

When Recorded Return To:

USDA Rural Development
1835 Black Lake Blvd. SW, Suite B
Olympia, Washington 98512

FEB 27 2014

**PRIORITY AND SUBORDINATION AGREEMENT
(Carson Springs)**

Grantors: 1. The United States of America
 2. Washington State Department of Commerce

Grantees: 1. The United States of America
 2. Washington State Department of Commerce

Abbr. Legal Descr.: Lot 5, Amended Rose Sub. Phase I, AFN 2005159016
 Full Legal Description on Page 7

Tax Parcel Nos: 03-08-17-3-0-1205-00

Recoding Numbers of Documents Affected:

Unofficial Copy

This Priority and Subordination Agreement (the "Agreement"), dated as March 12th, 2014, is executed by and between the UNITED STATES OF AMERICA, acting through the Rural Housing Service of the United States Department of Agriculture (the "USDA"); Washington State Department Commerce (the "State"), and Columbia Cascade Housing Corporation, an Oregon non-profit corporation ("Borrower").

RECITALS

Borrower is the purchaser of the multi-family apartment project commonly known as Carson Springs and located on the real property described on Exhibit A, attached hereto (hereafter, "the Property").

The USDA is the owner and holder of a Deed of Trust recorded 3/13/2014 under recording number 2014000435 securing a loan in the original principal amount of \$1,000,000.00 (the "USDA Deed of Trust"). As a condition to the assumption of the USDA loans, USDA is requiring the recording of a USDA Restrictive Use Provision and Agreement, recorded under Skamania County recording number 2014000434 (the "USDA Restrictive Covenant"), in addition to any Assumption Agreements and/or Security Documents.

The State has made a loan to Borrower, contract number 12-94110-008 in the amount of \$800,000.00 evidenced by a promissory note dated May 6, 2013 ("State Note"). The State Note is secured by a deed of trust executed by Borrower and recorded under Skamania County recording number 2013001220 (the "State Deed of Trust"). In addition, Borrower has executed a Low-Income Housing Covenant Agreement recorded under Skamania County recording number 2013001219. The State Note, State Covenant and the State Deed of Trust and any documents executed by Borrower in connection therewith are collectively referred to as the "State Loan Documents".

AGREEMENT

In consideration of parties' agreements to make the loans referenced herein and subject to the terms and conditions set forth below, the parties hereby agree as follows:

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

- | | |
|------------------|----------------------------|
| First Priority | USDA Restrictive Covenant; |
| Second Priority | State Covenant |
| Third Priority: | USDA Deed of Trust; |
| Fourth Priority: | The State Deed of Trust |

2. Further Instruments. The parties hereto shall execute and acknowledge such further documents and instruments as may be reasonably necessary from time to time to effectuate the intent of this instrument.

3. Miscellaneous. This instrument shall be interpreted and enforced in accordance with Federal and Washington State law. Paragraph headings are for convenience of reference only and shall not be used to interpret or alter the meaning of the provisions hereof. This instrument shall be binding upon, and shall ensure to the benefit of, the parties hereto and their respective successors and assigns. This instrument may be executed in counterparts.

4. The parties further agree as follows:

(a) Any notice to be given by any party to the other shall be delivered in person or deposited in the United States mail, duly certified, with postage prepaid, and addressed to the party for who intended at the addresses noted below.

(b) Each of the terms, covenants and conditions of this subordination shall extend to and be binding on the assigns of each party to this agreement.

In witness whereof, the parties hereto have executed this Priority and Subordination Agreement.

[Signatures On Following Pages]

Unofficial Copy

Signature Page for Priority and Subordination Agreement

WASHINGTON STATE DEPARTMENT OF COMMERCE,

By *Janet Masella*

Name: Janet Masella

Title: Managing Director, Housing Trust Fund

The Washington State Department of Commerce

1011 Plum Street SE

Post Office Box 42525

Olympia, Washington 98504-2525

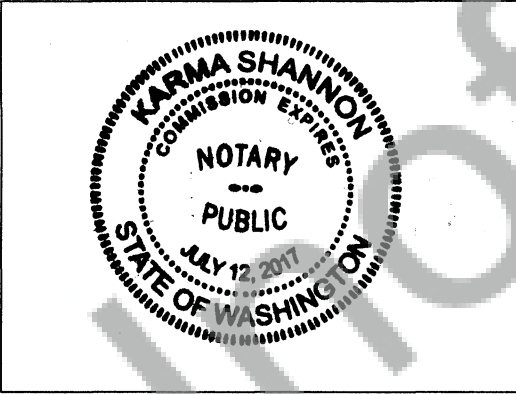
STATE OF WASHINGTON)

) ss.

COUNTY OF THURSTON)

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

DATED: _____, 2014



Karma Shannon
(Print Name) _____
Residing at Oly WA
My appointment expires: July 12, 2017

Signature Page for Priority and Subordination Agreement

Columbia Cascade Housing Corporation

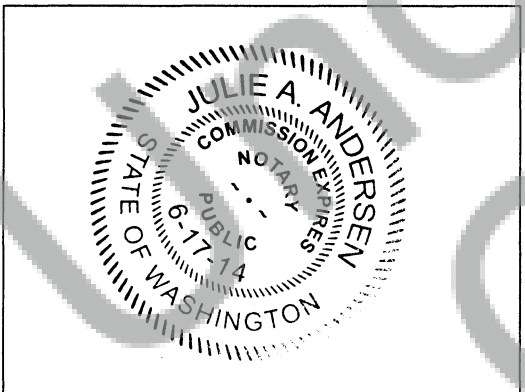
By *Joel Madsen*
Name: JOEL MADSEN
Title: Executive Director

Columbia Cascade Housing Corporation
312 Court St Suite 419
The Dalles, Oregon 97058

STATE OF Washington) ss.
COUNTY OF Skamania

I certify that I know or have satisfactory evidence that Joel Madsen is the person who appeared before me and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the Executive Director of Columbia Cascade Housing Corporation, to be the free and voluntary act such party for the uses and purposes mentioned in the instrument.

DATED: March 12, 2014.



Julie A. Andersen
(Print Name) Julie A Andersen
Residing at Carson, Washington
My appointment expires: June 17, 2014

EXHIBIT A

Legal Description of Property

ORDER NO. S13-0442HW

EXHIBIT "A"

Lot 5 of the Amended Rose Subdivision Phase I, according to the recorded plat, recorded in Auditor File NO. 2005159016, in the County of Skamania, State of Washington.

TOGETHER WITH the following described portion of Lot 6 of the Amended Rose Subdivision Phase I, according to the recorded plat, recorded in Auditor File NO. 2005159016, in the County of Skamania, State of Washington, more particularly described as follows:

Beginning at a 5/8" iron rod, L.S. 43141 monumenting the Southeast corner of Lot 6 of said Amended Rose Subdivision; thence North 01°24'30" East, a distance of 396.60 feet to a similar 5/8" iron rod; thence continuing North 18°03'46" West, a distance of 60.82 feet to a similar 5/8" iron rod; thence North 01°07'21" East, a distance of 175.72 feet to a 1/2" iron rod, L.S. 15204 monumenting the Northeast corner of said Lot 6; thence North 87°46'41" West, along the North line of said Lot 6 a distance of 8.84 feet to a point; thence South 01°02'43" West, a distance of 399.23 feet to the Northeast corner of Lot 2 of said amended subdivision; thence South 01°24'30" West, a distance of 229.88 feet to a 5/8" iron rod, L.S. 22098 monumenting the Southeast corner of said Lot 2, point being on the Northern right of way of Brooks Road; thence South 87°21'30" E along said Northern right of way, a distance of 30.00 feet to the point of beginning.

EXCEPTING THEREFROM the following 4 Parcels:

1.
A portion of Lot 5 of the Plat Amended of Rose Subdivision, Phase 1 as filed for record in Skamania County Auditor File #2005159016, more particularly described as follows:
Commencing at a 5/8" iron rod L.S. 22098 monumenting the Southwest corner of Lot 3 of said Amended Rose Subdivision; thence North 01°24'30" East, a distance of 115.08 feet to a similar 5/8" iron rod and point of beginning; thence North 01°02'43" East, a distance of 35.00 feet to a 5/8" iron rod, L.S. 43141 monumenting the Northwest corner of Quit Claim Deed #2006161730; thence North 87°27'12" West, a distance of 13.00 feet to a point; thence South 01°24'30" West, a distance of 35.00 feet to a point; thence South 87°25'25" East, a distance of 13.00 feet to the point of beginning.
2.
A portion of Lot 5 of the Plat Amended of Rose Subdivision, Phase 1 as filed for record in Skamania County Auditor File 42005159016, more particularly described as follows:
Beginning at a 5/8" iron rod, L.S. 22098 monumenting the Southwest corner of Lot 3 of said Amended Rose Subdivision; thence North 01°02'43" East, a distance of 115.08 feet to a similar 5/8" iron rod; thence North 87°25'25" West, a distance of 13.00 feet to a point; thence South 01°24'30" West, a distance of 115.08 feet to a point on the North right of way of Brooks Road; thence South 87°25'57" East, a distance of 13.00 feet to the point of beginning.
- 3.

ORDER NO. S13-0442HW

That portion conveyed to Dennis Saul by Instrument recorded in Auditor File No, 2006161780.

A portion of Lot 5 of the Amended Rose Subdivision Phase I according to the recorded plat recorded in Auditors File No 2005159016, in the County of Skamania, State of Washington describes as follows:

Beginning at the Northwest corner of Lot 3 of the amended Rose Subdivision; thence North 01°24'30" East, a distance of 135 feet; thence North 87°26'21" East, a distance of 105.51 feet to the Northwest corner of Lot 4 of said subdivision; thence South 02°33'39" West, a distance of 35 feet to the Northeast corner of said Lot 3; thence West along said Northern line 105.51 feet to the point of beginning

4.

That portion conveyed to Dennis Saul by instrument recorded in Auditor File No, 2006162396.

A portion of Lot 5 Amended Rose Subdivision Phase I according to recorded Plat recorded in Auditor File No. 2005159016, in the County of Skamania, State of Washington, described as follows:

Beginning at the Northeast corner of Lot 4 in the said Amended Rose Plat which is also on the East line of said subdivision; thence North along said East line 80 feet; thence West parallel with the North line of said Lot 4, a distance of 110 feet; thence South parallel with the East line of said subdivision 80 feet to the North line of a tract of land conveyed to Dennis Saul by instrument recorded in Auditor File No. 2006161780; thence East along said North line and the North line of said Lot 4, a distance of 110 feet to the Point of Beginning.