

RECORDED AT THE REQUEST OF
AND AFTER RECORDING RETURN TO:

City of Bellevue
Attn: Courtney Popp
450 110th Ave. NE
Bellevue, WA 98009-9012

PRIORITY, NONDISTURBANCE AND SUBORDINATION AGREEMENT

Reference Number(s) of Documents addressed: 20170302001417 and 20170302001418

Grantors

- (1) City of Bellevue, a municipal corporation
- (2) Kemper Holdings, LLC, a Washington limited liability company
- (3) Kidsquest Children’s Museum, a Washington nonprofit corporation

Grantees:

- (1) City of Bellevue, a municipal corporation
- (2) Kemper Holdings, LLC, a Washington limited liability company
- (3) Kidsquest Children’s Museum, a Washington nonprofit corporation

Abbrev. Legal

Descr. Ptn Lot 4, Block 2, Cheriton Fruit Gardens, Plat No. 1, Vol. 7 P. 47

Tax Parcel Numbers: 154410-0272-00

PRIORITY, NONDISTURBANCE AND SUBORDINATION AGREEMENT

THIS PRIORITY, NONDISTURBANCE AND SUBORDINATION AGREEMENT (this “**Agreement**”) is dated as of May __, 2026 (“**Effective Date**”), by and among Kemper Holdings, LLC, a Washington limited liability company (“**Kemper**”), City of Bellevue, a Washington municipal corporation (“**City**”) and Kidsquest Children’s Museum, a Washington nonprofit corporation (“**Kidsquest**”) and together with City and Kemper, the “**Parties**”):

RECITALS:

- A. As part of King County Case No.: 24-2-20023-1, Shelly Crocker LLC, a Washington limited liability company (“**Receiver**”) was appointed as the general receiver over BAM and its assets which included the real property legally described on Exhibit A attached hereto (“**Property**”);
- B. [Receiver, on behalf of BAM], conveyed the Property to Kidsquest;
- C. Kemper and Kidsquest entered into that certain Secured Right of First Refusal Agreement, dated of even date herewith, and recorded in King County as Document Number [] (the “**Kemper ROFR**”). To secure the obligations of Kidsquest under the Kemper ROFR, Kidsquest entered into that certain Deed of Trust in favor of Kemper, dated of even date herewith, and recorded in King County as Document Number [] (“**Kemper ROFR Deed of Trust**”);”]
- D. Kidsquest and Kemper entered into that certain Secured Right to Purchase Agreement, dated of even date herewith and recorded in King County as Document Number [] (“**Kemper Right to Purchase**”). To secure the obligations of Kidsquest under the Kemper Right to Purchase, Kidsquest entered into that certain Deed of Trust in favor of Kemper, dated of even date herewith, and recorded in King County as Document Number [] (“**Kemper Right to Purchase Deed of Trust**” and together with the Kemper ROFR Deed of Trust, the “**Kemper Deeds of Trust**”);

The Kemper ROFR, the Kemper Right to Purchase and the Kemper Deeds of Trust shall be referred to herein as the “**Kemper Documents**”.

- E. City has made, or will make, a grant to Kidsquest (“**City Grant**”) pursuant to the terms and conditions of that certain Funding Agreement, by and between City and Kidsquest, dated of even date herewith (“**Funding Agreement**”), and in connection therewith, Kidsquest executed that certain Restrictive Covenant, dated of even date herewith, in favor of the City and recorded in King County as Document Number [] (“**City Restrictive Covenant**”). To secure the obligations of Kidsquest under the City Restrictive Covenant and Funding Agreement, Kidsquest entered into that certain Deed of Trust in favor of City , dated of even date herewith, and recorded in King County as Document Number [] (“**City Deed of Trust**”);

The Funding Agreement, City Restrictive Covenant and City Deed of Trust are referred to herein as the “**City Documents**”.

The Kemper Deeds of Trust and the City Deed of Trust shall be referred to herein as the “**Deeds of Trust**”.

The Kemper Documents and the City Documents shall be collectively referred to herein as the “**Restrictive Covenants.**”

- F. The parties desire to provide for Parties desire to provide herein for the relative priority of the various covenants, deeds of trust, and other instruments recorded in connection with the Property, 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. **ISSUANCE OF FINAL CERTIFICATE OF OCCUPANCY.** As of the Effective Date, Kidsquest has acquired the Property and following the Effective Date, intends to substantially renovate the museum located thereon (“**Renovated Museum**”). That date which is the fifth (5th) anniversary of the date of issuance of a final certificate of occupancy, as issued by the City of Bellevue, for the Renovated Museum shall be referred to herein as the “**5-Year Date**”.
2. **PRIORITY PRIOR THROUGH 5-YEAR DATE.** From the Effective Date through the 5-Year Date, regardless of the time City’s or Kemper’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. City Restrictive Covenant;
 - b. City Deed of Trust;
 - c. Kemper ROFR;
 - d. Kemper Right to Purchase
 - e. Kemper ROFR Deed of Trust; and
 - f. Kemper Right to Purchase Deed of Trust.
3. **PRIORITY FOLLOWING 5-YEAR DATE.** Commencing on the day following the 5-Year Date, regardless of the time City’s or Kemper’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. Kemper ROFR;
 - b. Kemper Right to Purchase;
 - c. Kemper ROFR Deed of Trust
 - d. Kemper Right to Purchase Deed of Trust;
 - e. City Restrictive Covenant;
 - f. City Deed of Trust.
4. **GENERAL TERMS REGARDING RESTRICTIVE COVENANTS.**

a. Survival Following Foreclosure. It is acknowledged and agreed by the Parties that each of the Restrictive Covenants, subject to their respective provisions, shall survive foreclosure of any of the Deeds of Trust. Subject to their respective provisions, the Restrictive Covenants shall be binding upon any person acquiring the Property by means of foreclosure or deed in lieu thereof, or who shall succeed to an interest in the Property so acquired, in each case for so long as such person shall retain an interest in the Property.

In furtherance of the foregoing, if any action or proceeding is commenced by the City under the City Deed of Trust, Kemper, as a party to the Kemper Documents, shall not be named as a party therein unless such joinder is required by law; *provided, however*, such joinder shall not result in termination of the Kemper Documents. Similarly, if any action or proceeding is commenced by Kemper under the Kemper Deeds of Trust, City, as a party to the City Documents, shall not be named as a party therein unless such joinder is required by law; *provided, however*, such joinder shall not result in termination of the City Documents

b. Amendment. Without the prior written consent of the City and Kemper (in each case, so long as such party's deed of trust encumbers the Property), City, Kemper and Kidsquest shall not amend, modify, extend, renew or replace any provision of any of the Restrictive Covenants.

c. Restrictive Covenants Apply Simultaneously. The Parties acknowledge that, notwithstanding the priority of the Restrictive Covenants established above, the Restrictive Covenants apply simultaneously and that the grantors thereunder are obligated to comply with each of them regardless of their relative priority or order of recording.

d. No Obligation to Advance Funds. The Parties agree that except for such obligations as Kidsquest may have to City and/or Kemper hereto pursuant to agreements with such party, (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, if any, and (ii) 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, deeds of trust or options referenced herein.

5. SUBORDINATION. In furtherance of the priorities set forth in Section 2 hereof, during the period commencing on the Effective Date and continuing through the 5-Year Date, Kemper hereby consents and subordinates the lien of the Kemper Documents to the City Restrictive Covenant and the lien of the City Deed of Trust.

Additionally, during the period commencing the day following the 5-Year Date, City hereby consents and subordinates the lien of the City Restrictive Covenant and the lien of the City Deed of Trust to the Kemper Documents.

6. MISCELLANEOUS PROVISIONS.

(a) In the event of any conflict or inconsistency between the terms of the Restrictive Covenants and the terms of this Agreement, the terms of this Agreement shall control: (i) the relative priority of the security interests of the Parties in the Property, and (ii) all other rights and obligations that the Parties have agreed to pursuant to this Agreement.

(b) This Agreement shall be binding upon the Parties hereto and their respective successors in interest and assigns. This Agreement shall inure to the benefit of City and Kemper and their respective

successors in interest and assigns. No person other than the Parties and their respective successors in interest and assigns will be entitled to any benefits under this Agreement, whether as a third-party beneficiary or otherwise.

(c) By executing this Agreement, each Party hereby acknowledges and consents to the execution of, and where appropriate, the recording of the Restrictive Covenants by the parties thereto.

(d) This Agreement shall be governed by the laws of the State of Washington. Venue for any action brought in respect of this Agreement shall be in the Superior Court for King County, Washington or in the United States District Court for the Western District of Washington.

(e) If any one or more of the provisions contained in this Agreement, or any application thereof, shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein, and any other application thereof, shall not in any way be affected or impaired thereby.

(f) The term of this Agreement shall commence on the date hereof and shall continue so long as any two or more of the Restrictive Covenant remains a lien or encumbrance of record on the Property, or any part thereof, but the rights and obligations of City and Kemper hereunder shall terminate upon the full reconveyance of the Property from the City Deed of Trust or upon the full reconveyance of the Property from the Kemper Deed of Trust.

(g) No failure or delay on the part of any Party hereto in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder.

(h) Each Party hereto acknowledges that in the event any Party fails to comply with its obligations hereunder, the other Parties shall have all rights available at law and in equity, including the right to obtain specific performance of the obligations of such defaulting party and injunctive relief. No rights or remedies are hereby granted to Kidsquest except as may be expressly set forth in this Agreement.

(i) Nothing in this Agreement is intended, nor shall it be construed, to in any way limit the exercise by City of its governmental powers (including but not limited to police, regulatory and taxing powers), with respect to Kidsquest, Kemper, or the Property, nor to affect any liens, rights or interests in the Property arising pursuant to those powers or the exercise thereof.

(j) No amendment, supplement, modification, waiver or termination of this Agreement shall be effective against any Party unless such amendment, supplement, modification, waiver or termination is contained in a writing signed by such Party.

(k) This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. If this Agreement is executed with blanks for dates or recording numbers of any documents referred to herein, any escrow agent or title insurance company acting on the instructions of City and Kemper, is authorized to insert the dates and/or recording numbers, as applicable.

(l) The provisions of this Agreement are solely for the purposes of defining the relative rights of City, on the one hand, and Kemper, on the other hand. Nothing herein shall impair, as between

Kidsquest and City, the obligation of Kidsquest, to pay to City the obligations secured by the Deed of Trust as and when the same shall become due in accordance with their terms, nor shall anything herein prevent City from exercising all remedies otherwise permitted by applicable law upon default the obligations secured by the City Deed of Trust, subject, however, to the provisions of this Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

CITY:

City of Bellevue, a municipal corporation

By: _____

Name: _____

Title: _____

ACKNOWLEDGMENT

STATE OF CALIFORNIA

COUNTY OF

ss.

I certify that I know or have satisfactory evidence that _____ 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 _____ of the City of Bellevue, a Washington municipal corporation, to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 2026.

(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 Priority and Subordination Agreement as of the day and year first above written.

KEMPER:

Kemper Holdings, LLC, a Washington limited liability company

By: _____

Name: _____

Title: _____

ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that _____ 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 _____ of Kemper Holdings, LLC, a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 2026.

(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

The North 140 feet of the South 185 feet of the North 2/3 of the North half of the West half of Lot 4, Block 2, CHERITON FRUIT GARDENS, PLAT NO. 1, according to the plat thereof recorded in Volume 7 of Plats, Page 47, in King County, Washington;

Except that portion lying within 104th Avenue Northeast, as conveyed to King County by Deeds recorded under Recording Numbers 2171154 and 2467394;

and Except that portion lying Easterly of a line drawn parallel with and 150 feet (measured parallel with the Northerly line of said lot) Easterly of the Easterly line of said 104th Avenue Northeast;

and Except any portion thereof conveyed to the City of Bellevue by Deeds recorded under Recording Numbers 5991451 and 5991453.