

**RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:**

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:  
JPMorgan Chase Bank, N.A.  
C/O NTC 2100 Alt. 19 North  
Palm Harbor, FL 34683  
WMBCR L#: 793918418



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**SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT**

[Loan No. 793918418]

THIS SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT (this "Agreement") is made as of June 22, 2010, by and among JPMORGAN CHASE BANK, N.A. (together with its successors and assigns, "Lender"), Skagit Valley Real Estate Partnership, LLP, a Washington limited liability partnership ("Borrower") and Skagit County Public Hospital District No. 1, a Washington public hospital district, ("Tenant").

Borrower is or expects to become the landlord and Tenant the tenant under a lease dated March 1, 2008 (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, among other things, a deed of trust, mortgage or similar instrument (the "Security Instrument") encumbering the Property. (All documents evidencing or securing the Loan, including the Security Instrument, are referred to as the "Loan Documents.") JPMorgan Chase Bank, N. A. purchased the Loan from the Federal Deposit Insurance Corporation as receiver for Washington Mutual Bank. Tenant has agreed to subordinate the Lease to the Security Instrument, and Lender has agreed not to disturb Tenant's rights under the Lease, all in accordance with the terms and conditions set forth below. The parties agree as follows:

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).

P53553 Lt. 3 BIK 7 Millett's to NW

2. **Attornment.** After any transfer of the Property pursuant to a Foreclosure Event, the terms of the Lease will be recognized as a new and direct lease from Successor Landlord (as defined below) to Tenant, and Tenant hereby attorns 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 (other than defaults of a continuing nature which Lender has notice of prior to commencing a Foreclosure Event and an opportunity to cure in accordance with this Agreement);

(b) any offset or credit Tenant may have against Borrower or any other prior landlord (other than offsets or credits provided for in the Lease or arising from defaults of a continuing nature which Lender has notice of prior to commencing a Foreclosure Event and an opportunity to cure in accordance with this Agreement);

(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, (a) any modification or waiver of any provision of the Lease relating to (i) rent or other sums due Borrower or Tenant, (ii) the Lease term or any options to renew the Lease, or (iii) Lease termination, sublease or assignment; (b) any other modification of the Lease that materially and adversely affects the economics of the Lease to the detriment of the landlord; or (c) any termination, sublease or assignment of the Lease unless permitted under the Lease;

(f) any payment of rent by Tenant to Borrower in violation of Section 5 below; or

(g) 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. **Nondisturbance.** Upon a Foreclosure Event, Lender will not (and no other Successor Landlord will be entitled to) terminate the Lease, or interfere with Tenant's use, possession or enjoyment of the Leased Premises, or adversely affect the leasehold estate granted by the Lease in any Foreclosure Event; provided that if Tenant is then in default under the Lease beyond any applicable notice, grace or cure period, at Lender's option, the Lease shall be terminated by virtue of the Foreclosure Event.

4. **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 cure such default and not terminate (or otherwise exercise any remedies with respect to) the Lease for a period of 30 days following Lender's actual receipt of such notice; or such longer period as is 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).

5. **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 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.

6. **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 Loan Documents.



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(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. 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: JPMorgan Chase Bank, N.A.  
3929 W. John Carpenter Freeway  
Portfolio Administration – Transactions  
3545 PMTX  
Irving, TX 75063  
Loan No. 793918418

If to Borrower: Skagit Valley Real Estate Partnership  
1400 East Kincaid Street  
Mount Vernon, WA 98273



If to Tenant:

Skagit County Public Hospital District No. 1  
1415 East Kincaid Street  
Mount Vernon, WA 98273

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:**

JPMorgan Chase Bank, N.A.

By: [Signature]

Name: Douglas Gressett

Title: VP. Skagit Valley Real Estate Partnership, LLC

**BORROWER:**

Skagit Valley Real Estate Partnership, LLP

By: [Signature]

John Halsey, M.D., Managing Partner

**TENANT:**

Skagit County Public Hospital District No. 1

By: [Signature]

Gregg A. Davidson, FACHE  
CEO/Superintendent

STATE OF Washington

§

COUNTY OF Skagit

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§

Before me, the undersigned authority, on this day personally appeared John Halsey, the Managing Partner of Skagit Valley Real Estate Partnership, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed.



LENDER ACKNOWLEDGEMENT

STATE OF TEXAS )

) ss.

COUNTY OF DALLAS )

On June 22, 20 10 before me,

TERRI Balske, Notary Public in and for said state,

personally appeared Douglas Grossell,

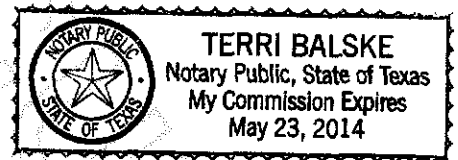
who proved to me on the basis of satisfactory evidence to be the person (s) whose name(s) ~~is~~are subscribed to the within instrument and acknowledged to me that ~~he~~she/they executed the same in ~~his~~her/their authorized capacity(ies), and that by ~~his~~her/their signature(s) on the instrument, the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of Texas that the foregoing paragraph is true and correct

WITNESS my hand and official seal.

Signature Terri Balske

(Seal)



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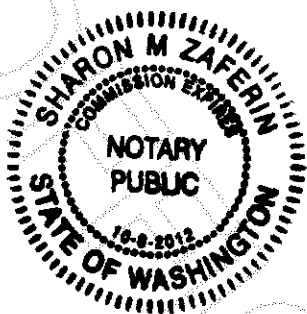
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Given under my hand and seal of office this 25<sup>th</sup> day of February,  
20010

SEAL



Sharon M. Zaferin  
NOTARY PUBLIC In and for said State  
My commission expires: 10-8-2012

STATE OF \_\_\_\_\_

§

COUNTY OF \_\_\_\_\_

§

§

Before me, the undersigned authority, on this day personally appeared \_\_\_\_\_, the \_\_\_\_\_ of \_\_\_\_\_, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_,  
200  

SEAL

\_\_\_\_\_  
NOTARY PUBLIC In and for said State  
My commission expires: \_\_\_\_\_

STATE OF WASHINGTON §

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COUNTY OF SKAGIT §

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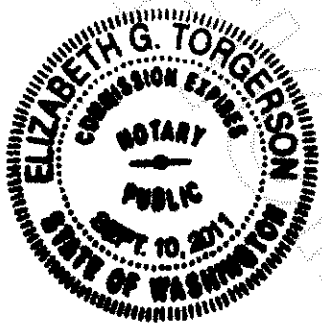


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Before me, the undersigned authority, on this day personally appeared Gregg A. Davidson, the CEO/Superintendent of Skagit County Public Hospital District No. 1, personally known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he/she executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this 25<sup>th</sup> day of February, 2010

SEAL



Elizabeth G. Torgerson  
NOTARY PUBLIC In and for said State of  
Washington  
My commission expires: 9-10-11





**Exhibit A**

**Description of the Property**

[See attached]



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  $89^{\circ}48'35''$  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  $0^{\circ}22'16''$  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  $0^{\circ}22'16''$  East 19.61 feet, more or less, to the Southeast corner of said building;

Thence South  $89^{\circ}37'44''$  West, along the Southerly face of the existing building, a distance of 22.83 feet;

Thence South  $0^{\circ}13'17''$  East 125.39 feet, more or less, to the Northerly margin of Broadway Street;

Thence North  $89^{\circ}46'43''$  East, along said margin, 125.58 feet to the West margin of South 15<sup>th</sup> Street;

Thence North  $1^{\circ}09'02''$  West, along said line, 145.05 feet to a point which lies North  $89^{\circ}47'39''$  East from the true point of beginning;

Thence South  $89^{\circ}47'39''$  West 100.45 feet to the true point of beginning.

The basis of bearing for the above legal description is North  $1^{\circ}06'35''$  West between the found South Quarter corner and the found accepted  $1/16^{\text{th}}$  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....



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**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...



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**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 1/16<sup>th</sup> 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...



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**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" -



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