

WHEN RECORDED RETURN TO:

Best & Flanagan LLP
225 South Sixth Street, Suite 4000
Minneapolis, Minnesota 55402
Attn: Kathy Yip



200605220165
Skagit County Auditor

5/22/2006 Page 1 of 8 11:35AM

Chicago Title Insurance Company

701 5th Avenue - Suite 3400 - Seattle, Washington 98104

1C 30454

DOCUMENT TITLE(S)

1. Subordination, Non-Disturbance and Attornment Agreement

REFERENCE NUMBER(S) OF DOCUMENTS ASSIGNED OR RELEASED:

☐ Additional numbers on page _____ of document

200605220 162 and 200605220 163

GRANTOR(S):

1. Roberts, Scott H., d/b/a Granite Boatworks, Inc.
2. Twin Bridges Marina, LLC

☐ Additional names on page _____ of document

GRANTEE(S):

1. Artesia Mortgage Capital Corporation

☐ Additional names on page _____ of document

ABBREVIATED LEGAL DESCRIPTION

Ptn. Gov. Lot 1, Sec. 2, T34N, R2EWM; Ptn. Gov. Lot 1, Sec. 11, T34N, R2EWM and Ptn. NW NW, Sec. 12, T34N, R2EWM

☒ Complete legal description on page 8 of document

ASSESSOR'S PROPERTY TAX PARCEL ACCOUNT NUMBER(S): 340211-0-014-0009

Property No.: P20279

☐ (Check if applicable and sign below) I am requesting an emergency nonstandard recording for an additional fee as provided in RCW 36.18.010. I understand that the recording processing requirements may cover up or otherwise obscure some part of the text of the original document.

Signature

This cover sheet is for the County Recorder's indexing purposes only. The Recorder will rely on the information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.

AFTER RECORDING RETURN TO:

BEST & FLANAGAN LLP
225 South Sixth Street, Suite 4000
Minneapolis, Minnesota 55402
Attn: Kathy Yip

LOAN NO. 010-00001585

SUBORDINATION, NON-DISTURBANCE AND ATTORNMEN AGREEMENT

STATE OF WASHINGTON COUNTY OF SKAGIT

THIS AGREEMENT, dated May 11, 2006, executed by and among ARTESIA MORTGAGE CAPITAL CORPORATION, a Delaware corporation, and its successors and/or assigns, with its principal office at 1180 NW Maple Street, Suite 202, Issaquah, Washington 98027 (hereinafter called "Lender"); SCOTT H. ROBERTS, an individual, d/b/a GRANITE BOATWORKS, INC. (hereinafter called "Tenant"); and TWIN BRIDGES MARINA LLC, a Washington limited liability company (hereinafter called "Borrower");

WITNESSETH:

WHEREAS, Tenant has entered into a certain Lease dated March 30, 2006 (collectively, the "Lease") with Borrower, covering certain premises more fully described in said Lease ("Premises") located in Skagit County, Washington, more fully described on Exhibit A attached hereto and made a part hereof (the "Property"); and

WHEREAS, by the Security instrument (as defined in that certain Fixed Rate Note, of even date with the Security Instrument, and all modifications, extensions, renewals and replacements thereof or judgments thereon [collectively, the "Note"]) recorded concurrently herewith at Reception/Document No. 200605220162 of the Skagit County, Washington real estate records (hereinafter called the "Security Instrument"), Borrower granted a first lien interest in the Property and the Premises to Lender; and

WHEREAS, by Assignment of Leases, Rents, Income and Profits recorded concurrently herewith at Reception/Document No. 200605220163 of the Skagit County, Washington real estate records (hereinafter called the "Assignment"), Borrower assigned all leases, rents, security deposits or other security affecting the mortgaged premises, as security for the payment of the indebtedness of Borrower to Lender; and

WHEREAS, Tenant desires to be assured of continued occupancy of the Premises under the terms of the Lease and subject to the terms of the Security Instrument.



200605220165

Skagit County Auditor

NOW, THEREFORE, in consideration of the sum of One Dollar (\$1.00) by each party in hand paid to the other, the receipt of which is hereby acknowledged, and in consideration of the mutual promises, covenants and agreements herein contained, the parties hereto, intending to be legally bound hereby, promise, covenant and agree as follows:

1. The Lease and all estates, options (including purchase options, if any), liens and charges therein contained or created thereunder is and shall be subject and subordinate to the lien and effect of the Security Instrument insofar as it affects the real and personal property of which the Premises forms a part, and to all renewals, modifications, consolidations, replacements and extensions thereof, to the full extent of the principal sum secured thereby and interest thereon, with the same force and effect as if the Security Instrument had been executed, delivered, and duly recorded among the above-mentioned public records, prior to the execution and delivery of the Lease.

2. In the event Lender takes possession of the Premises as mortgagee-in-possession or through a receiver, or forecloses the Security Instrument or takes a deed in lieu of foreclosure, Lender agrees not to affect or disturb Tenant's right to possession of the Premises in the exercise of Lender's rights so long as Tenant is not in default under any of the terms, covenants or conditions of the Lease.

3. In the event that Lender succeeds to the interest of Borrower under the Lease and/or to title to the Premises, Lender and Tenant hereby agree to be bound to one another under all of the terms, covenants and conditions of the Lease. Accordingly, from and after such event, Lender and Tenant shall have the same remedies against one another for the breach of an agreement contained in the Lease as Tenant and Borrower had before Lender succeeded to the interest of Borrower; provided, however, that Lender shall not be:

- (i) liable for any act or omission of any prior landlord (including the Borrower); or
- (ii) subject to any offsets or defenses which Tenant might have against any prior landlord (including the Borrower); or
- (iii) bound by any rent or additional rent which Tenant might have paid for more than the current month to any prior landlord (including the Borrower); or
- (iv) bound by any amendment or modification of the Lease made without Lender's written consent; or
- (v) liable for the repayment of any security deposit not actually paid to the Lender.

4. In the event that anyone else acquires title to or the right to possession of the Premises upon the foreclosure of the Security Instrument, or upon the sale of the Premises by Lender or its successors or assigns after foreclosure or acquisition of title in lieu thereof or otherwise, Tenant agrees not to seek to terminate the Lease by reason thereof, but shall remain bound unto the new owner so long as the new owner agrees to be bound to Tenant under all terms, covenants and conditions of the Lease.

5. In the event Lender becomes a mortgagee-in-possession of the Premises or exercises its rights under the Assignment or the Security Instrument, Tenant agrees to make all payments payable by Tenant under the Lease directly to Lender upon Lender's written instructions to Tenant.

6. Tenant hereby warrants and represents, covenants and agrees with Lender:

- (i) to deliver to Lender a duplicate of each notice of default delivered to Borrower at the same time as such notice is given to Borrower;
- (ii) that Tenant is now the sole owner of the leasehold estate created by the Lease and shall not hereafter assign the Lease except as permitted by the terms thereof, and that notwithstanding any such assignment or any sublease, Tenant shall remain primarily liable for the observance and performance of



all of its agreements under the Lease;

(iii) not to anticipate the payment of rent or other sums due under the Lease; and

(iv) to promptly certify in writing to Lender, in connection with any proposed assignment of the Security Instrument whether or not any default on the part of Borrower then exists under the Lease.

7. Tenant hereby authorizes Borrower, and Borrower agrees, to promptly provide upon Lender's request, all of the financial and sales statements/information of Tenant provided by Tenant to Borrower pursuant to the Lease.

8. This Agreement shall be binding upon the parties hereto and their respective heirs, administrators, executors, successors and assigns.

9. This Agreement may be executed in counterparts, all of which executed counterparts shall together constitute a single document. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to physically form one document.

[SIGNATURE PAGES ATTACHED]



IN WITNESS WHEREOF, the undersigned have executed this Agreement under seal as of the day and year first above written.

LENDER:

ARTESIA MORTGAGE CAPITAL
CORPORATION, a Delaware corporation

By: [Signature]

Name: Steve Enfield

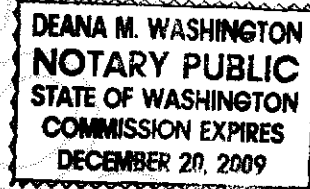
Its: Managing Director

STATE OF WASHINGTON

COUNTY OF KING

On this day May 17, 2006, personally appeared before me Steve Enfield, to me known to be the Managing Director of ARTESIA MORTGAGE CAPITAL CORPORATION, a Delaware corporation, the corporation that executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act of and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

Deana M. Washington
Notary Public residing at Issaquah, Washington
Printed Name: Deana M. Washington
My Commission Expires: 12/20/2009



BORROWER:

TWIN BRIDGES MARINA, LLC
a Washington limited liability company

By:

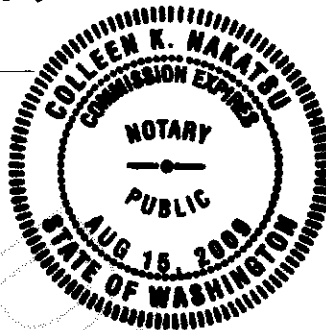
William J. Youngsman
William J. Youngsman, Managing Member

STATE OF Washington

COUNTY OF King

On this day personally appeared before me William J. Youngsman, to me known to be the Managing Member of TWIN BRIDGES MARINA PARK, LLC, a Washington limited liability company, the limited liability company that executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act of and deed of said limited liability company, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

Colleen K. Nakatsu Dated: 5/11/06
Notary Public residing at Seattle
Printed Name: Colleen K. Nakatsu
My Commission Expires: 8/15/09



TENANT:

SCOTT H. ROBERTS, an individual,
d/b/a GRANITE BOATWORKS, INC.

By: 

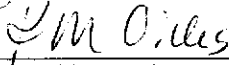
Name: SCOTT H. ROBERTS

Its: PRESIDENT

STATE OF WASHINGTON

COUNTY OF Skagit

On this day personally appeared before me Scott H. Roberts, individually, and to me known to be the President of GRANITE BOATWORKS, INC. the corporation that executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act of and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that (s)he is authorized to execute the said instrument.


Notary Public residing at Anacortes, WA
Printed Name: KM Cicles
My Commission Expires: 11-29-07

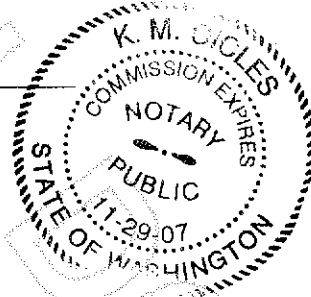


EXHIBIT A

LEGAL DESCRIPTION

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

A portion of Sections 2, 11 and 12, Township 34 North, Range 2 East of the Willamette Meridian, Skagit County, Washington, lying South of the Burlington Northern Railway right of way, North of the County road right of way and East of the Swinomish Slough, being further described as follows:

Beginning at the point of mean high water on the Southerly right of way of said Burlington Railway, said point being North $12^{\circ}43'10''$ West, a distance of 242.08 feet from the meander corner on the section line between said Sections 2 and 11, said meander corner being South $88^{\circ}44'16''$ West, a distance of 1,061.85 feet from the section corner common to said Sections 2, 11 and 12;

Thence along said Southerly Burlington northern Railway right of way through the following courses;

Thence South $58^{\circ}00'00''$ East, a distance of 1,976.88 feet to the beginning of a 2° spiral curve to the left;

Thence along said 2° spiral curve to the left through a spiral curve having a chord bearing of South $58^{\circ}45'55''$ East and a chord distance of 201.61 feet to the point of curvature of a 2,914.79 foot radius curve to the left;

Thence along said 2,914.79 foot radius curve to the left through a central angle of $01^{\circ}46'02''$ for an arc length of 89.90 feet;

Thence leaving said railroad right of way South $28^{\circ}07'34''$ West, a distance of 7.39 feet, more or less, to a point on the Northerly right of way of the county road, said point being on a 5,759.50 foot radius curve and having a radial bearing of South $18^{\circ}40'26''$ West;

Thence Westerly along said county road right of way through the following courses:

Along said 5,759.50 foot radius curve to the left through a central angle of $03^{\circ}04'26''$ for an arc length of 308.99 feet;

Thence North $74^{\circ}24'00''$ West, a distance of 1,317.16 feet;

Thence West, a distance of 113.96 feet to a point on the mean high water line along an ancient dike;

Thence Northerly along said mean high water line through the following courses;

Thence North $17^{\circ}31'53''$ West, a distance of 197.65 feet;

Thence North $24^{\circ}21'26''$ West, a distance of 237.06 feet;

Thence North $21^{\circ}25'08''$ West, a distance of 124.84 feet;

Thence North $22^{\circ}02'47''$ West, a distance of 99.56 feet;

Thence North $02^{\circ}21'25''$ West, a distance of 133.31 feet to a one-half inch iron pipe as it existed in 1976;

Thence continuing North $02^{\circ}21'25''$ West, a distance of 10.89 feet to the point of beginning.

TOGETHER WITH that portion of vacated T.B. Fish Road No. 26 adjoining the Southwesterly boundary of said premises as vacated by Final Order of Vacation recorded January 30, 1998, under Auditor's File No. 9801300061, records of Skagit County, Washington.

Situated in Skagit County, Washington

