

RECORDED AT THE REQUEST OF  
AND AFTER RECORDING RETURN TO:  
Jill Stanton  
Executive Director  
Housing Authority of the City of Bremerton  
600 Park Avenue  
Bremerton, Washington 98337

**PRIORITY AND SUBORDINATION AGREEMENT**

**Grantors:** (1) Housing Authority of the City of Bremerton;  
(2) Kitsap County;  
(3) Washington State Department of Commerce

**Grantees:** (1) Washington State Department of Commerce;  
(2) Kitsap County

**Abbrev. Legal Descr.:** Lots 25 through 29, inclusive, Block 2, Dietz's Addition to the Town of  
Bremerton  
Additional Legal Description on Exhibit A

**Assessor's Tax Parcel** 3743-002-025-0102

**Reference Numbers:** 202407030026 (Commerce Covenant)  
202405300048 (CIAH Restrictive Covenant)  
202407030027 (Commerce Deed of Trust)

## PRIORITY AND SUBORDINATION AGREEMENT

This PRIORITY AND SUBORDINATION AGREEMENT (this "Agreement") is dated as of July 31, 2024, by and among the following parties (collectively, the "Parties): HOUSING AUTHORITY OF THE CITY OF BREMERTON, a public body corporate and politic of the State of Washington (the "Authority"); KITSAP COUNTY, WASHINGTON (the "County"), a Washington municipal corporation; and the WASHINGTON STATE DEPARTMENT OF COMMERCE, a State agency ("Commerce"). Each of Commerce and the County is referred to as a "Funder" and together are referred to as "Funders."

### RECITALS

A. Authority's Interest as Fee Owner. The Authority is the owner of land and improvements located in Kitsap County, Washington, legally described on Exhibit A hereto (together with all improvements now or hereafter thereon and all appurtenances, the "Property"), which Property has been acquired by the Authority using a combination of public and private funds from various sources in order to provide low-income housing in the City of Bremerton, Kitsap County, Washington. Depending upon the context, the term "Project" shall herein refer to (1) the acquisition of the Property, including 26 units of multifamily residential rental housing, or (2) the 26-unit multifamily residential rental housing project so acquired.

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 of such funding that Authority 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. Commerce's Interest. The Authority and Commerce are parties to that certain Capital Funding Contract #23-94303-001 signed by the Authority on June 20, 2024, and by Commerce on June 25, 2024 (the "Commerce Contract") whereby Commerce agreed to lend to the Authority up to \$6,500,000 (the "Commerce Loan"), to be used by the Authority to finance and/or refinance a portion of the costs of acquiring the Property. The Commerce Loan is evidenced by a Promissory Note signed by the Authority on June 20, 2024 (the "Commerce Note"), made by the Authority for the benefit of Commerce. Repayment of the Commerce Note is secured by a Deed of Trust in favor of Chicago Title Insurance Company, as trustee, and Commerce as beneficiary, recorded under Kitsap County recording no. 202407030027 (the "Commerce Deed of Trust"), encumbering the Authority's interest in the Property. In addition, the Authority executed a Low Income Housing Covenant Agreement recorded under Kitsap County recording number 202407030026 (the "Commerce Covenant"). All documents identified in this paragraph, and any documents executed by the Authority in connection therewith, are collectively referred to as the "Commerce Documents."

D. County's Interests (CIAH Grant). The Authority and the County are parties to that certain CIAH Grant Agreement with a stated term commencing January 1, 2024, whereby the County has agreed to grant up to \$3,424,697 to the Authority (the "CIAH Grant") to pay a portion of the costs of acquiring the Property. In connection with the CIAH Grant, the Authority and County entered into a Low Income Housing Covenant Agreement dated as of May 30, 2024, recorded under Kitsap County recording number 202405300048 (the "CIAH Restrictive Covenant"). All documents identified in this paragraph, and any documents executed by the Authority in connection therewith, are collectively referred to as the "CIAH Documents."

E. 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 Commerce Covenant shall have first 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 Commerce under the Commerce Covenant. Subject to the terms of the Commerce Covenant, the Commerce Covenant shall survive foreclosure of any lien with a lesser priority 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 CIAH Restrictive Covenant 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 County under the CIAH Restrictive Covenant. Subject to the terms of the CIAH Restrictive Covenant, the CIAH Restrictive Covenant shall survive foreclosure of any lien with a lesser priority 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 Commerce Deed of Trust shall be third in priority.

(d) 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.”

(e) The Parties agree that except for such obligations as the Authority 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 or grant proceeds, (ii) any application of such proceeds contrary to the terms of any loan or grant 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.

(f) The Parties acknowledge that the Commerce Covenant and the CIAH Restrictive Covenant apply simultaneously and that the grantor thereunder is obligated to comply with each of them regardless of their relative priority or order of recording.

2. Insurance or Condemnation Proceeds. Notwithstanding any provision of the CIAH Documents to the contrary, so long as any portion of the Commerce Loan is outstanding, 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 Commerce Documents.

3. 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 business days after deposit in the U.S. mail, postage prepaid (one 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.

Authority: Housing Authority of the City of Bremerton  
600 Park Avenue  
Bremerton, Washington 98337  
Attention: Executive Director

County: Kitsap County Department of Human Services  
CIAH Program  
614 Division Street, MS-23  
Port Orchard, Washington 98366

and Kitsap County Department of Human Services  
Block Grant Program  
345 6th Street, Suite 400  
Bremerton, Washington 98337

Commerce: State of Washington Department of Commerce  
1011 Plum St. SE  
P.O. Box 42525  
Olympia, Washington 98504-2525

(d) Successors; Assignment. 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 or grant 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 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 the Recitals herein.

*[Signature Pages to Follow.]*

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

WASHINGTON STATE DEPARTMENT OF  
COMMERCE, a State Agency

By: Corina Grigoras  
Name: Corina Grigoras  
Title: Assistant Director, Housing Division

COMMERCE ACKNOWLEDGMENT

STATE OF WASHINGTON     )  
  ) ss.  
COUNTY OF THURSTON    )

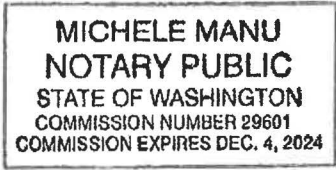
I certify that I know or have satisfactory evidence that Corina Grigoras is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the Assistant Director, Housing Division of the State of Washington Department of Commerce to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF I have hereunto set my hand and official seal this 20<sup>th</sup> day of July, 2024.

Michele Manu  
(Signature of Notary)

Michele Manu  
(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,  
residing at Shelton  
My appointment expires 12/4/24







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

HOUSING AUTHORITY OF THE CITY OF  
BREMERTON, a public body corporate and politic of  
the State of Washington

By: Jill Stanton  
Name: Jill Stanton  
Title: Executive Director

**AUTHORITY ACKNOWLEDGMENT**

STATE OF WASHINGTON    )  
  ) ss.  
COUNTY OF KITSAP     )

I certify that I know or have satisfactory evidence that Jill Stanton 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 the Housing Authority of the City of Bremerton to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF I have hereunto set my hand and official seal this 30 day of JULY, 2024.

Lorna Camacho  
(Signature of Notary)

LORNA CAMACHO  
(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,  
residing at PORT ORCHARD, WA  
My appointment expires 1-21-28

**Notary Public**  
**State of Washington**  
**Lorna Camacho**  
**Commission No. 98975**  
**Commission Expires 01-21-28**



EXHIBIT A

LEGAL DESCRIPTION

Parcel A:

Lots 25 through 29, inclusive, Block 2, Dietz's Addition to the Town of Bremerton, as recorded in Volume 2 of Plats, Page 57, in Kitsap County, Washington.

Parcel B:

Those certain easement rights of access as established by that certain Declaration of Easement for Ingress, Egress and Parking recorded under recording no. 200801150074.

- Entity Registration**
- Core Data**
- Business Information
- Entity Types
- Financial Information
- Points of Contact
- Assertions
- Reps and Certs (FAR/DFARS)
- Reps and Certs (Financial Assistance)
- Exclusions
- Responsibility / Qualification

## HOUSING AUTHORITY OF THE CITY OF BREMERTON

**Entity Information**

Active Registration

Unique Entity ID      CAGE/NCAGE  
**F1K5KSBEJW33      38DB6**

Mar 7, 2025

Physical Address  
**600 Park AVE  
Bremerton, Washington  
98337-1544, United States**

Mailing Address  
**600 Park Avenue  
Bremerton, Washington  
98337-1544, United States**

**Purpose of Registration**  
All Awards

Version  
Current Record

6/12/2024