

AFTER RECORDING RETURN TO:

First Federal Savings and Loan

P O Box 351

Port Angeles, WA, 98362



201103020056

Skagit County Auditor

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CHICAGO TITLE

620012263

**SUBORDINATION, NONDISTURBANCE, CONTINGENT ASSIGNMENT
AND ATTORNMENT AGREEMENT**

THIS SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT (this "Agreement") made as of the 20th of December, 2010, by and between First Federal Savings & Loan Association of Port Angeles, whose address is P.O. Box 351 Port Angeles, WA 98362 (who, together with any successor holder of the debt instrument described below, is hereinafter called "Mortgagee"), and Mt. Vernon Plaza Associates LLC, whose principal office is located at 650 South Orcas St., suite 210 Seattle, WA 98108 Attn: Eli Genauer (the "Tenant"), provides:

RECITALS

WHEREAS, by Mortgage or Deed of Trust dated February 11, 2011 (the "Mortgage"), the fee simple owners, EDUARD P. ROCKEY, as his separate property, as to an undivided 1/10th interest, as to Parcel 'A'; BABETTE LENA PHILLIPS, as Trustee of the Babette Phillips Living Trust, as to an undivided 1/10th interest, as to Parcel 'A'; ISOBELL BURTENSHAW, as her separate property, as to an undivided 1/5th interest, as to Parcel 'A'; an undivided 1/25th interest each to NORAH LEE SMITH, a married person as her separate property, PENNY VANBUREN, f/k/a PENNY LEE MERRELL, a married person as her separate property, WENDEE HAMILTON, f/k/a WENDEE CYR, a married person as her separate property, TRACIE CYR, a single person, and PHILLIP E. CYR, a single man, as to Parcel 'A'; MOUNT VERNON PLAZA ASSOCIATES, LLC, a Washington limited liability company as to an undivided 2/5ths interest, as to Parcel 'A' (collectively the "Landlord"), conveyed to the Mortgagee certain premises having a mailing address 650 South Orcas St., suite 210 Seattle, WA 98108 Attn: Eli Genauer and more particularly described in Exhibit "A", attached hereto and made a part hereof (the "Mortgaged Premises"), to secure for the benefit of the Mortgagee the performance of the covenants therein contained and the payment of certain indebtedness described therein;

Reference Nos.: 723389 and 201103020053

WHEREAS, by Lease Agreement that is dated September 1st, 1968 and modified periodically since then with a current expiration of September 30th 2021 (the "Lease"), the Landlord has leased unto the Tenant the Mortgaged Premises; and

WHEREAS, the Tenant has agreed that the Lease shall be subject and subordinate to the Mortgage held by the Mortgagee and that Tenant shall attorn to Mortgagee and assign Tenant's interest in said Lease to Mortgagee, at Mortgagee's option, in the event the interest of Landlord under the Lease is transferred by reason of foreclosure or other proceedings for enforcement of the Mortgage, provided the Tenant or assignee is assured of continued occupancy of the Mortgaged Premises under the terms of the Lease and subject to the terms of this Agreement.



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AGREEMENT

NOW, THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned hereby agree as follows:

1. **Subordination**. The Tenant agrees that the Lease and all of the terms, covenants and provisions thereof and all rights, remedies and options of Tenant thereunder or otherwise held by the Tenant with respect to the Mortgaged Premises are and shall at all times continue to be subject and subordinate in all respects to the Mortgage and to the lien thereof and to all renewals, modifications, increases in amount, consolidations, replacements and extensions thereof and to all sums secured thereby.

2. **Nondisturbance**. The Mortgagee consents to the terms of the Lease, including without limitation to the insurance provisions thereof, and agrees that so long as the Tenant carries the insurance required by the Lease, the Landlord shall be deemed to be in compliance with the insurance requirements contained in the Mortgage. Further, the Mortgagee agrees that for so long as no default exists, nor any event has occurred which has continued to exist for such period of time (after notice, if any, required by the Lease) as would entitle the Landlord to terminate the Lease or would cause, without any further action of Landlord, the termination of the Lease or would entitle Landlord to dispossess the Tenant thereunder, the Lease shall not be terminated or the Tenant's rights thereunder abridged, nor shall the Tenant's use, possession or enjoyment of the Mortgaged Premises be interfered with, nor shall the leasehold estate granted by the Lease be affected in any other manner in any foreclosure or any other action or proceeding instituted under or in connection with the Mortgage or in case the Mortgagee takes possession of the Mortgaged Premises pursuant to any provisions of the Mortgage, unless Landlord would have had such right if the Mortgage had not been made, except that the person or entity acquiring the interests of Landlord as a result of any such actions or proceeding, and its successors and assigns (the Mortgagee or any successor being herein called the "Purchaser"), shall not be liable for any act or omission of Landlord (except the duty to cure any continuing default) or bound by any rent or additional rent which Tenant might have paid more than thirty (30) days in advance of its due date to any prior landlord.

3. **Attornment**. If the interest of Landlord under the Lease shall be transferred by reason of foreclosure or other proceedings for enforcement of the Mortgage, the Tenant shall be bound to the Purchaser under all of the terms, covenants and conditions of the Lease for the balance of the term thereof remaining and any extensions or renewals thereof which Tenant may exercise in accordance with any option therefore in the Lease with the same force and effect as if the Purchaser were the Landlord under the Lease, and the Tenant does hereby attorn to the Purchaser, including the Mortgagee if it be the Purchaser, as its landlord, said attornment to be effective and self-operative without the execution of any further instruments upon the Purchaser succeeding to the interest of the Landlord under the Lease.



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4. **Contingent Assignment.** If the interest of the Landlord under the Lease shall be transferred by reason of foreclosure or other proceedings for enforcement of the Mortgage, at Mortgagee's option the Tenant shall assign to Mortgagee all Tenant's interest in the Lease. Mortgagee shall notify Tenant in writing of Mortgagee's intent to exercise said option at any time following an event in which the Landlord's interest in the Lease is transferred as described above.

5. **Notice of Default; Right to Cure.** Tenant must send to Mortgagee a copy of any notice of default or similar statement connected with the Lease. Tenant may not terminate the Lease until Mortgagee has been provided such notice and Mortgagee has failed to rectify the condition giving rise to the default within (i) 10 days, if Mortgagee can accomplish the rectification by the mere payment of money, (ii) 30 days, if Mortgagee cannot accomplish the rectification by the mere payment of money and the rectification does not require Mortgagee to obtain possession of the Mortgaged Premises, and (iii) a reasonable time, if Mortgagee cannot accomplish the rectification by the mere payment of money, the rectification requires Mortgagee to obtain possession of the Mortgaged Premises, and Mortgagee both commences efforts to obtain possession of the Mortgaged Premises and to rectify the condition within 15 days after the delivery of Tenant's notice and diligently and continuously pursues those efforts. The foregoing does not obligate Mortgagee to undertake the rectification of any default by Landlord in respect of the performance of its obligations under the terms of the Lease.

6. **Insurance.** Throughout the term of the Lease, Tenant shall cause Mortgagee to be named as mortgagee and additional insured, as its interests may appear, on the property insurance policy required to be maintained by Tenant with respect to the Mortgaged Premises under the terms of the Lease. Said insurance shall provide that such coverage shall not be terminated or materially altered without endeavoring to give Mortgagee at least fifteen (15) days prior written notice. Certificates evidencing such coverage shall be delivered to Mortgagee upon the execution of this Agreement and annually thereafter upon renewal of the subject insurance policy.

7. **Successors.** This Agreement shall be binding upon, and shall inure to the benefit of, the predecessors, successors, assigns, representatives, subsidiaries, affiliates, parents, partners, officers, directors, stockholders, members, agents and employees of each of the parties hereto and the officers, directors, stockholders, members, agents and employees of any of the foregoing.

8. **Miscellaneous.** This Agreement constitutes the entire understanding and agreement between Mortgagee and Tenant with respect to the subject matter hereof and supercedes and replaces all prior negotiations and agreements, written and oral. No modification, waiver or amendment of any of the provisions hereof shall be of any force or effect unless set forth in writing and executed by both parties. Mortgagee and Tenant each acknowledges that neither party nor any agent or attorney of such other party has made any promise, representation or warranty



whatsoever, express or implied, not contained herein to induce the execution of this Agreement and Mortgagee and Tenant each further acknowledges that it has not executed this Agreement in reliance upon any promise, representation or warranty not contained herein.

9. **Choice of Law; Severability.** This Agreement shall be construed under and governed by the laws of the state wherein the Mortgaged Premises is located. Should any provisions of this Agreement be adjudicated to be illegal or unenforceable under such state laws or any Federal laws, such provisions shall be enforced to the fullest extent permissible by law and, if wholly illegal or unenforceable, such provision shall be considered severable and this Agreement and its remaining provisions shall remain in full force and effect as though such severed provision had never been included herein.

10. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. This Agreement shall not be effective as to any party until it has been signed by all parties hereto. However, this Agreement may be executed by facsimile which shall be deemed an original for all purposes.

[END OF TEXT - SIGNATURE PAGE FOLLOWS]



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IN WITNESS WHEREOF, the undersigned parties have caused this Agreement to be executed by their duly authorized representatives effective as of the date first above written.

WITNESS:

MOUNT VERNON PLAZA ASSOCIATES LLC

[Signature]

By: [Signature]
ELI GENAUER - MANAGING MEMBER

By: _____
Printed Name: _____
Title: _____

WITNESS:

[Signature]

By: _____
Printed Name: _____
Title: _____

STATE OF _____
CITY/COUNTY OF _____, to wit:

I, _____, a Notary Public in and for the City/County and State aforesaid, do hereby certify that _____, as _____ of _____, whose name is signed to the foregoing writing dated as of the _____, 2010, has appeared before me this _____ of _____, 2010, and has acknowledged the same before me in the City/County and State aforesaid on behalf of said lender.

Notary Public

My Commission Expires: _____
[Affix Notarial Seal]

STATE OF _____
CITY OF _____, to wit:

I, _____, a Notary Public in and for the City and State aforesaid, do hereby certify that _____ as _____ of _____, whose name is signed to the foregoing writing dated as of the _____ day of _____, 2005 has appeared before me this _____ day of _____, 2005 and has acknowledged the same before me in the City and State aforesaid on behalf of said corporation.

Notary Public

My Commission Expires: _____



IN WITNESS WHEREOF, the undersigned parties have caused this Agreement to be executed by their duly authorized representatives effective as of the date first above written.

WITNESS:

MOUNT VERNON PLAZA ASSOCIATES LLC

By: _____
ELI GENAUER - MANAGING MEMBER

By: _____
Printed Name: _____
Title: _____

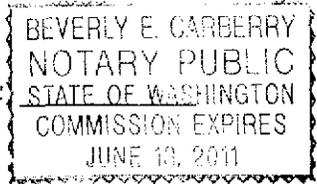
WITNESS:

By: _____
Printed Name: _____
Title: _____

STATE OF WA
CITY/COUNTY OF Seattle, King, to wit:

I, Beverly Carberry, a Notary Public in and for the City/County and State aforesaid, do hereby certify that Eli Genauer as Managing Member of Mt Vernon Plaza Assoc LLC, whose name is signed to the foregoing writing dated as of the 15th of February, 2010, has appeared before me this 15th of February, 2010, and has acknowledged the same before me in the City/County and State aforesaid on behalf of said lender.

Beverly E. Carberry
Notary Public



My Commission Expires: _____
[Affix Notarial Seal]

STATE OF _____
CITY OF _____, to wit:

I, _____, a Notary Public in and for the City and State aforesaid, do hereby certify that _____ as _____ of _____, whose name is signed to the foregoing writing dated as of the _____ day of _____, 2005 has appeared before me this _____ day of _____, 2005 and has acknowledged the same before me in the City and State aforesaid on behalf of said corporation.

Notary Public

My Commission Expires: _____



EXHIBIT A

LEGAL DESCRIPTION

[ATTACH FROM MORTGAGE]

PARCEL "A":

That portion of the North ½ of the Northwest ¼ of the Southwest ¼ of Section 17, Township 34 North, Range 4 East, W.M., lying West of the Pacific Northwest Traction Company right of way, EXCEPT the South 450 feet thereof, AND EXCEPT those portions thereof lying within the boundaries of the County road and State Highway rights of way, AND EXCEPT that portion thereof lying East of a line running South from a point on the South line of the A. W. Furber Road that is 262.33 feet West of the West line of the Old Pacific Northwest Traction Company right of way, AND EXCEPT the North 10 feet conveyed to the City of Mount Vernon by Deeds recorded under Auditor's File Nos. 816623 through 816628, inclusive. ALSO EXCEPT that portion of road right-of way awarded to City of Mount Vernon under Skagit County Superior Court No. 08-2-00768-8. Situate in the County of Skagit, State of Washington.

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