



200807150081
Skagit County Auditor

7/15/2008 Page 1 of 6 3:17PM

WHEN RECORDED, RETURN TO:
THE COMMERCE BANK OF WASHINGTON, N.A.
601 UNION STREET, SUITE 3600
SEATTLE, WA 98101

SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT

GRANTOR: SKAGIT CROSSINGS LLC
SKAGIT VALLEY HYUNDAI, LLC

GRANTEE: THE COMMERCE BANK OF WASHINGTON, N.A.

ABBREVIATED LEGAL: LOTS 1 AND 2, SKAGIT CROSSING BINDING SITE PLAN
BURL BSP 1-70. CHICAGO TITLE CO.
1C45993

COMPLETE LEGAL: Page 6

ASSESSOR PARCEL NOS.: 8074-000-001-0000 AND 8074-000-002-0000

This Subordination, Non-Disturbance and Attornment Agreement (the "Agreement") is made and executed as of the 10th day of July, 2008, by and between THE COMMERCE BANK OF WASHINGTON, N.A. ("Lender"), SKAGIT CROSSINGS LLC ("Landlord"), and SKAGIT VALLEY HYUNDAI, LLC. ("Tenant").

RECITALS

A. Lease. Either Tenant or Tenant's predecessor and either Landlord or Landlord's predecessor have entered into a Lease Agreement of an unknown date in July, 2006, and subsequently amended on November 7, 2007, under which Tenant and Landlord are, respectively, the tenant and landlord, and which, together with all amendments, extensions and modifications thereto, is referred to herein as the Lease. (Lease is unrecorded)

B. Premises. Under the Lease, Tenant has agreed to lease certain premises located on the real property legally described on Exhibit A hereto, which premises are more particularly described in the Lease, and which, together with the improvements now or hereafter located thereon, are referred to collectively herein as the "Premises."

C. Reason for Agreement. Lender has agreed to make a loan to Landlord ("Loan") on the condition that the Lease and all of Tenant's rights in the Premises (the "Lease Rights") be subordinated as provided below.

D. Deed of Trust. In connection with the Loan, Landlord has or will be executing a Deed of Trust to be recorded against the real property in order to secure Landlord's obligations under the Loan (the "Deed of Trust"). Recorded under Auditor's File No. 200807150080.

AGREEMENTS

1. Lender's Reliance. The parties are executing this Agreement in order to induce Lender to make the Loan and Lender is relying on this Agreement in making the Loan.

2. Subordination and Assignment. The Lease and all Lease Rights, including any options to acquire title to the Property, are subordinated to the Deed of Trust. The Lease will be assigned to Lender as security for the Loan. Tenant will not modify the Lease or make any rent payments more than one calendar month in advance of its due date without first obtaining the consent of Lender.

3. Tenant's Continuing Rights. So long as Tenant is not in default under the Lease, (a) Tenant's possession of the Premises and rights under the Lease shall not be disturbed; and (b) Lender will not join Tenant as a party defendant in any foreclosure action unless joinder is necessary to foreclose such Deed of Trust but then only for such purpose and not for the purpose of terminating the Lease.

4. Lender as Landlord. If Lender succeeds to the interest of Landlord under the Lease, (a) Tenant shall attorn to Lender as its landlord and shall pay all amounts coming due under the Lease directly to Lender; and (b) Lender shall not be liable for any prior act or omission of Landlord. Nothing contained herein shall obligate Lender to perform any obligations under the Lease until such time as Lender shall become the owner of the Premises.

5. Effect of Assignment. Lender shall not be liable for any prior act or omission of Landlord except in the event Lender has obtained possession of the Property by foreclosure or deed in lieu of foreclosure, and then only to the extent provided in paragraph 4 above. Nothing contained herein shall obligate Lender to perform any obligations under the Lease until such time as Lender shall become the owner of the Premises, and then only for obligations that arose during and not prior to Lender's ownership of the Premises.

6. Successors and Assigns. This Agreement shall be binding upon the parties hereto and their heirs, administrators, representatives, successors and assigns.

7. Applicable Law. This Agreement is made and executed under and in all respects is to be governed and construed by the laws of the State of Washington.

8. Captions and Headings. The captions and headings of the various sections of this Agreement are for convenience only and are not to be construed as confining or limiting in any way the scope or intent of the provisions hereof. Whenever the context requires or permits, the singular shall include the plural, the plural shall include the singular and the masculine, feminine and neuter shall be freely interchangeable.

9. Notices. All notices, consents and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given when (i) delivered by hand, (ii) when received by the addressee, if sent by Federal Express or other nationally recognized private courier service, in each case to the appropriate addresses described below (or to such other address as a party may designate as to itself by notice to the other party):

If to Lender: The Commerce Bank of Washington, N.A.
601 Union Street, Suite 3600
Seattle, WA 98101

If to Landlord: Skagit Crossings LLC
13930 92nd Street SE, Suite A
Snohomish, WA 98290



If to Tenant:

Skagit Valley Hyundai, LLC
c/o Gary Micallef
4808 Evergreen Way
Everett, WA 98203

Lender, upon succeeding to the interest of Landlord under the Lease, shall not be bound by any notice given by Tenant to Landlord unless a copy of the notice was sent to Lender.

10. Cure Periods; Notice to Lender. Landlord shall not be in default under the Lease unless Tenant provides Lender with written notice and an opportunity to cure. After receiving such notice, Lender shall have thirty (30) days to cure the default or, if Lender is proceeding to cure such default with due diligence, up to one hundred twenty (120) days.

11. Certification of Tenant. Tenant certifies to Lender that (a) it has accepted delivery of the Premises; (b) the Lease represents the entire agreement between the parties as to the leasing, is in full force and effect, and has not been assigned, modified, supplemented or amended in any way except as indicated above; (c) rent has not been paid and will not be paid for more than one installment in advance; (d) as of this date Landlord is not in default under any of the terms, conditions, provisions, or agreements of the Lease, and (e) Tenant has no offsets, claims, liens, charges, or defenses against Landlord or the rents due under the Lease.

12. Attorneys' Fees. Upon the occurrence of a default under this Agreement, the prevailing party shall be entitled to collect from defaulting party its reasonable attorneys fees and costs.

LANDLORD:

SKAGIT VALLEY CROSSINGS LLC

By: _____

James B. Potter, Manager

By: _____

Stanley J. Waldenhaus, Manager

LENDER:

THE COMMERCE BANK OF WASHINGTON, N.A.

By: _____

Sri Thornton, Authorized Signer

TENANT:

SKAGIT VALLEY HYUNDAI, LLC

By: _____

Printed Name: Gary J. Micallef

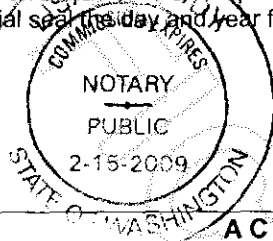
Title: Member Mgr.

ACKNOWLEDGEMENTS

STATE OF WA
COUNTY OF Skagit

ss:

On this 11th day of July, 2008, before me personally appeared JAMES B. POTTER, to me known to be the MANAGER of SKAGIT CROSSINGS LLC that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said company for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument on behalf of said company. IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



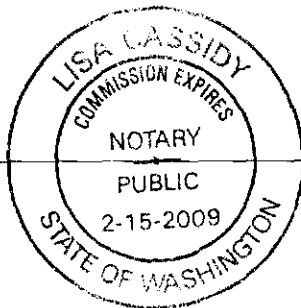
Lisa Cassidy
Notary Public for the State of WA
My Commission Expires 2-15-09

ACKNOWLEDGEMENTS

STATE OF WA
COUNTY OF Skagit

ss:

On this 14th day of July, 2008, before me personally appeared STANLEY J. WALDERHAUG, to me known to be the MANAGER of SKAGIT CROSSINGS LLC that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said company for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument on behalf of said company. IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



Lisa Cassidy
Notary Public for the State of WA
My Commission Expires 2-15-09



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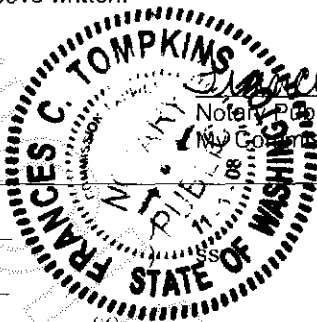
Skagit County Auditor

STATE OF WASHINGTON

COUNTY OF KING

SS:

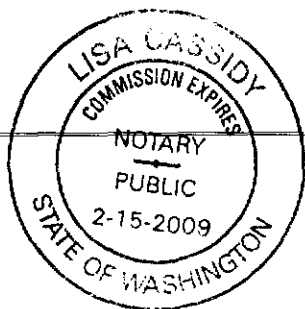
On this 15 day of July, 2008, before me personally appeared SRI. M. THORNTON, to me known to be the Authorized Signer of THE COMMERCE BANK OF WASHINGTON, N.A., the company that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said company, for the uses and purposes therein mentioned, and on oath stated that she was authorized to execute said instrument on behalf of said company. IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



STATE OF WA

COUNTY OF Skagit

On this 14th day of July, 2008, before me personally appeared Gary J. Micallef, to me known to be the managing member of Skagit Valley Hyundai, LLC, the company that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said company, for the uses and purposes therein mentioned, and on oath stated that she was authorized to execute said instrument on behalf of said company. IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



Notary Public for the State of WA

My Commission Expires 2/15/09



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Skagit County Auditor

EXHIBIT A

LOTS 1 AND 2 OF SKAGIT CROSSINGS BINDING SITE PLAN BURL BSP 1-70 AS APPROVED JANUARY 31, 2008 AND RECORDED FEBRUARY 1, 2008, UNDER AUDITOR'S FILE NO. 200802010073, RECORDS OF SKAGIT COUNTY, WASHINGTON;

BEING A PORTION OF THE SOUTHEAST QUARTER OF SECTION 6, TOWNSHIP 34 NORTH, RANGE 4 EAST OF THE WILLAMETTE MERIDIAN.

SITUATE IN SKAGIT COUNTY, WASHINGTON.

END OF EXHIBIT A

