



200210030170

Skagit County Auditor

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WHEN RECORDED RETURN TO:

Department of Community, Trade and Economic Development
Office of Community Development
Housing Finance Unit
P.O. Box 48350
Olympia , Washington 98504-8350

Contract Manager: Sharon Robinson, (360) 725-2938

ISLAND TITLE CO.

A21194

Subordination Agreement

Grantor (Subordinator): Department of Community, Trade and Economic Development, Office of Community Development

Grantee (Lessor): Housing Authority of the City of Anacortes, a public body politic and corporate of the State of Washington

Grantee (Lessee): AHA-Bayview Apartments Limited Partnership, a Washington limited partnership

Grantee (Lender): U.S. Bank, N.A.

Legal Description (abbreviated): Ptn Block 6, GRIFFIN'S 1st ADD and Ptn Block 5, WHITE'S 1st ADD

Assessor's Tax Parcel ID #: 3792-006-020-0000 and 3837-005-024-0004

Reference No. (Contract number): 02-49300-101

1. Department of Community, Trade and Economic Development, Office of Community Development, referred to herein as "subordinator", is the owner and holder of a leasehold mortgage dated as of September 15, 2002, which is recorded under auditor's file No. 200209270200, records of Skagit County, Washington.
2. U.S. Bank, N.A., acting as trustee for the \$1,450,000 Housing Authority of the City of Anacortes Housing Revenue Bonds, 2002 (Bayview Apartments Project), referred to herein as "lender", is the owner and holder of a leasehold mortgage dated as of September 15, 2002, executed by Island Title Company, referred to herein as the "trustee", which is recorded, under auditor's file No. 200209270199, records of Skagit County, Washington (which is to be recorded concurrently herewith).
3. AHA-Bayview Apartments Limited Partnership ("Lessee") referred to herein as "owner", is the lessee of all the real property described in the leasehold mortgage identified above in Paragraph 2, pursuant to a Lease Agreement by and between Lessee and the Housing Authority of the City of Anacortes ("Lessor") dated as of September 15, 2002 (the "Lease").
4. In consideration of benefits to "subordinator" from "owner", receipt and sufficiency of which is hereby acknowledged, and to induce "lender" to advance funds under its leasehold mortgage and all agreements in

connection therewith, the "subordinator" does hereby subordinate the lien of its leasehold mortgage identified in Paragraph 1 above to the lien of "lender's" leasehold mortgage identified in Paragraph 2 above and to the Lease, and all advances or charges made or accruing thereunder, including any extension or renewal thereof. However, pursuant to the Revised Codes of Washington 43.185 et. seq., the Department of Community, Trade and Economic Development, Office of Community Development, does not subordinate its covenants running with the land restricting the residential use of the property to very low-income households for the term of the commitment.

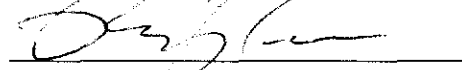
5. "Subordinator" acknowledges that, prior to the execution thereof, (s)he has had the opportunity to examine the terms of "lender's" leasehold mortgage, note and agreements relating thereto and recognizes that "lender" has no obligation to "subordinator" to advance any funds under its leasehold mortgage or see to the application of "lender's" mortgage funds, and any application or use of such funds for purposes other than those provided for in such leasehold mortgage, note or agreements shall not defeat the subordination herein made in whole or in part.
6. It is understood by the parties hereto that "lender" would not make the loan secured by the leasehold mortgage in Paragraph 2 without this agreement.
7. This agreement shall be the whole and only agreement between the parties hereto with regard to the subordination of the lien or charge of the leasehold mortgage first above mentioned in favor of "lender" above referred to and shall supersede and cancel any prior agreements as to such, or any, subordination including, but not limited to, those provisions, if any, contained in the leasehold mortgage first above mentioned, which provide for the subordination of the lien or charge thereof to a leasehold mortgage and the Lease ..
8. The heirs, administrators, assigns and successors in interest of the "subordinator" shall be bound by this agreement. Where the word "mortgage" appears herein it shall be considered as "deed of trust", and gender and number of pronouns considered to conform to undersigned.

Executed this 2ND day of OCTOBER, 2002

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN, A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND. IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS SUBORDINATION AGREEMENT, THE PARTIES CONSULT WITH THEIR ATTORNEYS WITH RESPECT THERETO.

"Subordinator"

DEPARTMENT OF COMMUNITY, TRADE AND ECONOMIC
DEVELOPMENT, OFFICE OF COMMUNITY DEVELOPMENT


By: _____

Ray Price, Director, Housing Division

10³-2-02
Date



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“Lessor”

Housing Authority of the City of Anacortes,
a public body politic and corporate of the State of Washington

By: _____

Print Name: _____

Date: _____

“Lessee”

AHA-Bayview Apartments Limited Partnership,
A Washington limited partnership

By: Housing Authority of the City of Anacortes,
Its General Partner

By: _____

Print Name: _____

Date: _____

“Lender”

U.S. Bank, N.A.

By: _____

Print Name: _____

Date: _____

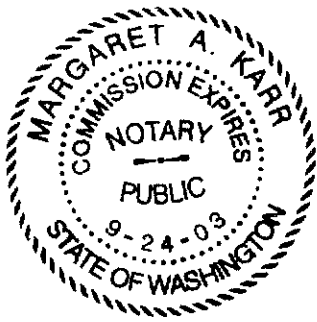


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STATE OF WASHINGTON)
) ss.
COUNTY OF THURSTON)

On this 2nd day of October, 2002 personally appeared before me Ray Price, known to me to be the Director, Housing Division, of THE DEPARTMENT OF COMMUNITY, TRADE AND ECONOMIC DEVELOPMENT, OFFICE OF COMMUNITY DEVELOPMENT, which executed the foregoing document on behalf of the STATE OF WASHINGTON, and acknowledged the said document to be the free and voluntary act and deed and the free and voluntary act and deed of said department and the State of Washington, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said document.

IN WITNESS WHEREOF I have hereunto set my hand and official seal this day and year first above written.



Margaret A. Karr
Notary Public in and for the State of Washington,
residing at Olympia
My Appointment Expires: 9/24/03



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