



200708230124  
Skagit County Auditor

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After filing return to:

BANK OF AMERICA, N.A.  
Waltham - Credit Services  
Attn: Notice Desk  
MA6-535-02-09  
1075 Main Street  
Waltham, MA 02451

Attention: Loan Administrator

**SUBORDINATION AGREEMENT - LEASE**

**GUARDIAN NORTHWEST TITLE CO.**

**Grantor #1:** Patrick D. Hyatt and Corrine M. Hyatt, husband and wife

91860-2

**Grantor #2:** Northwest Hot Spring Spas, Inc., a Washington corporation

**Grantee:** Bank of America, N.A., a national banking association

**Abbreviated Legal Description:**

Section 6, Township 34, Range 4; Ptn. NW SE Tract 1-B Short Plat No. B-3-81

Additional legal description is on Exhibit A of document.

**Assessor's Property Tax Parcel Account Number(s):**

340406-4-005-0403 (P23881)

*Reference:*

*Lease: Un-recorded*

*DT: 20070823 0123*

## SUBORDINATION AGREEMENT - LEASE

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR LEASEHOLD INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF A SECURITY INSTRUMENT.

This Subordination Agreement is made as of August 7, 2007, by and among Northwest Hot Spring Spas, Inc., a Washington corporation ("Lessee") and Patrick D. Hyatt and Corrine M. Hyatt, husband and wife ("Lessor") in favor of Bank of America, N.A., a national banking association ("Bank").

### Factual Background

A. Lessor and Lessee have entered into a lease agreement dated as of January 1, 2001 ("Lease"), covering certain premises located at 507 Fisher Lane, Burlington, WA 98233 (Property). The Property is more particularly described in Exhibit A attached hereto and incorporated herein.

B. Bank is the beneficiary of Deed of Trust, Assignment of Rents, Security Agreement, and Fixture Filing ("Deed of Trust"), dated as of August 7, 2007, which Deed of Trust will be recorded concurrently herewith in the records of Skagit County, Washington, encumbering the Property. The Deed of Trust secures certain obligations to Bank as more particularly described therein (the "Secured Obligations").

C. It is a condition to Bank's extending the Secured Obligations that the lien of the Deed of Trust shall at all times be senior and prior to the interest of Lessee under the Lease.

### Agreement

Therefore, in consideration of benefits from Lessor to Lessee, receipt and sufficiency of which is hereby acknowledged, and to induce Bank to advance funds under its Deed of Trust and all agreements in connection therewith, Lessor and Lessee agree for the benefit of Bank as follows:

1. The lien of the Deed of Trust and any renewals, extensions, modifications and supplements thereto, shall unconditionally be and remain at all times a lien or charge on the Property prior and superior to the Lease, to the leasehold estate created thereby, and to all rights and privileges of Lessee thereunder.

2. The Bank would not extend the Secured Obligations without this Subordination Agreement.

3. Lessee consents to and approves of all provisions of the Secured Obligations and the Deed of Trust as the same may be amended from time to time.

4. Lessee intentionally and unconditionally waives, relinquishes and subordinates its interests under the Lease in favor of the lien of the Deed of Trust and understands that in reliance upon, and in consideration of, this waiver, relinquishment and subordination, a specific loan or other credit accommodation will be made and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for said reliance upon this waiver, relinquishment and subordination.



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

**PLEASE BE ADVISED THAT ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.**

LESSEE:

**Northwest Hot Spring Spas, Inc.**

By: Patrick D. Hyatt  
Patrick D. Hyatt, President

By: Corrine M. Hyatt  
Corrine M. Hyatt, Vice President

LESSOR:

**Patrick D. Hyatt**

By: Patrick D. Hyatt  
Patrick D. Hyatt, Individually

LESSOR:

**Corrine M. Hyatt**

By: Corrine M. Hyatt  
Corrine M. Hyatt, Individually



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**Acknowledgement**

STATE OF WASHINGTON )  
COUNTY OF SKAGIT )

ss.

I certify that I know or have satisfactory evidence that Patrick D. Hyatt is the person who appeared before me, and said person acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

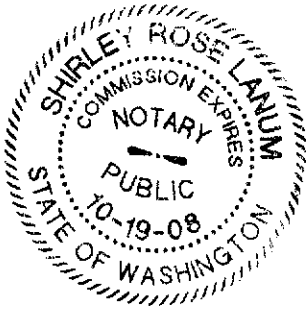
Dated: 8-21-07

By: Shirley Rose Lanum  
Name Printed: SHIRLEY ROSE LANUM

Notary Public in and for the State of

Washington, residing at Burlington

My appointment expires 10-19-08



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**Acknowledgement**

STATE OF WASHINGTON )  
COUNTY OF Skagit )

ss.

I certify that I know or have satisfactory evidence that Corrine M. Hyatt is the person who appeared before me, and said person acknowledged that she signed this instrument and acknowledged it to be her free and voluntary act for the uses and purposes mentioned in the instrument.

Dated: 8-21-07



By: Shirley Rose Lanum  
Name Printed: SHIRLEY ROSE LANUM

Notary Public in and for the State of  
Washington, residing at Burlington  
My appointment expires 10-19-08



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**Acknowledgement**

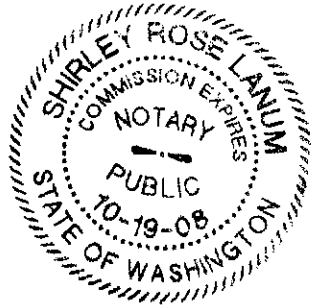
STATE OF WASHINGTON )  
COUNTY OF Skagit )

ss.

I certify that I know or have satisfactory evidence that Patrick D. Hyatt is the person who appeared before me, and said person acknowledged that he signed this instrument, and on oath stated that he was authorized to execute the instrument and acknowledge it as the President of Northwest Hot Spring Spas, Inc., a Washington corporation, and to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 8-21-07

By: Shirley Rose Lanum  
Name Printed: Shirley ROSE Lanum  
Notary Public in and for the State of  
Washington, residing at Burlington  
My appointment expires 10-19-2008



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**Acknowledgement**

STATE OF WASHINGTON )

COUNTY OF Skagit )

SS.

I certify that I know or have satisfactory evidence that Corrine M. Hyatt is the person who appeared before me, and said person acknowledged that she signed this instrument, and on oath stated that she was authorized to execute the instrument and acknowledge it as the Vice President of Northwest Hot Spring Spas, Inc., a Washington corporation, and to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 8-21-07

By Shirley Rose Lanum

Name Printed SHIRLEY ROSE LANUM

Notary Public in and for the State of

Washington, residing at Burlington

My appointment expires 10-19-08



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EXHIBIT A TO SUBORDINATION AGREEMENT-LEASE

Exhibit A to Subordination Agreement-Lease dated August 7, 2007, by Patrick D. Hyatt and Corrine M. Hyatt, husband and wife, for the benefit of Bank of America, N.A., a national banking association.

Street Address of Property

507 Fisher Lane, Burlington, WA 98233

Legal Description of Property

The Property referred to in this Subordination Agreement-Lease is situated in the State of Washington, County of Skagit, and is described as follows:

Tract 1-B of Burlington Short Plat No. 3-81, approved July 21, 1981 and recorded August 18, 1981 in Volume 5 of Short Plats, page 113, under Auditor's File No. 8108180016; being a portion of Tract 1 of Burlington Short Plat No. B-5-79, in the Northwest ¼ of the Southeast ¼ of Section 6, Township 34 North, Range 4 East, W.M..



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