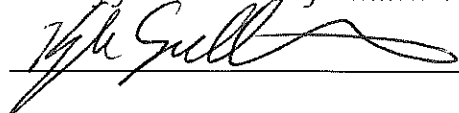


# Agenda Summary Report (ASR)

## Franklin County Board of Commissioners

DATE SUBMITTED: 12/14/2021	PREPARED BY: Mari Clark
Meeting Date Requested: 12/21/2021	PRESENTED BY: Click here to enter text.
ITEM: (Select One) <input checked="" type="checkbox"/> Consent Agenda <input type="checkbox"/> Brought Before the Board Time needed:	
<b>SUBJECT: Execute the Priority and Subordination Agreement between Catholic Housing Services of Eastern Washington and Benton County Human Services for Franklin County</b>	
<b>FISCAL IMPACT:</b> There is no impact on the current expense budget. The revenues and expenditures for the Franklin County Resolution 2021-245 corresponding contract are from the Fund 0189-000-0001 Affordable Housing.	
<b>BACKGROUND:</b> The purpose of this Agreement is to identify the priority order of precedence for repayment in an instance of loan default by Catholic Housing Services of Eastern Washington. Franklin County Resolution 2021-276 previously approved a Priority and Subordination Agreement, but since, the Agreement has been revised. Franklin County Resolution 2021-245, provided funds from Franklin County's 2060 Affordable Housing Fund to Catholic Housing Services of Eastern Washington, which was used to acquire land located at 301 S. 20 <sup>th</sup> Avenue, Pasco, WA 99301 to build a fifty-nine unit permanent supportive housing complex for extremely low-income and low-income individuals.	
<b>RECOMMENDATION:</b> <ul style="list-style-type: none"><li>• Approve the proposed Agreement by signing all copies where indicated</li><li>• Sign the resolution to accept the proposed Agreement</li></ul>	
<b>COORDINATION:</b> Jen Johnson, Franklin County PA Mari Clark, BCDHS Program Specialist	
<b>ATTACHMENTS:</b> (Documents you are submitting to the Board) 2 Priority and Subordination Agreement with Catholic Housing Services of Eastern Washington (1-FC Comm. Office) (1-BCDHS) 2 Resolutions to Priority and Subordination Agreement with Catholic Housing Services of Eastern Washington (1-FC Comm. Office) (1-BCDHS)	
<b>HANDLING / ROUTING:</b> (Once document is fully executed it will be Imported into Document Manager. Please list <u>name(s)</u> of parties that will need a pdf) 1. Franklin County Commissioners Office – Karin Milham, Clerk to the Board of Commissioners 2. Benton County Department of Human Services – Mari Clark, Program Specialist	

I certify the above information is accurate and complete.



Name, Title

**FRANKLIN COUNTY RESOLUTION \_\_\_\_\_**

BEFORE THE BOARD OF COMMISSIONERS  
FRANKLIN COUNTY, WASHINGTON

**IN THE MATTER OF EXECUTING THE PRIORITY AND  
SUBORDINATION AGREEMENT BETWEEN CATHOLIC HOUSING  
SERVICES OF EASTERN WASHINGTON AND BENTON COUNTY  
HUMAN SERVICES FOR FRANKLIN COUNTY**

**WHEREAS**, the purpose of this Agreement is to identify the priority order of precedence for repayment in an instance of loan default by Catholic Housing Services of Eastern Washington; and

**WHEREAS**, Franklin County Resolution 2021-276 approved a previous Priority and Subordination Agreement, which since has been revised; and

**WHEREAS**, Franklin County Resolution 2021-245, provided funds from Franklin County's 2060 Affordable Housing Fund to Catholic Housing Services of Eastern Washington, which was used to acquire land located at 301 S. 20<sup>th</sup> Avenue, Pasco, WA 99301 to build a fifty-nine unit permanent supportive housing complex for extremely low-income and low-income individuals; and

**WHEREAS**, the Board of Commissioners constitutes the legislative authority of Franklin County and deems this to be in the best interest of Franklin County; and

**NOW, THEREFORE, BE IT RESOLVED** the Franklin County Board of Commissioners hereby is, authorized to sign on behalf of Franklin County, the Priority and Subordination Agreement between Benton County Department of Human Services for Franklin County and Catholic Housing Services of Eastern Washington; and

**APPROVED** this            day of            2021.

BOARD OF COUNTY COMMISSIONERS  
FRANKLIN COUNTY, WASHINGTON

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Chair Pro Tem

\_\_\_\_\_  
Member

**ATTEST:**

\_\_\_\_\_  
Clerk to the Board

RECORDED AT THE REQUEST OF  
AND AFTER RECORDING RETURN TO:

Wells Fargo Bank, National Association  
Community Lending & Investment  
1300 S.W. Fifth Avenue, 10<sup>th</sup> Floor  
MAC# P6101-105  
Portland, Oregon 97201  
Attention: Eric Logsdon  
Loan No. 1020348

**PRIORITY AND SUBORDINATION AGREEMENT  
(Pasco Haven)**

<b>Grantors:</b>	(1) Pasco Haven LLC; (2) Catholic Housing Services of Eastern Washington; (3) Wells Fargo Bank, National Association; (4) Washington State Housing Finance Commission (5) Washington State Department of Commerce (6) Benton County Department of Human Services
<b>Grantees:</b>	(1) Washington State Housing Finance Commission; (2) Wells Fargo Bank, National Association; (3) Catholic Housing Services of Eastern Washington; (4) Pasco Haven LLC (5) Washington State Department of Commerce (6) Benton County Department of Human Services
<b>Abbrev. Legal Descr.:</b>	Lot 1 Binding Site Plan 2009-05 Additional legal description in Exhibit "A" of document
<b>Assessor's Tax Parcel</b>	112230168
<b>Reference Numbers:</b>	_____ _____ _____ _____ _____ _____

(WSHFC Extended Use Agreement)  
(Washington State Department of Commerce  
HOME Covenant)  
(Washington State Department of Commerce  
HTF Covenant)  
(Benton County Department of Human  
Services Covenant)  
(Bank Deed of Trust)

\_\_\_\_\_(Washington State Department of Commerce  
HOME Deed of Trust)  
\_\_\_\_\_(Washington State Department of Commerce  
HTF Deed of Trust)  
\_\_\_\_\_(Sponsor Deed of Trust)

**PRIORITY AND SUBORDINATION AGREEMENT  
(Pasco Haven)**

This PRIORITY AND SUBORDINATION AGREEMENT (this "Agreement") is dated as of December \_\_, 2021, by and among the following parties (collectively, the "Parties"): **PASCO HAVEN LLC**, a Washington limited liability company (the "Company"); **CATHOLIC HOUSING SERVICES OF EASTERN WASHINGTON**, a Washington nonprofit corporation ("CHSEW"); **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association (the "Bank"); the **WASHINGTON STATE HOUSING FINANCE COMMISSION**, a public body corporate and politic of the State of Washington (the "Commission"); the **WASHINGTON STATE DEPARTMENT OF COMMERCE**, a public body corporate and politic of the State of Washington (the "State"), and **BENTON COUNTY DEPARTMENT OF HUMAN SERVICES**, a public body corporate and politic of the State of Washington (the "Benton County DHS"). Each of the Bank, State, Benton County DHS, and CHSEW is referred to as a "Lender." Each of the State, Benton County DHS, and CHSEW is referred to as a "Subordinate Lender except with respect to any affordability covenants identified herein." The documents, instruments and agreements of each Subordinate Lender other than the State HTF Covenant Agreement, the State HOME Covenant Agreement and the Benton County DHS Covenant Agreement, as such terms are defined below are referred to as "Subordinate Loan Documents".

**RECITALS**

A. Company's Interest as Fee Owner. The Company is the owner of a tract of land located in Franklin County, Washington, legally described on Exhibit A hereto (together with all improvements now or hereafter thereon and all appurtenances, the "Property"), which real property is to be developed using a combination of public and private funds from various sources. Depending upon the context, the term "Project" shall herein refer to (1) the construction of an apartment building consisting of 48 dwelling units on the Property, or (2) the apartment building so constructed.

B. Instruments to be Recorded Against the Property. Various parties providing loans, grants or other advances or contributions to assist in the financing of the Project have required as conditions that the Company execute and record against the Property certain instruments in the nature of covenants and agreements restricting the leasing, operation and/or management of the Property, and/or deeds of trust and other financing instruments securing the performance of certain monetary and other obligations.

C. Commission's Interest. The Company has obtained financing for the Project through the use of Low Income Housing Tax Credits ("LIHTC"). In connection with the LIHTC, the Company has executed a Regulatory Agreement (Extended Use Agreement) with the Commission (the "Extended Use Agreement"), recorded under Franklin County recording no. \_\_\_\_\_.

D. State's Interest. The State, Company and Sponsor have entered into a HOME Contract #20-42404-001 (the "State HOME Agreement") which sets forth the terms and conditions under which the State has agreed to lend the Company up to \$2,038,228.00 (the "State HOME Loan"). The State HOME Loan is evidenced by a Promissory Note (the "State HOME Note"), made by Company to the order of the State. The Company's obligation to repay the State HOME Note is secured by, among other security documents, a Deed of Trust in favor of Chicago Title Company of Washington, as trustee, and the State as beneficiary, recorded under Franklin County recording no. \_\_\_\_\_ (the "State HOME Deed of Trust"), encumbering the Company's interest in the Property. The Company also executed that certain HOME Declaration of Restrictive Covenants recorded under Franklin County recording number \_\_\_\_\_ (the "State HOME Covenant Agreement"). In addition, the State and Sponsor have entered into a Capital Funding Contract #20-94110-019 (the "State HTF Agreement") which sets forth the terms and conditions under which the State has agreed to lend the Company up to \$961,772.00 (the "State HTF Loan"). The State HTF Agreement was assigned and assumed by the Company pursuant to that certain Assignment, Assumption and Consent Agreement.

The State HTF Loan is evidenced by a Promissory Note (the "**State HTF Note**"), made by Company to the order of the State. The Company's obligation to repay the State HTF Note is secured by, among other security documents, a Deed of Trust in favor of Chicago Title Company of Washington, as trustee, and the State as beneficiary, recorded under Franklin County recording no. \_\_\_\_\_ (the "**State HTF Deed of Trust**"), encumbering the Company's interest in the Property. In addition, the Company executed that certain Low Income Housing Covenant Agreement recorded under Franklin County recording number \_\_\_\_\_ (the "**State HTF Covenant Agreement**"). All documents identified in this paragraph, and any documents executed by the Sponsor and/or the Company in connection with the State HOME Loan and/or the State HTF Loan, are collectively referred to as the "**State Documents**."

E. Benton County DHS's Interest. The Benton County DHS and the Sponsor have entered into a Grant Agreement #2060-2021-CL (the "Benton County DHS Agreement") which sets forth the terms and conditions under which the Benton County DHS has agreed to provide a grant to the Sponsor in the aggregate amount of \$127,413 (the "**Benton County DHS Funds**"). The Sponsor will in turn loan the Benton County DHS Grant Funds to the Company pursuant to Sponsor Loan described below. In addition, the Sponsor executed that certain Restrictive Covenant recorded under Franklin County recording number \_\_\_\_\_ (the "**Benton County DHS Covenant Agreement**"). All documents identified in this paragraph, and any documents executed by the Sponsor and/or the Company in connection therewith, are collectively referred to as the "**Benton County DHS Documents**."

F. Bank's Interest. The Bank and the Company have entered into a Building Loan Agreement (the "**Bank Loan Agreement**") which sets forth the terms and conditions under which the Bank has agreed to lend the Company up to \$9,400,000.00 (the "**Bank Loan**") to finance the Project. The Bank Loan is evidenced by a Promissory Note Secured by Security Instrument (the "**Bank Note**"), made by the Company to the order of the Bank. Repayment of the Bank Note is secured by, among other security documents, a Construction Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing in favor of Chicago Title Insurance Company, a Nebraska corporation, as trustee, and the Bank as beneficiary, recorded under Franklin County recording no. \_\_\_\_\_ (the "**Bank Deed of Trust**"), encumbering the Company's fee interest in the Property, and a UCC-1 Financing Statement, which shows the Company as debtor, and the Bank as secured party, filed with the State of Licensing, Uniform Commercial Code Division of the State of Washington (the "**Bank Financing Statement**"). The Bank Loan Agreement, the Bank Deed of Trust, and the Bank Financing Statement, and all documents executed by the Company in connection therewith, are referred to collectively as the "**Bank Documents**."

E. CHSEW's Interest as a Lender. The Company and CHSEW have entered into a Subordinate Sponsor Loan Agreement (the "**Sponsor Loan Agreement**") which sets forth the terms and conditions under which CHSEW has agreed to lend the Company up to \$ 697,563 a portion of which is comprised of the County Funds (the "**Sponsor Loan**"). The Sponsor Loan is evidenced by a Promissory Note (the "**Sponsor Note**"), made by the Company to the order of CHSEW. The Company's obligation to repay the Sponsor Note is secured by, among other security documents, a Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing in favor of Chicago Title Insurance Company, as trustee, and CHSEW as beneficiary, recorded under Franklin County recording no. \_\_\_\_\_ (the "**Sponsor Deed of Trust**"), encumbering the Company's interest in the Property. All documents identified in this paragraph, and any documents executed by the Company in connection therewith, are collectively referred to as the "**Sponsor Documents**." The Sponsor Documents are collectively referred to as the "**Subordinate Loan Documents**."

G. CHSEW's Interest as Optionee. Pursuant to a Right of First Refusal and Purchase Option Agreement among CHSEW, the Company, Pasco Haven Manager LLC, a Washington limited liability company, and Wells Fargo Affordable Housing Community Development Corporation, CHSEW has been granted a purchase option and right of first refusal to purchase the Company's interest in the

Property (together with any other rights of CHSEW to acquire the Company's interest, under the Company's operating agreement or otherwise, the "Option"). The Option is not recorded.

H. CHEW's Interest as Master Tenant. Pursuant to a Nonresidential Space Lease (the "Commercial Lease") between the Company, as landlord, and CHSEW, as tenant, CHSEW has been granted a leasehold interest in certain nonresidential space to be constructed at the Property. Neither the Lease nor a memorandum thereof is being recorded.

I. Purpose. The Parties desire to provide herein for the relative priority of the various covenants, deeds of trust, and other instruments to be recorded in connection with the Project, and to undertake certain covenants with respect to the subordination of the priority of their interests under recorded instruments in their favor to certain other instruments which may be put of record hereafter, as more particularly provided herein.

### AGREEMENT

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

1. Priorities. Regardless of the time each Party's interest in or lien on the Property was or shall be created or recorded, such interests and liens have and shall have the following priorities:

(a) First Priority. The Extended Use Agreement shall have first priority. The liens, rights and interests of the Lenders created under documents with a lesser priority as established in this Agreement are hereby made subordinate and subject to the rights and interests of Commission under the Extended Use Agreement. Subject to the terms of the Extended Use Agreement, the Extended Use Agreement shall survive foreclosure of any lien as established in this Agreement and shall be binding upon any person that acquires 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, for so long as such person shall retain an interest in the Property.

(b) Second Priority. The State HOME Covenant Agreement shall have second priority. The liens, rights and interests of the Parties created under documents with a lesser priority as established in this Agreement are hereby made subordinate and subject to the rights and interests of the Department under the State HOME Covenant Agreement. Subject to the terms of the State HOME Covenant Agreement, the State HOME Covenant Agreement shall survive judicial or non-judicial foreclosure or deed in lieu thereof of any lien as established in this Agreement and shall be binding upon any person that acquires 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, for so long as such person shall retain an interest in the Property.

(c) Third Priority. The State HTF Covenant Agreement shall have third priority. The liens, rights and interests of the Parties created under documents with a lesser priority as established in this Agreement are hereby made subordinate and subject to the rights and interests of the Department under the State HTF Covenant Agreement. Subject to the terms of the State HTF Covenant Agreement, the State HTF Covenant Agreement shall survive judicial or non-judicial foreclosure or deed in lieu thereof of any lien as established in this Agreement and shall be binding upon any person that acquires 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, for so long as such person shall retain an interest in the Property.

(d) Fourth Priority. The Benton County DHS Covenant Agreement shall have fourth priority. The liens, rights and interests of the Parties created under documents with a lesser priority as established in this Agreement are hereby made subordinate and subject to the rights and interests

of the Benton County DHS under the Benton County DHS Covenant Agreement. Subject to the terms of the Benton County DHS Covenant Agreement, the Benton County DHS Covenant Agreement shall survive judicial or non-judicial foreclosure or deed in lieu thereof of any lien as established in this Agreement and shall be binding upon any person that acquires 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, for so long as such person shall retain an interest in the Property

(e) Fifth Priority. The Bank Deed of Trust shall be fifth in priority. The liens, rights and interests of the Lenders created under documents with a lesser priority as established in this Agreement are hereby made subordinate and subject to the lien, security interest, and all other rights granted to the Bank under the Bank Deed of Trust and other Bank Documents, including, without limitation, interest and all present and future advances made by the Bank thereunder, regardless of whether such advances are deemed to be mandatory or optional, and all subsequent amendments, modifications, extensions, renewals, and replacements of the Bank Documents.

(f) Sixth Priority. The State HOME Deed of Trust shall be Sixth in priority. The liens, rights and interests of the Parties created under documents with a lesser priority as established in this Agreement are hereby made subordinate and subject to the rights and interests of the Department under the State HOME Deed of Trust.

(g) Seventh Priority. The State HTF Deed of Trust shall be seventh in priority. The liens, rights and interests of the Parties created under documents with a lesser priority as established in this Agreement are hereby made subordinate and subject to the rights and interests of the Department under the State HTF Deed of Trust.

(h) Eighth Priority. The Sponsor Deed of Trust shall be eighth in priority. The liens, rights and interests of the Parties created under documents with a lesser priority as established in this Agreement are hereby made subordinate and subject to the rights and interests of the Sponsor under the Sponsor Deed of Trust.

(i) Ninth Priority. The Commercial Lease shall be ninth in priority. The liens, rights and interests of the Parties created under documents with a lesser priority as established in this Agreement are hereby made subordinate and subject to the rights and interests of CHSEW under the Commercial Lease.

For purposes of this Section, the lien or interest with "lesser priority" is the one with the higher numerical designation, so that, for example, "fourth priority" is a "lesser priority" than "third priority."

Any right of CHSEW or any other party to acquire the Property or any part thereof pursuant to any option or right of first refusal, including the Option, in any of the Documents or otherwise, is hereby made subject and subordinate to each of the liens and interests described above in this Section.

The Parties agree that the Lenders do not have any obligation to each other to advance funds or to see to the application of their respective loan proceeds and that any application of such proceeds contrary to the terms of any loan documents shall not defeat the subordinations granted herein in whole or in part.

The Parties agree that except for such obligations as the Company may have to other Parties hereto pursuant to agreements with such Parties (i) the Parties do not have any obligations to each other to advance funds or to see to the application of their respective loan proceeds, (ii) any application of such proceeds contrary to the terms of any loan documents shall not defeat the subordinations granted herein in whole or in part, and (iii) nothing contained in this Agreement shall impair the right of any Party to pursue any right or remedy available to it in any of the agreements, covenants, regulatory agreements, deeds of trust or options referenced herein.



Notwithstanding any other provisions of this Agreement, the priorities established hereunder shall not apply to nor affect the security position of any security agreement or pledge of cash accounts or other property to which only one Party hereto has been granted a security interest.

2. **Insurance or Condemnation Proceeds.** Notwithstanding any provision of the Subordinate Loan Documents to the contrary, so long as amounts under the Bank Documents remain unpaid, in the event of any damage to, destruction of, or taking or condemnation (including deed in lieu thereof) of the Property or any portion thereof, the application of any insurance or condemnation proceeds shall be governed by the terms of the Bank Deed of Trust. Any funds to be applied to repair or restoration shall be held and administered by the Bank in accordance with the Bank Documents, and the Bank shall be entitled to reasonable compensation for its services in connection with the administration of such funds, as set forth in the Bank Deed of Trust, provided that, if applicable law does not permit a lender to hold such proceeds, then the Bank shall have the right to designate an insurance trustee to administer the proceeds consistent with the Bank Deed of Trust subject to applicable law. For so long as amounts under the Bank Documents remain unpaid, the Bank shall have all approval, consent, and oversight rights in connection with any insurance claims relating to the Property and any decisions regarding the use of insurance or condemnation proceeds after a casualty loss or condemnation notwithstanding any rights of Subordinate Lender pursuant to the Subordinate Loan Documents.

3. **Subordinate Lenders' Agreement to Standstill.** Each Subordinate Lender agrees for the benefit of Bank and its successors and assigns, that during any Blockage Period (as defined below) if a default occurs and is continuing under any of the Lender's respective documents, the other Lenders shall not, without the Bank's prior written consent, accelerate its respective loan, commence foreclosure proceedings with respect to the Property, collect rents, appoint (or seek the appointment of) a receiver, replace (or seek the replacement of) Company's managing member or institute any other enforcement action with respect to the Property (excluding any action, not previously enumerated, for other than monetary relief including, but not limited to, specific performance, mandatory injunctive relief, or similar equitable remedy to compel compliance by Company, with the terms of the Extended Use Agreement, Regulatory Agreement, State HOME Covenant, State HTF Covenant or Benton County DHS Covenant. As used herein, "Blockage Period" means a period of time beginning on the date a Blockage Notice is delivered to Lenders other than Bank and terminating on the earlier to occur of: (i) 120 days following such date; provided that if, prior to the expiration of such 120-day period, Bank has commenced a judicial proceeding or non-judicial actions to collect or enforce the Bank Loan, or foreclose on any collateral for the Bank Loan, or a case or proceeding by or against Borrower is commenced under the United States Bankruptcy Code or any other insolvency law, then such period shall be extended during the continuation of such proceedings and actions until the payment in cash in full of the Bank Loan; or (2) the written consent of Bank to such termination.

4. **Bank Cure Period.** So long as amounts under the Bank Documents remain unpaid, the Subordinate Lenders each agree for the benefit of the Bank and its successors and assigns, that if a default occurs and is continuing under the Subordinate Loan Documents, such Subordinate Lender shall deliver to the Bank written notice of such default concurrently with such party's delivery of notice thereof to the Company, and the Bank shall have the right, but not the obligation, to cure the noticed default by nine (9) calendar months (the "Bank Cure Period") after the later of (i) expiration of any notice and cure period afforded the Company for such default under the Subordinate Loan Documents, or (ii) the date that the Bank receives a copy of the notice of default. During the Bank Cure Period, Subordinate Lender shall not, without the Bank's prior written consent (which consent shall not be unreasonably withheld), accelerate the Subordinate Loan, commence foreclosure proceedings with respect to the Property, collect rents, appoint (or seek the appointment of) a receiver or institute any other enforcement action with respect to the Property.

5. **Reliance.** It is understood by the Parties hereto that the Bank would not make the Bank Loan and would not enter into, or make disbursement under, the Bank Loan Agreement without this Agreement.

6. **Actions by the Bank; Certain Waivers.** The Bank, without the consent of or notice to any other Party, may release any or all parties liable for any obligation secured by the Bank Documents, or release any or all security for the obligations secured by the Bank Documents, all without affecting the subordinations under this Agreement. CHSEW and the Company waive any right to require marshaling of assets or to require the Bank to proceed against or exhaust any specific security for the obligations secured by the Bank Documents, and waive any defense arising out of the loss or impairment of any right of subrogation to the lien of the Bank Documents. However, the Bank agrees not to voluntarily subordinate the lien of the Bank Deed of Trust or any portion thereof to any other liens or encumbrances on the Property without the written consent of CHSEW, which consent may consist of such Lender's subordination to the same lien or encumbrance.

7. **Rents.** Each Subordinate Lender understands that the Company has assigned all leases, income, rents, and profits of the Property in connection with the Bank Documents. The Parties agree that upon default under the Bank Documents, the Bank shall have the absolute right to collect all rents and profits from the Property as provided in the Bank Documents.

8. **Acknowledgements.** Each Subordinate Lender hereby agrees and acknowledges, solely for the benefit of the Bank, as follows:

(a) for purposes of this Agreement, it has been provided the opportunity to review the Bank Documents before executing this Agreement;

(b) the Bank, in making disbursements pursuant to the Bank Documents, is under no obligation or duty to insure, nor has the Bank represented that it will insure, the proper application of such proceeds by the person(s) to whom the Bank disburses such proceeds, and any application or use of such proceeds for purposes other than as provided in any such agreement shall not defeat or render invalid, in whole or in part, the subordinations provided for in this Agreement;

(c) the Bank has not made any warranty or representation of any kind or nature whatsoever with respect to (i) the application of the proceeds of the Bank Loan upon the security of the Bank's Deed of Trust, (ii) the value of the Property or the improvements to be developed thereon pursuant to the Bank Documents, or the marketability or value thereof upon completion of such improvements, or (iii) the ability of the Company to honor its covenants and agreements with the Bank or other Parties;

(d) the Bank's release of any security for the Bank Loan, including, without limitation, the reconveyance of any portion(s) of the Project from the lien of the Bank Deed of Trust shall not constitute a waiver or relinquishment of the Subordinate Lender's unconditional subordination of the liens or charges of the Sponsor Deed of Trust against the Project to the lien or charge of the Bank Deed of Trust;

(e) notwithstanding the terms of any Subordinate Loan Document to the contrary, if the Bank or its designee (each, a "**Bank Party**") acquires the Property by foreclosure, deed-in-lieu of foreclosure or otherwise, then no Bank Party nor its respective successors or assigns nor the Property shall be subject to any liability for repayment or return of any Subordinate Loan funds or payment of other fees or costs;

(f) notwithstanding any terms to the contrary contained in the Subordinate Loan Documents, the transfer of the Property to any Bank Party pursuant to foreclosure or deed-in-lieu of foreclosure shall not require the prior written consent of Subordinate Lender or result in any liability of such Bank Party or its respective successors or assigns under the terms of the Sponsor Documents;

(g) the Bank would not make the Bank Loan absent the execution of this Agreement by the Parties hereto; and

(h) the Bank shall provide a copy to each other Lender of any notice of default issued to the Company pursuant to the Bank Documents, the completion of foreclosure pursuant to the Bank Deed of Trust or the acceptance of a deed in lieu of foreclosure, provided, however, that the failure of the Bank to provide any such notice shall not constitute a defense, waiver or limitation of any right or remedy of the Bank under the Bank Documents, nor shall it limit, release, waive or affect any duty, liability or obligation of the Company under the Bank Documents. Other than providing notice to each other Lender of any written default issued to the Company, the Bank has no duty or obligation under this Agreement to disclose any information to any party. The Company hereby consents to the disclosure to each Lender of any written default issued by the Bank in connection with the Bank Documents.

Each Party hereto has made such independent legal and factual inquiries and examinations as such Party deems necessary or desirable and are not relying on any inquiries or examinations made by the Bank or on information from the Bank concerning the Company, the Property or the Project.

9. Miscellaneous.

(a) Entire Agreement. This Agreement constitutes the entire agreement among the Parties with respect to the priority of each Party's liens and interests in the Property described herein and all prior understandings and agreements on that subject are superseded hereby.

(b) Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington.

(c) 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.

the Bank: Wells Fargo Bank, National Association  
Community Lending & Investment  
1300 S.W. Fifth Avenue, 10<sup>th</sup> Floor  
MAC #P6101-105  
Portland, Oregon 97201  
Loan No. 1020348  
Attention: Eric Logsdon

With a copy to: Wells Fargo Bank, National Association  
Minneapolis Loan Center  
600 South Fourth Street, 9<sup>th</sup> Floor  
Minneapolis, Minnesota 55415  
Attention: Disbursement Analyst  
Loan No. 1020348

Company: Pasco Haven LLC  
c/o Catholic Housing Services of Eastern Washington  
12 East 5<sup>th</sup> Avenue  
Spokane Washington 99210-2253  
Attention: President

With a copy to: Wells Fargo Affordable Housing Community Development Corporation  
550 S. Tryon Street  
23<sup>rd</sup> Floor, D1086-239  
Charlotte, NC 28202-4200  
Attn: Director of Tax Credit Asset Management

CHSEW: Catholic Housing Services of Eastern Washington  
12 East 5<sup>th</sup> Avenue  
Spokane Washington 99210-2253  
Attention: President

Commission: Washington State Housing Finance Commission  
1000 Second Avenue, Suite 2700  
Seattle, Washington 98104  
Attention: Executive Director

State: Washington State Department of Commerce  
Housing Trust Fund  
1011 Plum Street SE  
P.O. Box 42525  
Olympia, Washington 98504-2525  
Attention: Contracts/Fiscal Group

Franklin County  
Benton County DHS: c/o Benton County Department of Human Services  
7102 W. Okanogan Place, Suite 201  
Kennewick, WA 99336  
Attention: Kyle Sullivan

(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 Company. 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 Company 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.

(h) Consent to Other Parties' Documents. By executing this Agreement, each Party hereby acknowledges and consents to the execution of, and, where appropriate, the recording of, the Documents described in Paragraphs C through G of the Recitals herein.

*[Signature Pages Follow.]*

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

**WASHINGTON STATE HOUSING FINANCE  
COMMISSION**, a public body of the State of Washington

By: \_\_\_\_\_  
Steve Walker, Executive Director

COMMISSION ACKNOWLEDGMENT

STATE OF WASHINGTON        )  
  ) ss.  
COUNTY OF KING        )

I certify that I know or have satisfactory evidence that Steve Walker is the person who appeared before me, and said person 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 Washington State Housing Finance Commission, a public body 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 this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington  
residing in Pierce County

My appointment expires 4/9/2023

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

**WELLS FARGO BANK, NATIONAL ASSOCIATION**

By: \_\_\_\_\_  
Eric Logsdon, Vice President

**BANK ACKNOWLEDGMENT**

STATE OF OREGON                     )  
  ) ss.  
COUNTY OF MULTNOMAH         )

I certify that I know or have satisfactory evidence that Eric Logsdon is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as a Vice President of Wells Fargo Bank, National Association, a national banking association, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of \_\_\_\_\_  
residing at \_\_\_\_\_  
My appointment expires \_\_\_\_\_

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

DEPARTMENT OF COMMERCE,  
a department of the State of Washington

By: \_\_\_\_\_  
Diane Klontz, Assistant Director, Community  
Services and Housing Division

ACKNOWLEDGMENT

STATE OF WASHINGTON        )  
                                      ) ss.  
COUNTY OF THURSTON     )

I certify that I know or have satisfactory evidence that Diane Klontz is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the Assistant Director, Community Services and Housing Division, of the Department of Commerce, a department 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 this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington  
residing at \_\_\_\_\_

My appointment expires \_\_\_\_\_



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

**BENTON COUNTY DEPARTMENT OF HUMAN SERVICES**, a public body corporate and politic of the State of Washington

Approved as to form  
PROSECUTING ATTORNEY'S OFFICE

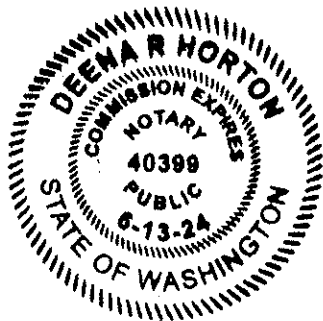
By: Kyle Sullivan  
Name: Kyle Sullivan  
Title: Human Services Manager

ACKNOWLEDGMENT

STATE OF WASHINGTON )  
COUNTY OF Benton ) ss.

I certify that I know or have satisfactory evidence that Kyle Sullivan is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the Manager, of Benton County Department of Human Services, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this 14 day of December 2024.



Deena R. Horton  
(Signature of Notary)  
Deena R. Horton  
(Legibly Print or Stamp Name of Notary)  
Notary public in and for the State of Washington  
residing at Kennelworth, WA  
My appointment expires 6-13-24

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

**CATHOLIC HOUSING SERVICES OF EASTERN  
WASHINGTON**, a Washington nonprofit corporation

By: \_\_\_\_\_  
Jonathan Mallahan, Vice President

CHSEW ACKNOWLEDGEMENT

STATE OF WASHINGTON       )  
  ) ss.  
COUNTY OF SPOKANE       )

I certify that I know or have satisfactory evidence that Jonathan Mallahan is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as a Vice President of Catholic Housing Services of Eastern Washington, a Washington nonprofit corporation, to be the free and voluntary act and deed of such entity for the uses and purposes mentioned in the instrument.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington  
residing at \_\_\_\_\_

My appointment expires \_\_\_\_\_

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

**PASCO HAVEN LLC**, a Washington limited liability company

By: Pasco Haven Manager LLC,  
a Washington limited liability company,  
its managing member

By: Catholic Housing Services of Eastern  
Washington, a Washington nonprofit  
corporation, its manager

By: \_\_\_\_\_  
Jonathan Mallahan, Vice President

#### COMPANY ACKNOWLEDGEMENT

STATE OF WASHINGTON       )  
  ) ss.  
COUNTY OF SPOKANE       )

I certify that I know or have satisfactory evidence that Jonathan Mallahan is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as a Vice President of Catholic Housing Services of Eastern Washington, the Washington nonprofit corporation that is the manager of Pasco Haven Manager LLC, the Washington limited liability company that is the managing member of Pasco Haven LLC, a Washington limited liability company, to be the free and voluntary act and deed of such entity for the uses and purposes mentioned in the instrument.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington  
residing at \_\_\_\_\_

My appointment expires \_\_\_\_\_

EXHIBIT A

LEGAL DESCRIPTION

All that certain real property situate in the Franklin County, State of Washington being described as follows:

Lot 1, Binding Site Plan No. 2009-05, according to the Binding Site Plan thereof recorded under Auditor's File No. 1743891, records of Franklin County, Washington.