



200312110072

Skagit County Auditor

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**AFTER RECORDING RETURN TO:**

Grant B. Anderson  
Smith Alling Lane, P.S.  
1102 Broadway Plaza, Suite 403  
Tacoma, WA 98402

Please print legibly or type information.

**LAND TITLE OF SKAGIT COUNTY**

107979-P

Document Title (Or transaction contained therein)	200308280225
Subordination, Non-Disturbance and Attornment Agreement and Estoppel Certificate	
Grantor(s) (Last name first, then first name, middle name)	
Cory L. Walden d/b/a Coffee Barn	
Additional Names on Page _____ of Document	
Grantee(s) (Last name first, then first name, middle name)	
City Bank, N.A.	
Additional Names on Page _____ of Document	
Legal Description (Abbreviated: i.e., lot, block, plat or section, township, range)	
Lot 2, SP 90-33 in 19-35-4 E W.M.	
Complete Legal Description on Page <u>12</u> of Document	
Auditor's Reference Number(s)	
Assessor's Property Tax Parcel/Account Number(s)	
350419-4-004-0002	
The Auditor/Recorder will rely on the information provided on this cover sheet. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.	

LAND TITLE OF SAGU COUNTY

**SUBORDINATION, NON-DISTURBANCE AND  
ATTORNMENr AGREEMENT AND ESTOPPEL CERTIFICATE**

This Subordination, Non-Disturbance and Attornment Agreement (the "Agreement") is made and executed as of the 30th day of July, 2003, by and between CITYBANK ("Lender"), Cory L Walden, dba Coffee Barn ("Tenant"), and Par Four Enterprises, LLC assigned to Gas and Go, LLC ("Landlord").

RECITALS

- A. Tenant has executed and entered into a Lease Agreement dated Jan. 01, 2000 in which Landlord appears as "Lessor", and Tenant appears as "Lessee" (the "Lease"), whereby Tenant has agreed to lease the real property described in the Lease as the leased or demised premises, which leased or demised premises are located in Skagit County, State of Washington, together with the improvements now or hereafter located thereon, and are more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the "Property").
- B. On the condition that the Lease and all of Tenant's rights in the Property (the "Lease Rights") be subordinated as provided below, Lender has agreed to make a loan (the "Loan") to Landlord, its successors and/or assigns, in the principal amount of \$ 1,090,000. In connection with the Loan, Landlord has or will be executing a Promissory Note, Deed of Trust (the "Deed of Trust"), general Assignment of Rents (the "Assignment of Rents"), UCC-1 Fixture Filing (the "UCC-1") and other documents (the Loan Documents) required by Lender to evidence and/or secure Landlord's obligations under the Loan.

AGREEMENT

In exchange for good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, Lender, Landlord, and Tenant agree as follows:

1. Estoppel Certificate. Tenant hereby certifies to and agrees with Lender that as of the date of this Agreement, Lender is relying on all of the following certifications and agreements of Tenant as consideration for Lender executing this Agreement, and in the making of the Loan evidenced by the Note and secured by the Deed of Trust Assignment, and other collateral identified in the Loan Documents.
  - a. The lease is in full force and effect and is the valid and binding obligation of Tenant, enforceable in accordance with its terms.



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- b. All requirements for the commencement and validity of the Lease have been satisfied.
- c. Neither Tenant nor Landlord is not in default under the Lease and no event has occurred and no condition exists, which with the giving of notice, the passage of time, or both, would constitute default by Tenant or Landlord under the Lease.
- d. There are no defenses, counterclaims or setoffs against rents or charges due or which may become due under the Lease and no claim by Tenant of any nature exists against Landlord under the Lease. All obligations of Landlord have been fully performed.
- e. None of the rent which Tenant is required to pay under the lease has been prepaid, or will in the future be prepaid, more than one month in advance.
- f. Tenant has no right or option contained in the Lease or in any other document to purchase all or any portion of the Property.
- g. The Lease has not been modified, terminated, or amended, by "side letter" or otherwise, and shall not after the date of this Agreement be modified, terminated, or amended, by "side letter" or otherwise, without the prior written consent of Lender for any termination and each such amendment or modification. Any attempted modification, termination, or amendment without the prior written consent of Lender shall be void.
- h. Tenant has not assigned, mortgaged, sublet, encumbered or otherwise transferred any or all of its interest under the Lease and, during the term of the Loan, agrees to not assign, mortgage, sublet, encumber, or otherwise transfer any or all of its interest under the Lease without the prior written consent of Lender.

2. Subordination to Loan Documents. Notwithstanding anything in the Lease to the contrary, the Lease and Lease Rights are hereby made subject, subordinate, inferior, and junior to the Loan Documents and the liens created by the Loan Documents, and to all sums advanced on the security for the Loan Documents, including all sums advanced or costs incurred in connection with the Loan Documents or the Loan, and including all renewals, modifications, consolidations, replacements, and extensions of the Loan and any of the Loan Documents, and any future lien or liens affecting the Property held by or made for the benefit of Lender. The Lease and Lease Rights are hereby subordinated to the Loan Documents and the liens created by the Loan Documents, the same as fully as if the Loan Documents had been executed and delivered, and recorded, where applicable, prior to execution, delivery, and recording of the Lease. If there is any inconsistency between the provisions of the Loan Documents and the provisions of the Lease, the provisions of the Loan Documents shall prevail and govern the Lease.

Tenant will not cause the Lease to be subordinated to any interests other than those held by or made for the benefit of Lender, and its successors and assigns, without the prior written consent of Lender.



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3. Acknowledgement of Assignment of Rents. Tenant agrees and acknowledges that it has notice, and notwithstanding anything to the contrary in the Lease hereby consents, that the Lease, the Lease Rights, the rents, and all other sums due under the Lease have been assigned or are to be assigned to Lender. Specifically, but without limitation, Tenant consents to the (Assignment of Leases of Security) executed by Borrower to Lender. In the event that Lender notifies Tenant of a default under any of the Loan Documents and demands that Tenant pay its rent and all other sums due under the Lease of Lender, Tenant shall honor such demand and pay its rent and all other sums due under the Lease directly to Lender or as otherwise required pursuant to such notice.
4. Notice and Opportunity to Cure. Tenant agrees to deliver to Lender, within five (5) days of delivery to Landlord, a copy of all notices and other documents delivered to Landlord in connection with the Lease, specifically including, but without limitation, any notices of default or termination. If any default occurs under the Lease, Lender shall have the right for a period of sixty (60) days after receipt of notice of the default to cure such default. If the nature of the default is such that it cannot reasonably be cured within such sixty (60) day period, then Lender shall have such longer period as is reasonably necessary to cure such default. No default shall be deemed to exist under the Lease so long as Lender is seeking, in good faith, to cure the default.
5. Requirement of Non-Disturbance. Tenant agrees and acknowledges that this Agreement satisfies any condition or requirement in the Lease relating to the granting of a non-disturbance agreement.
6. Non-Disturbance. In the event the foreclosure of the Deed of Trust, or upon a sale of the Property pursuant to the trustee's power of sale contained in the Deed of Trust, or upon a transfer of the Property by conveyance in lieu of foreclosure (collectively, a "Transfer"), then so long as Tenant complies with this Agreement and is not in default under any of the terms, covenants, or conditions of the Lease, Lender shall not name or join Tenant in any foreclosure proceeding, unless such joinder is necessary, in Lender's discretion, to complete the foreclosure, nor shall Lender disturb the possession of Tenant, its successors and assigns. In the event of a Transfer, Lender will perform and be bound by all of the obligations imposed on Landlord by the Lease for the balance of the term of the Lease, and any extension or renewals of the Lease, as long as no event or default has occurred under the Lease, which has continued to exist for such period of time, after notice and opportunity to cure, if any, required by the Lease, as would entitle Landlord under the Lease to terminate the Lease, or would cause, without any further action of Landlord, the termination of the Lease or would entitle Landlord to dispossess Tenant under the Lease.
7. Attornment. Tenant hereby agrees to attorn to, adhere to and accept any such successor owner as landlord under the Lease, and to be bound by and perform all of the obligations imposed by the Lease, such attornment to be self-operative without the execution of any further instruments, upon a Transfer of the Property.
8. No Liability for Lender. Lender, or any successor owner of the Property resulting from a Transfer, shall not be (a) liable for any obligations under the Lease which arise or accrue prior to a Transfer or which arise or accrue at any time after Lender ceases to be the owner of the Property; (b) liable for any damages or other relief attributable to any act or omission of a prior landlord, including Landlord; (c) liable for any damages or other relief attributable to any latent or patent defect in the Property; (d) liable for any damages or other relief attributable to any breach by any



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prior landlord, including Landlord, under the Lease or any representation or warranty made in connection with the Lease; (e) subject to any offsets or defenses which Tenant might have against any prior landlord, including Landlord; (f) bound by any rent or additional rent which Tenant might have paid in advance to any prior landlord, including Landlord, for a period in excess of one month or by any security deposit, cleaning deposit or other prepaid charge which Tenant might have paid in advance to any prior landlord, including Landlord; (g) bound by any assignment, subletting, renewal, extension or any other agreement or modification of the Lease made without the prior written consent of Lender; or (h) liable for any indirect or consequential damages, including loss of sublet rentals, loss of profits, or damage to goodwill or reputation.

Nothing in this Agreement is intended to constitute an agreement by Lender to perform any obligation of Landlord as landlord under the Lease prior to the time Lender obtains title to the Property by Transfer or otherwise obtains possession of the Property pursuant to the terms of the Loan Documents. Specifically, but without limitation, Lender shall have no obligations with respect to the erection or completion of any improvements on the Property, either at the commencement of the term of the Lease or upon any renewal or extension of the term of the Lease, or upon the addition of additional space, pursuant to any expansion rights contained in the Lease.

In the event that Lender shall acquire title to the Property, Lender shall have no obligation, not incur any liability, beyond Lender's then equity interest, if any, in the Property, and Tenant shall look exclusively to such equity interest of Lender, if any, in the Property for the payment and discharge of any obligations imposed upon Lender under this Agreement or under the Lease, and Lender is hereby released and relieved of any other obligations under this Agreement and the Lease.

9. No Assignment or Subletting. Tenant agrees not to assign, transfer, mortgage, or otherwise encumber the Lease or Lease Rights or any interest in the Lease or the Lease Rights. Tenant further agrees not to sublet the Property or any part of the Property, without the prior written consent of Lender and any attempt to do so without such consent shall be void as to Lender. Lender shall not be obligated to give its consent until, at least, Tenant has assigned the sublease to Lender, granted a lien on Tenant's interest in the Property to Lender as collateral for the Loan, and subtenant has executed and delivered to Lender a Subordination, Non-Disturbance Agreement and Estoppel Certificate acceptable to Lender.
10. New Lease. Upon the written request of Lender to Tenant after a Transfer, Tenant shall execute and deliver to Lender a lease of the Property upon the same terms and conditions as the Lease between Landlord and Tenant, which lease shall cover any unexpired term of the Lease existing prior to such Transfer.
11. Acknowledgment and Agreement by Landlord. Landlord, as landlord under the Lease and grantor under the Deed of Trust acknowledges and agrees for itself and its heirs, successors, and assigns agrees to each of the following:
  - a. This Agreement does not constitute a waiver by Lender of any of its rights under the Deed of Trust, Assignment, or any of the other Loan Documents, and/or in any way release Landlord from its obligations to comply with the terms, provisions, conditions, covenants, agreements and clauses of the Deed of Trust



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- b. The provisions of the Deed of Trust, Assignment, and all other Loan Documents remain in full force and effect and must be complied with by Landlord.
- c. In the event of a default under the Deed of Trust, Assignment, or any of the other Loan Documents, Tenant shall pay all rent and all other sums due under the Lease to Lender as provided in the Loan Documents.
12. Right to Sublease and Mortgage. Notwithstanding anything to the contrary in the Lease, upon the occurrence of a Transfer, Tenant agrees that Lender, its successor or assign, or any purchaser at a foreclosure sale, may mortgage, lien, encumber, or otherwise transfer its interest in the Property or assign all of its or Landlord's rights in the Lease without the consent of Tenant.
13. Insurance Proceeds and Condemnation Awards. Notwithstanding anything to the contrary in the Lease, unless otherwise agreed by Lender in writing in advance, all insurance proceeds and condemnation awards paid in connection with the Property and/or the Building shall be paid to Lender as payments on the Loan pursuant to the terms and conditions of the Loan Documents and for any and all other obligations of Borrower to Lender in connection with the Loan under the Loan Documents.
14. Memorandum of Lease. Tenant agrees to execute and cause to be recorded in the county recorder's office of the county in which the Property is located, a memorandum of lease for the Lease in a form reasonably acceptable to Lender.
15. Future Estoppel Certificates. Tenant agrees to execute and deliver to Lender, within five (5) days of request by Lender, estoppel certificates in a form similar to this Certificate regarding such matters as Lender requests. Tenant shall not be obligated to deliver an estoppel certificate more often than one (1) time per calendar year, unless Lender determines, in its reasonable discretion, that an estoppel certificate is required more often.
16. No Merger. If any lien granted on the Property or assignment of any lease of the Property made to Lender and the fee title to the Property shall at any time become vested in one owner, the lien created under any Deed of Trust granted or assignment made to Lender shall not be destroyed or terminated by application of the doctrine of merger and, in such event, Lender shall continue to have and enjoy all of the rights and privileges of Lender, beneficiary, and assignee and, if applicable, fee title owner, as to the separate estates. In addition, upon the foreclosure of any such lien or assignment, any leases or subleases then existing and created by Tenant shall not be destroyed or terminated by application of the law of merger or as a matter of law or as a result of such foreclosure unless Lender, its successor or assign, or any purchaser at any such foreclosure sale shall so elect. No act by or on behalf of Lender, its successor or assign, or any such purchaser shall constitute a termination of any lease or sublease unless Lender, its successor or assign, or such purchaser shall give written notice of such termination to such tenant or subtenant.
17. Notices. All notices shall be in writing and shall be deemed to have been sufficiently given or served when personally delivered or when deposited in the United States mail, by registered or certified mail, addressed as follows:

Lender:

CITYBANK  
14807 Highway 99  
P.O. Box 97007  
Lynnwood, WA 98046-9707



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Tenant: Cory L Walden  
dba Coffee Barn  
9572 Old Hwy 99 N  
Burlington, WA 98223

Landlord: Gas and Go, LLC  
9752 Old Hwy 99 N  
Burlington, WA 98223

Such addresses may be changed by notice to the other party given in the same manner provided in this Section.

18. Attorney's Fees. Upon the occurrence of a default under this Agreement, Lender may employ an attorney or attorneys to protect Lender's rights under this Agreement, and Tenant shall pay Lender reasonable attorney's fees and costs actually incurred by Lender, whether or not action is actually commenced against Tenant by reason of such breach. Tenant shall also pay to Lender any attorney's fees and costs incurred by Lender with respect to any insolvency or bankruptcy proceeding or other action involving Tenant or any guarantor as a debtor.
19. No Derogation of Liens. Nothing contained in this Agreement shall be construed to derogate from or in any way impair or affect the lien and charge or provisions of the Deed of Trust, Assignment, or any other lien created by the Loan Documents.
20. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington.
21. Successors and Assigns. This Agreement is and shall be binding upon and shall inure to the benefit of Tenant, Lender and their respective successors and assigns.
22. Defined Terms. Unless otherwise defined in this Agreement, capitalized terms used in this Agreement shall have the meanings set forth in the Loan Agreement.

EXECUTED as of the day and year first above written.

LENDER

CITYBANK

By: Bryant W. Stewart

Bryant W. Stewart, Vice President

TENANT

Cory L Walden

By: Cory L Walden

Title: Owner



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LANDLORD

Gas and Go, LLC

By: 

Byung Teak Chung

Title: \_\_\_\_\_

By: 

Young I. Chung

Title: \_\_\_\_\_

(Attach notaries)



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STATE OF Washington

COUNTY OF:

Snohomish

On this 8<sup>th</sup> day of September, 2003, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared

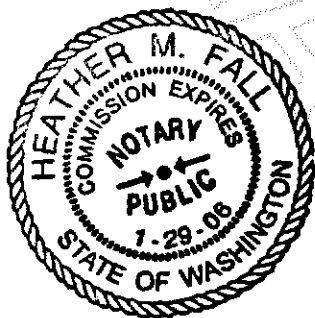
Bryant W. Stewart

and

to me known to be the Vice President and Citybank Secretary, respectively, of

the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath state that he is authorized to execute the said instrument and that the seal affixed (if any) is the corporate seal of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.



Heather M. Fall  
Notary Public in and for the State of Washington

My appointment expires 1-29-06



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STATE OF WASHINGTON )

## ACKNOWLEDGMENT - Individual

COUNTY OF: Skagit )

On this 10th day of August, 2003, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Larry L. Walden / Sanchez

to me known to be the individual(s) described in and who executed the within and foregoing instrument, and acknowledged that she signed the same as she free and voluntary act and deed, for the uses and purposes therein mentioned.

Witness my (hand and official seal hereto affixed the day and year first above written.



Rhonda A. Tingley  
Notary Public in and for the State of Washington

My appointment expires 10-1-06

STATE OF WASHINGTON )

## ACKNOWLEDGMENT - Individual

COUNTY OF: )

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared \_\_\_\_\_

to me known to be the individual(s) described in and who executed the within and foregoing instrument, and acknowledged that \_\_\_\_\_ signed the same as \_\_\_\_\_ free and voluntary act and deed, for the uses and purposes therein mentioned.

Witness my hand and official seal hereto affixed the day and year first above written.

\_\_\_\_\_  
Notary Public in and for the State of Washington

My appointment expires \_\_\_\_\_



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STATE OF WASHINGTON )

COUNTY OF )

On this 5<sup>th</sup> day of Sept, 03, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Byung Teak Chung to me known to be the Manager, of Gas and Go, LLC the limited liability company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of the said limited liability company, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

Witness my hand and official seal hereto affixed the day and year first above written.

BRYANT W. STEWART  
NOTARY PUBLIC  
STATE OF WASHINGTON  
COMMISSION EXPIRES  
JULY 19, 2005

B. Stewart  
NOTARY PUBLIC in and for the State of  
Washington, residing at Edmonds  
My commission expires: 7/19/05

STATE OF WASHINGTON )

COUNTY OF )

On this 5<sup>th</sup> day of Sept, 2003 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Young I. Chung to me known to be the Manager, of Gas and Go, LLC the limited liability company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of the said limited liability company, for the uses and purposes therein mentioned, and on oath stated that she is authorized to execute the said instrument.

Witness my hand and official seal hereto affixed the day and year first above written.

BRYANT W. STEWART  
NOTARY PUBLIC  
STATE OF WASHINGTON  
COMMISSION EXPIRES  
JULY 19, 2005

B. Stewart  
NOTARY PUBLIC in and for the State of  
Washington, residing at Edmonds  
My commission expires: 7/19/05



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DESCRIPTION:

Tract 2 of Skagit County Short Plat No. 90-33, approved January 14, 1991 and recorded January 14, 1991, under Auditor's File No. 9101140018 in Volume 9 of Short Plats, page 300, records of Skagit County, Washington; being a portion of the Northeast  $\frac{1}{4}$  of the Southeast  $\frac{1}{4}$  of Section 19, Township 35 North, Range 4 East, W.M.

Situate in the County of Skagit, State of Washington.



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