

After Recording Mail To:

KEYBANK NATIONAL ASSOCIATION
Community Development Banking
Mailcode WA-31-01-0400
1101 Pacific Avenue
Tacoma, WA 98402
Attn: Nina V. Hooser
Loan No. 3113862491



200509220168

Skagit County Auditor

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111968.P

LAND TITLE OF SKAGIT COUNTY

LEASE SUBORDINATION AGREEMENT

Coversheet Recording Information:

GRANTOR: HOUSING AUTHORITY OF THE CITY OF
(Subordinator) ANACORTES, a public body corporate and politic of
the State of Washington

GRANTEE: KEYBANK NATIONAL ASSOCIATION, a national
(Lender) banking association

LEGAL Lots 1-3 & ptn of Lot 4, Blk 37, Anac. The complete legal
DESCRIPTION description is on Exhibit A.

ASSESSOR'S PROPERTY TAX PARCEL ACCT NO: 3772-037-004-0008

RECORDING NO. OF RELATED DOCUMENTS:

Deed Of Trust: 200509220163

Memorandum of Lease: 200509220167

THIS LEASE SUBORDINATION AGREEMENT, dated for reference as of September 20, 2005, is executed by HOUSING AUTHORITY OF THE CITY OF ANACORTES, a public body corporate and politic of the State of Washington ("*Tenant*"), for the benefit of KEYBANK NATIONAL ASSOCIATION, a national banking association, its successors and assigns ("*Lender*"), with regard to the following facts:

A. THE WILSON HOTEL HOUSING LLC, a Washington limited liability company ("*Owner*" or "*Landlord*"), is the owner of real property ("*Property*") located in Skagit County, Washington, and legally described on Exhibit A. Owner has leased the Property to Tenant pursuant to a Master Commercial Lease dated as of September 30, 2005 (the "*Lease*").

June

B. Lender has agreed to make a loan ("**Loan**") to Owner, secured by a Multifamily Deed of Trust, Assignment of Rents and Security Agreement ("**Deed of Trust**") encumbering the Property, which is being recorded under Skagit County Recording No. 200509220163. The Deed of Trust constitutes a present assignment to Lender of all right, title, and interest of Owner under the Master Lease and any and all subleases thereunder. It is a condition of Lender's Loan that the Master Lease and any and all subleases thereunder shall be fully subordinate to Lender's Deed of Trust.

Agreements

NOW, THEREFORE, Tenant agrees for the benefit of Lender as follows:

1. **Subordination** Tenant hereby subordinates the Lease and all of its rights thereunder to the Deed of Trust and all of Lender's rights thereunder, including any and all renewals, modifications and extensions thereof. Without limiting the generality of the foregoing, such subordination shall include all rights of Tenant in connection with any insurance or condemnation proceeds with respect to the Premises or Property.

(Said Memorandum of Lease recorded under Auditor's File No. 200509220167)

2. **Covenants of Tenant** Tenant covenants and agrees for the benefit of Lender that:
 - (a) Tenant shall pay to Lender all rent and other payments otherwise payable to Landlord under the Lease upon written demand from Lender. The consent and approval of Landlord to this Agreement shall constitute an express authorization for Tenant to make such payments to Lender and a release and discharge of all liability of Tenant to Landlord for any such payments made to Lender.
 - (b) Tenant shall enter into no material amendment or modification of any of the provisions of the Lease without Lender's prior written consent.
 - (c) Tenant shall not subordinate its rights under the Lease to any other mortgage, deed of trust, or other security instrument without the prior written consent of Lender.
 - (d) In the event the Lease is rejected or deemed rejected in any bankruptcy proceeding with respect to Landlord, Tenant shall not exercise its option to treat the Lease as terminated under 11 U.S.C. § 365(h), as amended.
 - (e) Tenant shall not accept any waiver or release of Tenant's obligations under the Lease by Landlord, or any termination of the Lease by Landlord, without Lender's prior written consent.
 - (f) Tenant shall promptly deliver written notice to Lender of any default by Landlord under the Lease. Lender shall have the right to cure such default within thirty (30) days after the receipt of such notice. Tenant further agrees not to invoke any of its remedies under the Lease until the thirty (30) days have elapsed, or during any period that Lender is proceeding to cure the



default with due diligence, or is attempting to obtain the right to enter the Premises and cure the default.

3. **Effect of Assignment.** Notwithstanding that Landlord has made a present assignment of all of its rights under the Lease to Lender, Lender shall not be liable for any of the obligations of Landlord to Tenant under the Lease until Landlord has obtained possession of the Property by foreclosure or deed in lieu of foreclosure, and then only to the extent provided herein.
4. **Estoppel Certifications.** Tenant hereby certifies to Lender that: (a) The Lease constitutes the entire agreement between Landlord and Tenant relating to the leasing of the Premises and the Property. (b) The Lease is in full force and effect, and has not been amended, modified, or assigned by Tenant. (c) No payments to become due under the Lease have been paid more than one month in advance of the due date. (d) Tenant has no present claim, offset or defense under the Lease, and Tenant has no knowledge of any uncured default by Landlord under the Lease. (e) Tenant has no knowledge of any prior sale, transfer, assignment, hypothecation or pledge of Landlord's interest under the Lease or of the rents due under the Lease. (f) Except as otherwise provided in the Lease, Tenant has made no agreements with Landlord concerning free rent, partial rent, rebate of rental payments, setoff, or any other type of rental concession.
5. **Costs and Attorneys' Fees.** In the event of any claim or dispute arising out of this Agreement, the party that substantially prevails shall be awarded, in addition to all other relief, all attorneys' fees and other costs and expenses incurred in connection with such claim or dispute; including without limitation those fees, costs, and expenses incurred before or after suit, and in any arbitration, and any appeal, any proceedings under any present or future bankruptcy act or state receivership, and any post-judgment proceedings.
6. **Miscellaneous.** This Agreement may not be modified except in writing and executed by the parties hereto or their successors in interest. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their successors and assigns. As used herein, "Landlord" shall include Landlord's predecessors and successors in interest under the Lease, and "Lender" shall include any assignee of the Deed of Trust and any purchaser of the Property at any foreclosure sale. If any provision of this Agreement is determined to be invalid or unenforceable, it shall be severed from this Agreement and the remaining provisions shall continue in full force and effect. This Agreement shall be governed by the laws of the State of Washington.

IN WITNESS WHEREOF Tenant has executed and delivered this Agreement.

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

SEP 22 2005

Amount Paid \$ 0
By Skagit Co. Treasurer
Deputy

SUBORD LEASE 090705 WILSON

HOUSING AUTHORITY OF THE CITY OF
ANACORTES, a public body corporate and
politic of the State of Washington

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By: Theresa McCallum
Theresa McCallum, Executive Director

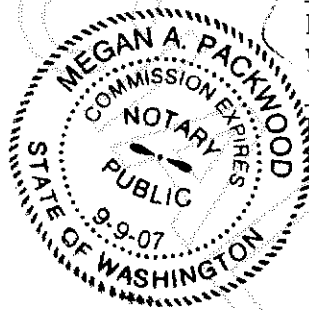
STATE OF WASHINGTON)

County of King)

ss.

I certify that I know or have satisfactory evidence that **Theresa McCallum** is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the **Executive Director of HOUSING AUTHORITY OF THE CITY OF ANACORTES**, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED this 20 day of September, 2005.



Notary Public in and for the State of
Washington, residing at Seattle
MEGAN A. PACKWOOD
Name (printed or typed)
My appointment expires: 9/9/07



**EXHIBIT A
TO
SUBORDINATION AND
ATTORNMEN AGREEMENT AND ESTOPPEL CERTIFICATE**

LEGAL DESCRIPTION

The Property is located in SKAGIT County, Washington, and is legally described as follows:

Lots 1, 2, 3, and 4, Block 37, "MAP OF THE CITY OF ANACORTES, SKAGIT COUNTY, WASHINGTON," as per plat recorded in Volume 2 of Plats, page 4, records of Skagit County, Washington.

EXCEPT the West 20 feet of said Lot 4.

Situate in the City of Anacortes, County of Skagit, State of Washington

INITIALS: 

