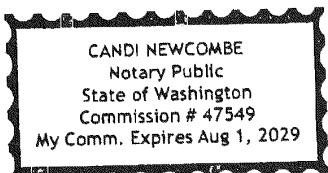
) ss.

COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that *Felicia Minto* 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 24 day of *December*, 2025.

(Seal or Stamp)



Candi Newcombe
(Signature of Notary)

Candi Newcombe

(Legibly Print or Stamp Name of Notary)

NOTARY PUBLIC in and for the State of Washington
My Commission Expires: 8-1-2029

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

DEPARTMENT OF COMMERCE, a Department of the State of Washington

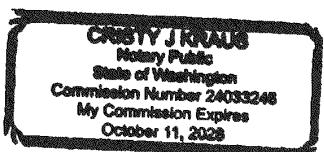
By: Sean Kelly
Name: Ted Kelleher
Title: Interim Assistant Director, Hargrave

STATE OF WASHINGTON)
County of Thurston)
DEPARTMENT OF COMMERCE)

I hereby certify that I know or have satisfactory evidence that Ted Kelleher 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 Asst. Director of **DEPARTMENT OF COMMERCE**, a Department 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 23rd day of Dec., 2025.

(Seal or Stamp)



CKL

(Signature of Notary)

Cristy J. Kraus
(Legibly Print or Stamp Name of Notary)

NOTARY PUBLIC in and for the State of Washington
My Commission Expires: 10/11/2028

EXHIBIT "A"
LEGAL DESCRIPTION

Parcel Number: 8082-000-007-0100/P136855

Parcel A:

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. EXCEPTING THEREFROM ALL BUILDING AND IMPROVEMENTS LOCATED THEREON.

Situate in the County of Skagit, State of Washington.

Parcel B:

THE BUILDING AND IMPROVEMENTS ONLY LOCATED AT:

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.

As conveyed by Statutory Warranty Deed from Home Trust of Skagit, a Washington non-profit corporation to

Alisha Hill, an unmarried person, dated June 29, 2023, recorded July 28, 2023, under Auditor's File No. 202307280230, records of Skagit County, Washington.

Situate in the County of Skagit, State of Washington