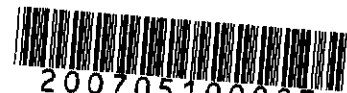


AFTER RECORDING RETURN TO:

Washington Mutual Bank
Attn. POST CLOSING – 3545RMTX
c/o National Commercial Operations Center
P.O. Box 9011
Coppell, TX 75019-9011
Loan No: 62-5202931



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Skagit County Auditor

5/10/2007 Page

1 of 12 8:38AM

CHICAGO TITLE CO.

1041819

LEASE SUBORDINATION AGREEMENT

THIS LEASE SUBORDINATION AGREEMENT (this "Agreement") is made as of May 7, 2007, by and between WASHINGTON MUTUAL BANK, a federal association (together with its successors and assigns, "Lender"), SKAGIT VALLEY REAL ESTATE PARTNERSHIP, LLP ("Borrower"), and SKAGIT VALLEY MEDICAL CENTER, INC. P.S., a Washington corporation ("Tenant").

"UNRECORDED LEASE"

Borrower is or expects to become the landlord and Tenant is the tenant under an undated lease executed on or about April 9, 2007 (as amended, the "Lease"). The Lease covers all or a portion (such leased premises, the "Leased Premises") of the real property described on the attached Exhibit A and the improvements thereon (the "Property"). Borrower has obtained or applied for a loan (the "Loan"), payment of which is to be secured by a mortgage, deed of trust or other security instrument (any of the foregoing, "Security Instrument") encumbering the Property. (All documents evidencing or securing the Loan, including the Security Instrument, are referred to as the "Loan Documents.") Tenant has agreed to subordinate the Lease to the Security Instrument,* all in accordance with the terms and conditions set forth below. The parties agree as follows:

*recorded under Auditor's File No. 200705100002

1. **Subordination.** The Lease, and all other rights and interests of Tenant in the Property (including any purchase options and rights of first refusal) are and at all times will be subordinate to the Loan Documents and the lien of the Security Instrument, to all advances made or to be made thereunder, and to any and all renewals, extensions, modifications, or replacements thereof. Tenant acknowledges and agrees that no right of first refusal held by Tenant will be exercisable in connection with any transfer pursuant to a Foreclosure Event (as defined below).

2. **Attornment.** After any transfer of the Property pursuant to a Foreclosure Event, if Lender elects in its sole discretion not to foreclose out the Lease, Tenant shall attorn to Successor Landlord as its landlord, such attornment to be effective and self-operative without the execution of any further instrument immediately upon such Foreclosure Event. Notwithstanding any other provision of this Agreement, Successor Landlord will not be liable for or bound by any of the following:

(a) any act, omission, breach of the Lease, representation or warranty of Borrower or any other prior landlord;

(b) any offset or credit Tenant may have against Borrower or any other prior landlord;

(c) any obligation with respect to any prepaid rent for greater than one (1) month, unless such payment is required under the Lease;

(d) any obligation to return or give credit for any security deposit under the Lease, unless such security deposit has actually been delivered to Successor Landlord;

(e) unless previously approved in writing by Lender, any modification or waiver of any provision of the Lease;

(f) any payment of rent by Tenant to Borrower in violation of Section 4 below;

(g) termination, sublease or assignment of the Lease occurring after the date of this Agreement, unless expressly approved in writing by Lender; or

(h) any purchase option or right of first refusal with respect to the Property granted under the Lease or otherwise held by Tenant.

"Foreclosure Event" means: (i) foreclosure under the Security Instrument; (ii) any other exercise by Lender of rights and remedies as a result of which a Successor Landlord becomes the owner of the Property; or (iii) delivery to Lender (or its designee or nominee) of a deed or other conveyance of the Property in lieu of (i) or (ii) above.

"Successor Landlord" means Lender or any other person or entity that becomes the owner of the Property as the result of, or after, a Foreclosure Event.

3. **Notice and Opportunity To Cure Defaults.** Tenant shall notify Lender of any default by Borrower under the Lease and offer Lender the opportunity (without the obligation to) to cure such default and not terminate (or otherwise exercise any remedies with respect to) the Lease for a period of thirty (30) days following Lender's actual receipt of such notice; or such longer period as reasonably necessary to cure such default, provided Lender commences such cure within the initial 30-day period and prosecutes the same with reasonable diligence (which, if such cure requires possession of the Property, shall include the foreclosure of the Security Instrument).

4. **Other Acknowledgments and Agreements.** Tenant acknowledges and agrees that: (a) the Lease will be assigned to Lender under the Security Instrument; (b) upon and after Lender's written request and written notice that an event of default has occurred under any of the Loan Documents, Tenant will (and Borrower authorizes Tenant to) pay all rent and other amounts due and owing to Borrower under the Lease directly to Lender; (c) Lender has no obligation to Tenant regarding Borrower's application of the proceeds of the Loan; (d) Tenant shall at the request of Lender certify promptly in writing to Lender and any proposed assignee of the Loan whether or not any default on the part of Borrower then exists under the Lease; (e) notwithstanding Section 1 above, Lender may in its sole discretion at any time record (or otherwise provide in accordance with applicable law) notice that it elects the Security Instrument to become subordinate to the Lease, which recorded or other notice need only be executed by Lender; and upon such recording (or the giving of such other notice), the Security Instrument shall be subordinate to the Lease; and (f) if Lender

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Skagit County Auditor

5/10/2007 Page

2 of 12 8:38AM

becomes the Successor Landlord, Lender shall have no liability to Tenant with respect to the Lease after Lender no longer has any ownership interest in the Property, except to the extent such liability arises solely by acts or omissions of Lender during the period of Lender's ownership of the Property.

5. **Miscellaneous.**

(a) **Binding Effect.** This Agreement will inure to the benefit of and be binding upon the parties hereto, their successors and assigns and the holder from time to time of the Note.

(b) **Entire Agreement.** This Agreement constitutes the final expression of the entire agreement of the parties with respect to the subordination of the Lease to the lien of the Security Instrument. If there are any conflicts between the Security Instrument and the Lease, the Security Instrument shall control. This Agreement may not be modified other than by an agreement in writing, signed by the parties hereto or their respective successors in interest.

(c) **Effect on Lease.** Except as modified by this Agreement, all of the terms and provisions of the Lease will remain in full force and effect. If there are any conflicts between the Lease and this Agreement, the terms and provisions of this Agreement will control.

(d) **Counterparts.** This Agreement may be executed in any number of identical counterparts and by each party on a separate counterpart. If so executed, all of such counterparts will collectively constitute one agreement.

(e) **Waiver of Jury Trial.** BORROWER, TENANT AND LENDER HEREBY IRREVOCABLY WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATED TO THIS AGREEMENT.

(f) **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the state where the Property is located, without regard to its conflicts of laws principles.

(g) **Legal Costs.** In the event of any litigation to enforce the terms of this Agreement or to recover damages for the breach thereof, the prevailing party or parties will be entitled to recover from the nonprevailing party or parties all attorneys' fees and other costs and expenses incurred in connection therewith.

(h) **Notices.** All notices under this Agreement will be in writing and mailed or delivered by recognized overnight delivery service (such as Federal Express) at the following addresses:

If to Lender: Washington Mutual Bank
National Commercial Operations Center
3929 W. John Carpenter Freeway
Portfolio Administration – Transactions
3545 PMTX
Irving, TX 75063
Loan No. 62-5202931



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Skagit County Auditor

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If to Borrower:

Skagit Valley Real Estate Partnership LLP
1400 E. Kincaid Street
Mt. Vernon, WA 98274

If to Tenant:

Skagit Valley Medical Center, Inc., P.S.
1400 E. Kincaid Street
Mt. Vernon, WA 98274

All such notices will: (a) if mailed, be effective three (3) business days following deposit in the United States mail with postage prepaid and return receipt requested; and (b) if delivered as provided above, be effective upon delivery. Any party to this Agreement may change the address for notices to that party by written notice to the other parties to this Agreement.

DATED as of the day and year first above written.

LENDER:

WASHINGTON MUTUAL BANK, a federal
association

By


Doris Martin, Vice President

BORROWER:

SKAGIT VALLEY REAL ESTATE
PARTNERSHIP, LLP, a Washington limited liability
partnership

By:

John Halsey, Managing Partner

TENANT:

SKAGIT VALLEY MEDICAL CENTER, INC.,
P.S., a Washington corporation

By:

Its:



200705100003
Skagit County Auditor

If to Borrower:

Skagit Valley Real Estate Partnership LLP
1400 E. Kincaid Street
Mt. Vernon, WA 98274

If to Tenant:

Skagit Valley Medical Center, Inc., P.S
1400 E. Kincaid Street
Mt. Vernon, WA 98274

All such notices will: (a) if mailed, be effective three (3) business days following deposit in the United States mail with postage prepaid and return receipt requested; and (b) if delivered as provided above, be effective upon delivery. Any party to this Agreement may change the address for notices to that party by written notice to the other parties to this Agreement.

DATED as of the day and year first above written.

LENDER:

WASHINGTON MUTUAL BANK, a federal
association

By

Doris Martin, Vice President

BORROWER:

SKAGIT VALLEY REAL ESTATE
PARTNERSHIP, LLP, a Washington limited liability
partnership

By:

John Halsey, Managing Partner

TENANT:

SKAGIT VALLEY MEDICAL CENTER, INC.,
P.S., a Washington corporation

By:

Its:

Larry A. T...
CEO



200705100003

Skagit County Auditor

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[Tenant Acknowledgment]

STATE OF WASHINGTON
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 SKAGIT VALLEY MEDICAL CENTER INC., P.S., a corporation, to be the free and voluntary act of such corporation for the uses and purposes mentioned in the instrument.

Dated this _____ day of May, 2007.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington,
residing at _____

My appointment expires _____

[Lender Acknowledgment]

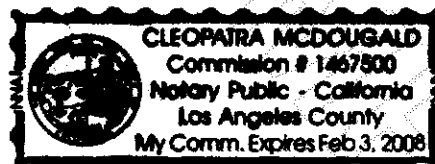
STATE OF California
COUNTY OF Los Angeles

ss.

On May 8, 2007, before me, Cleopatra McDougald, personally appeared DORIS MARTIN, 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.

Signature Cleopatra McDougald



(Seal)



200705100003
Skagit County Auditor

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[Tenant Acknowledgment]

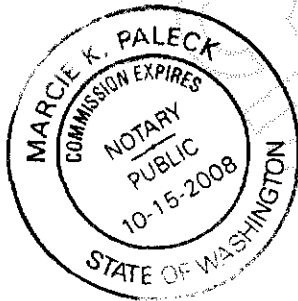
STATE OF WASHINGTON

COUNTY OF SKAGIT

ss.

I certify that I know or have satisfactory evidence that LARRY A. THOMPSON 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 CEO of SKAGIT VALLEY MEDICAL CENTER INC., P.S., a corporation, to be the free and voluntary act of such corporation for the uses and purposes mentioned in the instrument.

Dated this 7th day of May, 2007.



Marcie Paleck
(Signature of Notary)

MARCIE K. PALECK

(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington,
residing at Mount Vernon

My appointment expires October 15 2008

[Lender Acknowledgment]

STATE OF _____

COUNTY OF _____

ss.

On _____, before me, _____, personally appeared DORIS MARTIN, 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.

Signature _____

(Seal)



200705100003

Skagit County Auditor

SE 2209793 v1

[Borrower Acknowledgment]

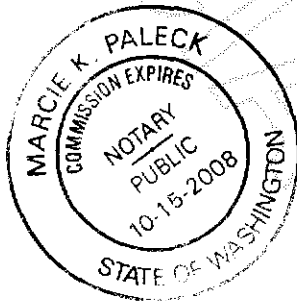
STATE OF WASHINGTON

COUNTY OF SKAGIT

SS.

I certify that I know or have satisfactory evidence that JOHN HALSEY 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 a ~~general~~ partner of SKAGIT VALLEY REAL ESTATE PARTNERSHIP, LLP, a limited liability partnership, to be the free and voluntary act of such partnership for the uses and purposes mentioned in the instrument. ★ MANAGING PARTNER MLD

Dated this 4th day of May, 2007.



Marcie Paleck
(Signature of Notary)

MARCIE K. PALECK

(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington,
residing at Mount Vernon

My appointment expires October 15 2008



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Skagit County Auditor

SE 2209793 v1

EXHIBIT "A"

PARCEL 1:

That portion of the Southwest Quarter of the Southeast Quarter of Section 20, Township 34 North, Range 4 East of the Willamette Meridian, described as follows:

Commencing at a point 30.83 feet South of the Northwest corner of said Southwest Quarter of the Southeast Quarter;

Thence North 89°48'35" East, parallel to the North line of said Southwest Quarter of the Southeast Quarter 203.81 feet, more or less, to the northerly extension of the East line (East face of building) of the existing medical building as the same exists on January 1, 2007;

Thence South 0°22'16" East, along the line of the East face of the existing building and the same projected a distance of 114.84 feet to the true point of beginning;

Thence continue South 0°22'16" East 19.61 feet, more or less, to the Southeast corner of said building;

Thence South 89°37'44" West, along the Southerly face of the existing building, a distance of 22.83 feet;

Thence South 0°13'17" East 125.39 feet, more or less, to the Northerly margin of Broadway Street;

Thence North 89°46'43" East, along said margin, 125.58 feet to the West margin of South 15th Street;

Thence North 1°09'02" West, along said line, 145.05 feet to a point which lies North 89°47'39" East from the true point of beginning;

Thence South 89°47'39" West 100.45 feet to the true point of beginning.

The basis of bearing for the above legal description is North 1°06'35" West between the found South Quarter corner and the found accepted 1/16th corner on Kincaid Street.

(Also known as Parcel C of Boundary Line Adjustment recorded February 13, 2007, under Auditor's File No. 200702130060, records of Skagit County, Washington)

Situated in Skagit County, Washington

PARCEL 2:

Lots 11 and 12, Block 6, MAP OF MILLETT'S ADDITION TO MT. VERNON, according to the plat thereof recorded in Volume 2 of Plats, page 63, records of Skagit County, Washington.

(ALSO KNOWN AS a portion of Parcel J of a Survey by Leonard Boudinot and Skodje, Inc., under Job No. 01014)

Situated in Skagit County, Washington

continued.....



200705100003

Skagit County Auditor

EXHIBIT 'A' continued:

PARCEL 3:

Lots 1 and 2, Block 8, MAP OF MILLETT'S ADDITION TO MT. VERNON, according to the plat thereof recorded in Volume 2 of Plats, page 63, records of Skagit County, Washington.

(ALSO KNOWN AS Parcel G of a Survey by Leonard Boudinot and Skodje, Inc., under Job No. 01014)

Situated in Skagit County, Washington

PARCEL 4:

Lot 3, Block 7, MAP OF MILLETT'S ADDITION TO MT. VERNON, according to the plat thereof recorded in Volume 2 of Plats, page 63, records of Skagit County, Washington.

(ALSO KNOWN AS Parcel I of a Survey by Leonard Boudinot and Skodje, Inc., under Job No. 01014)

Situated in Skagit County, Washington

PARCEL 5:

Lot 4, Block 7, MAP OF MILLETT'S ADDITION TO MT. VERNON, according to the plat thereof recorded in Volume 2 of Plats, page 63, records of Skagit County, Washington.

(ALSO KNOWN AS Parcel K of a Survey by Leonard Boudinot and Skodje, Inc., under Job No. 01014)

Situated in Skagit County, Washington

PARCEL 6:

Lots 9 through 12, Block 7, MAP OF MILLETT'S ADDITION TO MT. VERNON, according to the plat thereof recorded in Volume 2 of Plats, page 63, records of Skagit County, Washington.

(ALSO KNOWN AS Parcel L of a Survey by Leonard Boudinot and Skodje, Inc., under Job No. 01014)

Situated in Skagit County, Washington

continued.....



200705100003

Skagit County Auditor

EXHIBIT 'A' continued:

PARCEL 7:

A non-exclusive easement for utilities, access and parking as described in instrument recorded May 7, 2007, under Auditor's File No. 200705070131, records of Skagit County, Washington, across the following described Parcels A, E, F, H and M, as follows:

PARCEL A:

The South 125.39 feet of the following described property:

That portion of the Southwest quarter of the Southeast quarter of Section 20, Township 34 North, Range 4 East, W.M., described as follows:

Beginning at a point 30.83 feet South of the Northwest corner of said Southwest quarter of the Southeast quarter;

Thence North 89°48'35" East, parallel to the North line of said Southwest quarter of the Southeast quarter 203.81 feet, more or less, to the Northerly extension of the East line (East face of building) of the existing medical building as the same exists on January 1, 2007;

Thence South 0°22'16" East, along the line of the East face of the existing building and the same projected a distance of 134.45 feet, more or less, to the Southeast corner of said building;

Thence South 89°37'44" West, along the Southerly face of the existing building, a distance of 22.83 feet;

Thence South 0°13'17" East 125.39 feet more or less, to the Northerly margin of Broadway Street;

Thence South 89°46'43" West, along said margin, 177.30 feet to the West line of said Southwest quarter of the Southeast quarter of Section 20;

Thence North 1°06'35" West along said line, 260.05 feet to the point of beginning;

The basis of bearing for the above legal description is North 1°06'35" West between the found South quarter corner and the found and accepted 1/16th corner of Kincaid Street;

(ALSO KNOWN AS Parcel A of Boundary Line Adjustment recorded February 13, 2007 under Auditor's File No. 200702130060, records of Skagit County, Washington).

Situated in Skagit County, Washington

continued.....



200705100003

Skagit County Auditor

EXHIBIT 'A' continued:

PARCEL E:

That portion of the Southwest Quarter of the Southeast Quarter of Section 20, Township 34 North, Range 4 East of the Willamette Meridian, described as follows:

Beginning at a point 360 feet South and 75 feet East of the Northwest corner;
Thence East a distance of 75 feet;
Thence South a distance of 135 feet;
Thence West a distance of 75 feet;
Thence North a distance of 135 feet to the point of beginning.

Situated in Skagit County, Washington

PARCEL F:

That portion of the Southwest Quarter of the Southeast Quarter of Section 20, Township 34 North, Range 4 East of the Willamette Meridian, described as follows:

Beginning at a point 360 feet South of the Northwest corner of said Southwest Quarter of the Southeast Quarter;
Thence East a distance of 75 feet;
Thence South a distance of 135 feet;
Thence West a distance of 75 feet;
Thence North a distance of 135 feet to the point of beginning.

Situated in Skagit County, Washington

PARCEL H:

Lots 7 and 8, Block 7, MAP OF MILLETT'S ADDITION TO MT. VERNON, according to the plat thereof recorded in Volume 2 of Plats, page 63, records of Skagit County, Washington.

Situated in Skagit County, Washington

PARCEL M:

Lots 10, 11 and 12, Block 8, MAP OF MILLETT'S ADDITION TO MT. VERNON, according to the Plat thereof recorded in Volume 2 of Plats, Page 63, records of Skagit County, Washington.

Situated in Skagit County, Washington

- END OF EXHIBIT "A" -



200705100003
Skagit County Auditor