

**RETURN ADDRESS:**

CNL Commercial Finance, Inc.  
26137 La Paz Road, Suite 102  
Mission Viejo, CA 92691



200204240060  
Skagit County Auditor

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LAND TITLE COMPANY OF SKAGIT COUNTY

S100426

**SUBORDINATION AGREEMENT - LEASE**

Reference # (if applicable): S-100426

Additional on page \_\_\_\_\_

Grantor(s):

1. John L. Falavolito Family Limited Partnership

Grantee(s)/Assignee/Beneficiary:

CNL Commercial Finance, Inc., Beneficiary  
Stewart Title Guaranty Company, Trustee

Legal Description: Lots 20 & 21, BSP No. SW 01-93 in 23-35-4 E  
W.M.

Additional on page \_\_\_\_\_

Assessor's Tax Parcel ID#: 8003-000-020-0009 and 8003-000-021-0000

**NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.**

THIS SUBORDINATION OF LEASE AGREEMENT dated April 16, 2002 is entered into between John L. Falavolito Family Limited Partnership, A WASHINGTON LIMITED PARTNERSHIP ("Borrower"), Consolidated Communications, Inc. dba Consolidated Cellular ("Lessee") and CNL Commercial Finance, Inc. ("Lender").

**SUBORDINATION AGREEMENT - LEASE**  
(Continued)

**LEASE.** Lessee has executed one or more leases dated 12-01-2000 of the following described property (the "Subordinated Lease") which lease was recorded in Skagit County, State of Washington as follows:

**Unrecorded**

**REAL PROPERTY DESCRIPTION.** The Lease covers a portion of the following described real property (the "Real Property") located in Skagit County, State of Washington:

**See Exhibit "A" - Legal Description, attached hereto and made a part hereof.**

The Real Property or its address is commonly known as **632 and 638 Sunset Part Drive, Sedro Woolley, WA 98284**. The Real Property tax identification number is 8003-000-020-0009 and 8003-000-021-0000.

Specifically, the leased premises are described as: 638 Sunset Park Drive, Unit B & C, Building A

**REQUESTED FINANCIAL ACCOMMODATIONS.** Borrower and Lessee each want Lender to provide financial accommodations to Borrower (the "Superior Indebtedness") in the form of (a) new credit or loan advances, (b) an extension of time to pay or other compromises regarding all or part of Borrower's present indebtedness to Lender, or (c) other benefits to Borrower. Now, therefore, Borrower and Lessee each represent and acknowledge to Lender that Lessee will benefit as a result of these financial accommodations from Lender to Borrower, and Lessee acknowledges receipt of valuable consideration for entering into this Agreement.

**LENDER'S LIEN.** As a condition to the granting of the requested financial accommodations, Lender has required that its mortgage, deed of trust or other lien on the Real Property ("Lender's Lien") be and remain superior to Lessee's interest in the Subordinated Lease.

**NOW THEREFORE THE PARTIES TO THIS AGREEMENT HEREBY AGREE AS FOLLOWS:**

**SUBORDINATION.** All of Lessee's right, title and interest in and to the Subordinated Lease and the Real Property is hereby subordinated in all respects to Lender's Lien and the Superior Indebtedness, and it is hereby agreed that Lender's Lien shall be and remain, at all times, prior and superior to Lessee's interests in the Subordinated Lease and the Real Property. Lessee also subordinates to Lender's Lien all other Security Interests in the Real Property held by Lessee, whether now existing or hereafter acquired. The words "Security Interest" mean and include without limitation any type of collateral security, whether in the form of a lien, charge, mortgage, deed of trust, assignment, pledge, chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

**LESSEE'S REPRESENTATIONS AND WARRANTIES.** Lessee represents and warrants to Lender that: (a) no representations or agreements of any kind have been made to Lessee which would limit or qualify in any way the terms of this Agreement; (b) this Agreement is executed at Borrower's request and not at the request of Lender; (c) Lender has made no representation to Lessee as to the creditworthiness of Borrower; and (d) Lessee has established adequate means of obtaining from Borrower on a continuing basis information regarding Borrower's financial condition. Lessee agrees to keep adequately informed from such means of any facts, events, or circumstances which might in any way affect Lessee's risks under this Agreement, and Lessee further agrees that Lender shall have no obligation to disclose to Lessee information or material acquired by Lender in the course of its relationship with Borrower.

**LESSEE'S WAIVERS.** Lessee waives any right to require Lender: (a) to make, extend, renew, or modify any loan to Borrower or to grant any other financial accommodations to Borrower whatsoever; (b) to make any presentment, protest, demand, or notice of any kind, including notice of any nonpayment of any Superior Indebtedness secured by Lender's Lien, or notice of any action or nonaction on the part of Borrower, Lender, any surety, endorser, or other guarantor in connection with the Superior Indebtedness, or in connection with the creation of new or additional indebtedness; (c) to resort for payment or to proceed directly or at once against any person, including Borrower; (d) to proceed directly against or exhaust any collateral held by Lender from Borrower, any other guarantor, or any other person; (e) to pursue any other remedy within Lender's power; or (f) to commit any act or omission of any kind, at any time, with respect to any matter whatsoever.

**LENDER'S RIGHTS.** Lender may take or omit any and all actions with respect to Lender's Lien without affecting whatsoever any of Lender's rights under this Agreement. In particular, without limitation, Lender may, without notice of any kind to Lessee, (a) make one or more additional secured or unsecured loans to Borrower; (b) repeatedly alter, compromise, renew, extend, accelerate, or otherwise change the time for payment or other terms of the Superior Indebtedness or any part thereof, including increases and decreases of the rate of interest on the Superior Indebtedness; extensions may be repeated and may be for longer than the original loan term; (c) take and hold collateral for the payment of the Superior Indebtedness, and exchange, enforce, waive, and release any such collateral, with or without the substitution of new collateral; (d) release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or guarantors on any terms or manner Lender chooses; (e) determine how, when and what application of payments and credits, shall be made on the Superior Indebtedness; (f) apply such security and direct the order or



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**SUBORDINATION AGREEMENT - LEASE**  
(Continued)

manner of sale thereof, as Lender in its discretion may determine; and (g) assign this Agreement in whole or in part.

**DEFAULT BY BORROWER.** If Borrower becomes insolvent or bankrupt, this Agreement shall remain in full force and effect.

**MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Agreement:

**Applicable Law.** This Agreement has been delivered to Lender and accepted by Lender in the State of California. If there is a lawsuit, Lessee and Borrower agree upon Lender's request to submit to the jurisdiction of the courts of Orange County, State of California. Lender, Lessee and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender, Lessee or Borrower against the other. (Initial Here) This Agreement shall be governed by and construed in accordance with the laws of the State of California. No provision contained in this Agreement shall be construed (a) as requiring Lender to grant to Borrower or to Lessee any financial assistance or other accommodations, or (b) as limiting or precluding Lender from the exercise of Lender's own judgment and discretion about amounts and times of payment in making loans or extending accommodations to Borrower.

**Amendments.** This Agreement constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration or amendment to this Agreement shall be effective unless made in writing and signed by Lender, Borrower, and Lessee.

**Attorneys' Fees; Expenses.** Lessee and Borrower agree to pay upon demand all of Lender's costs and expenses, including attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may pay someone else to help enforce this Agreement, and Lessee and Borrower shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (and including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Lessee and Borrower also shall pay all court costs and such additional fees as may be directed by the court.

**Successors.** This Agreement shall extend to and bind the respective heirs, personal representatives, successors and assigns of the parties to this Agreement, and the covenants of Borrower and Lessee herein in favor of Lender shall extend to, include, and be enforceable by any transferee or endorsee to whom Lender may transfer any or all of the Superior Indebtedness.

**Waiver.** Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Lessee, shall constitute a waiver of any of Lender's rights or of any of Lessee's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

**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.**

**EACH PARTY TO THIS SUBORDINATION AGREEMENT - LEASE ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS AGREEMENT, AND EACH PARTY AGREES TO ITS TERMS.**

**BORROWER:**

John L. Falavolito Family Limited Partnership

By: \_\_\_\_\_

John L. Falavolito, General Partner

**LESSEE:**

Consolidated Communications, Inc. dba Consolidated Cellular

By: \_\_\_\_\_

John L. Falavolito, President/Secretary



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## LENDER:

CNL Commercial Finance, Inc.

By: *Brendy E. Schloff*

Authorized Officer

## PARTNERSHIP ACKNOWLEDGMENT

STATE OF Washington )

) SS

COUNTY OF Skagit )

On this 23<sup>rd</sup> day of April, 2002, before me, the undersigned Notary Public, personally appeared **John L. Falavolito, General Partner of John L. Falavolito Family Limited Partnership**, and personally known to me or proved to me on the basis of satisfactory evidence to be a partner or designated agent of the partnership that executed the Subordination Agreement and acknowledged the Agreement to be the free and voluntary act and deed of the partnership, by authority of statute or its Partnership Agreement, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this Agreement and in fact executed the Agreement on behalf of the partnership.

By: *Vanessa D. Morgan*Notary Public in and for the State of WAResiding at LynnwoodMy commission expires 7-25-03

## CORPORATE ACKNOWLEDGMENT

STATE OF Washington )

) SS

COUNTY OF Skagit )

On this 23<sup>rd</sup> day of April, 2002, before me, the undersigned Notary Public, personally appeared **John L. Falavolito, President and Angel M. Hansen, Secretary of Consolidated Communications, Inc. dba Consolidated Cellular**, and personally known to me or proved to me on the basis of satisfactory evidence to be authorized agents of the corporation that executed the Subordination Agreement and acknowledged the Agreement to be the free and voluntary act and deed of the corporation, by authority of its Bylaws or by resolution of its board of directors, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute this Agreement and in fact executed the Agreement on behalf of the corporation.

By: *Vanessa D. Morgan*Notary Public in and for the State of WAResiding at LynnwoodMy commission expires 7-25-03

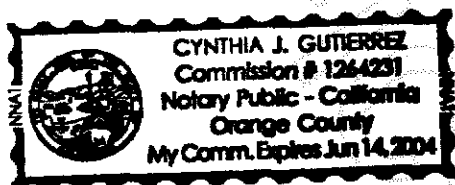
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Skagit County Auditor

# CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California  
 County of Orange  
 On 4/19/02 before me, Cynthia J. Gutierrez  
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")  
 personally appeared Beverly E. Schatz  
Name(s) of Signer(s)

☒ personally known to me – OR – ☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Cynthia J. Gutierrez  
Signature of Notary Public

## OPTIONAL

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

## Description of Attached Document

Title or Type of Document: \_\_\_\_\_

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

## Capacity(ies) Claimed by Signer(s)

Signer's Name: \_\_\_\_\_

- ☐ Individual  
☐ Corporate Officer  
 Title(s): \_\_\_\_\_  
☐ Partner — ☐ Limited ☐ General  
☐ Attorney-in-Fact  
☐ Trustee  
☐ Guardian or Conservator  
☐ Other: \_\_\_\_\_

RIGHT THUMBPRINT  
 OF SIGNER  
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Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_

- ☐ Individual  
☐ Corporate Officer  
 Title(s): \_\_\_\_\_  
☐ Partner — ☐ Limited ☐ General  
☐ Attorney-in-Fact  
☐ Trustee  
☐ Guardian or Conservator  
☐ Other: \_\_\_\_\_

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 OF SIGNER  
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Signer Is Representing: \_\_\_\_\_

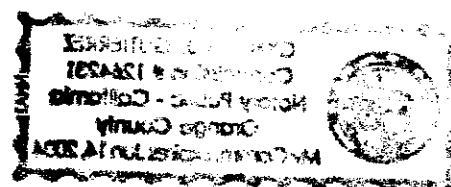


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UNOFFICIAL DOCUMENT



**Exhibit "A"**

**DESCRIPTION:**

Lots 20 and 21, of Binding Site Plan No. SW-01-93, (Sunset Industrial Park) recorded in Volume 11 of Short Plats, pages 83 and 84, under Auditor's File No. 9406100051, records of Skagit County, Washington, being a portion of the Southwest  $\frac{1}{4}$  of the Southeast  $\frac{1}{4}$  of Section 23, Township 35 North, Range 4 East, W.M., and Tracts 14 and 15, "SEDRO ACREAGE", as per plat recorded in Volume 3 of Plats, page 35.

Situate in the County of Skagit, State of Washington.

**INITIAL  
HERE**



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