



201103280015

Skagit County Auditor

3/28/2011 Page

1 of

8 8:55AM

Return Address:

S. JACK FENIGSTEIN, ESQ.

FENIGSTEIN & KAUFMAN

1900 AVENUE OF THE STARS, SUITE 2300

LOS ANGELES, CA 90067

CHICAGO TITLE

620012847

Please print or type information **WASHINGTON STATE RECORDER'S Cover Sheet** (RCW 65.04)**Document Title(s)** (or transactions contained therein): (all areas applicable to your document must be filled in)

1. SUBORDINATION AGREEMENT
2. _____
3. _____
4. _____

Reference Number(s) of Documents assigned or released:

Unrecorded Lease and 201103280011

Grantor(s) Exactly as name(s) appear on document

1. MT. VERNON MEDICAL INVESTORS, LLC
2. MT. VERNON OPERATIONS, LLC

Additional names on page _____ of document.

Grantee(s) Exactly as name(s) appear on document

1. CAPITAL FUNDING, LLC
2. _____

Additional names on page _____ of document.

Legal description (abbreviated: i.e. lot, block, plat or section, township, range)

LOTS 2 AND 3 OF MOUNT VERNON SHORT PLAT NO. MV-7-95

Additional legal is on page 7 of document.**Assessor's Property Tax Parcel/Account Number**☐ Assessor Tax # not yet

assigned

340420-4-004-0000; 340420-4-004-0109

The Auditor/Recorder will rely on the information provided on this form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.

"I am signing below and paying an additional \$50 recording fee (as provided in RCW 36.18.010 and referred to as an emergency nonstandard document), because this document does not meet margin and formatting requirements. Furthermore, I hereby understand that the recording process may cover up or otherwise obscure some part of the text of the original document as a result of this request."

Signature of Requesting Party

Note to submitter: Do not sign above nor pay additional \$50 fee if the document meets margin/formatting requirements

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

S. Jack Fenigstein, Esq.
Fenigstein & Kaufman
1900 Avenue of the Stars, Suite 2300
Los Angeles, CA 90067

(Space above this line for Recorder's Use)

SUBORDINATION AGREEMENT

NOTICE: THE SUBORDINATION PROVIDED FOR IN THIS AGREEMENT RESULTS IN YOUR LEASEHOLD ESTATE BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE INTEREST CREATED BY SOME OTHER OR LATER INSTRUMENT.

THIS AGREEMENT, made as of this 1st day of March, 2011, by and between MT. VERNON MEDICAL INVESTORS, LLC, a Tennessee limited liability company ("Landlord"), as landlord under the lease hereinafter described, and MT. VERNON OPERATIONS, LLC, a Tennessee limited liability company ("Tenant"), tenant under the aforementioned lease, in favor of CAPITAL FUNDING, LLC, a Maryland limited liability company, its successors and assignors (collectively, "Beneficiary") the owner and holder of the Mortgage hereinafter described.

WITNESSETH:

WHEREAS, Landlord has or will execute that certain Deed of Trust with Assignment of Rents, dated **March 1, 2011** (the "Mortgage"), in favor of Beneficiary and covering certain real property (the "Property") located in the County of **Skagit**, State of **Washington**, with a legal description as set forth in Exhibit "A" attached hereto and incorporated herein by this reference, and commonly known as 2120 East Division Street and 301 South LaVenture Road, Mt. Vernon, Washington 98724 and covering the improvements situated thereon (the "Improvements"), and which Mortgage is being recorded concurrently herewith; and

WHEREAS, Landlord and Tenant entered into that certain unrecorded Lease dated February 25, 2002, as thereafter amended (collectively, the "Lease"), covering the Improvements for the term and upon the conditions set forth therein; and

WHEREAS, the parties hereto now desire to enter into this Agreement to establish certain rights and obligations with respect to their interests, and to provide for various contingencies as hereinafter set forth.

NOW, THEREFORE, in consideration for the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and of the mutual



benefits to accrue to the parties hereto, it is hereby declared, understood and agreed that the Lease, all terms and conditions set forth in the Lease, the leasehold interests and estates created thereby, and the priorities, rights, privileges and powers of Tenant and Landlord thereunder shall be and the same are hereby, and with full knowledge and understanding of the effect thereof, unconditionally made subject and subordinate to the lien and charge of the Mortgage, all terms and conditions contained therein, any renewals, extensions, modifications or replacements thereof, and the rights, privileges and powers of the trustee and Beneficiary thereunder, and shall hereafter be junior and inferior to the lien and charge of the Mortgage. The parties further agree as follows:

1. It is expressly understood and agreed that this Agreement shall supersede, to the extent inconsistent herewith, the provisions of the Lease relating to the subordination of the Lease and the leasehold interests and estates created thereby to the lien or charge of the Mortgage.

2. Beneficiary consents to the Lease.

3. Tenant hereby agrees that it will not exercise any right granted it under the Lease, or which it might otherwise have under applicable law, to terminate the Lease on account of a default of Landlord thereunder or the occurrence of any other event without first giving to Beneficiary prior written notice of its intent to terminate, which notice shall include a statement of the default or event on which such intent to terminate is based. Thereafter, Tenant shall not take any action to terminate the Lease if Beneficiary (i) within thirty (30) days after service of such written notice on Beneficiary by Tenant of its intention to terminate the Lease, shall cure such default or event if the same can be cured by the payment or expenditure of money, or (ii) shall diligently take action to obtain possession of the leased premises (including possession by receiver) and to cure such default or event in the case of a default or event which cannot be cured unless and until Beneficiary has obtained possession, but in no event to exceed ninety (90) days after service of such written notice on Beneficiary by Tenant of its intention to terminate.

4. For the purposes of facilitating Beneficiary's rights hereunder, Beneficiary shall have, and for such purposes is hereby granted by Tenant and Landlord, the right to enter upon the Property and the Improvements thereon for the purpose of effecting any such cure.

5. Tenant hereby agrees to give to Beneficiary concurrently with the giving of any notice of default under the Lease, a copy of such notice by mailing the same to Beneficiary in the manner set forth hereinbelow, and no such notice given to Landlord which is not at or about the same time also given to Beneficiary shall be valid or effective against Beneficiary for any purpose.

6. Subordination of Lease to Mortgage and Regulatory Agreements and Regulation by HUD.

(a) The Lease and all estates, rights, options, liens and charges therein contained or created under the Lease are and shall be subject and subordinate to the lien of (i) the Mortgage on the Landlord's interest in the Property in favor of Beneficiary, its successors and



assigns insofar as it affects the real and personal property comprising the Property (and not otherwise owned, leased or licensed by Tenant) or located thereon or therein, and to all renewals, modifications, consolidations, replacements and extensions thereof, and to all advances made or to be made thereunder, to the full extent of amounts secured thereby and interest thereon, (ii) that certain Regulatory Agreement for Multifamily Housing Projects between Landlord and the U.S. Department of Housing and Urban Development to be recorded against the Property, and (iii) that certain Regulatory Agreement Nursing Homes between Tenant and the U.S. Department of Housing and Urban Development to be recorded against the Premises.

(b) The parties to the Lease agree to execute and deliver to Beneficiary and/or HUD such other instrument or instruments as the Beneficiary and/or HUD, or their respective successors or assigns, shall reasonably request to effect and/or confirm the subordination of the Lease to the lien of the Mortgage and the above-described Regulatory Agreements. To the extent that any provision of the Lease shall be in conflict with the provisions of the Mortgage, the Regulatory Agreements or any applicable section of Section 232 of the National Housing Act, the provisions of the Mortgage, the Regulatory Agreements, such sections of Section 232 of the National Housing Act, as the case may be, shall be controlling.

7. For purposes of any notices to be given to Beneficiary hereunder, the same shall be sent by U.S. certified mail, return receipt requested, postage prepaid, to Beneficiary at the following address:

1422 Clarkview Road
Baltimore, Maryland 21209

or to such other address as Beneficiary may hereafter notify Tenant in writing by notice sent to Tenant as aforesaid at Tenant's address at the Property, or such other address as Beneficiary may hereafter be advised of in writing by notice sent to Beneficiary as aforesaid.

8. The agreements contained herein shall run with the land and shall be binding upon and inure to the benefit of the respective heirs, administrators, executors, legal representatives, successors and assigns of the parties hereto.

9. This Agreement may be executed in one or more counterparts, all of which when taken together shall constitute a single instrument.

10. This Agreement shall, in all respects, be governed by and construed and interpreted in accordance with the laws of the State of **Washington**.



SIGNATURE PAGE

SUBORDINATION AGREEMENT

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

BENEFICIARY:

CAPITAL FUNDING, LLC, a Maryland limited liability company

By: *Karen E Becker*
Name: Karen E. Becker
Its: Vice President

STATE OF MARYLAND)
COUNTY OF ~~BALTIMORE~~ Prince Georges :SS)

The foregoing instrument was acknowledged before me this 21st day of March, 2011 by Karen E. Becker, member (or agent) on behalf of Capital Funding, LLC, a Maryland limited liability company.

Stephanie A. Callier-Jenifer
Notary Public



201103280015
Skagit County Auditor

SIGNATURE PAGE
SUBORDINATION AGREEMENT


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

TENANT:

MT. VERNON OPERATIONS, LLC,
a Tennessee limited liability company

By: Developers Investment Company, Inc.,
a Tennessee corporation

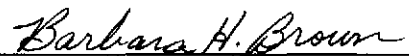
Its: Corporate Manager

By: 
Joan E. Thurmond
Assistant Secretary

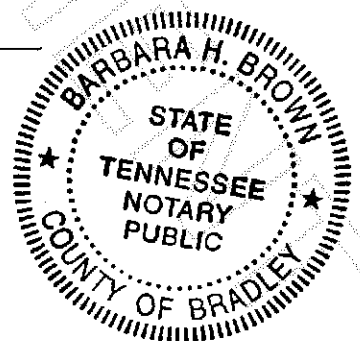
STATE OF TENNESSEE)
 :SS
COUNTY OF BRADLEY)

On this 2nd day of March, 2011, before me appeared Joan E. Thurmond, to me personally known, who, being by me duly sworn, did say that she is the Assistant Secretary of Developers Investment Company, Inc., a Tennessee corporation, and the Corporate Manager of Mt. Vernon Operations, LLC, a Tennessee limited liability company, and she did sign and acknowledge the foregoing instrument in the name and on behalf of said corporation as Corporate Manager of said limited liability company.

In TESTIMONY WHEREOF, I have hereunto set my hand and affixed my notarial seal on the day and year last above written.


Notary Public

My commission expires: 8/30/2014



SIGNATURE PAGE

SUBORDINATION AGREEMENT

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


LANDLORD:

MT. VERNON MEDICAL INVESTORS,
LLC, a Tennessee limited liability company

By: Mt. Vernon Medical, Inc.,
a Tennessee corporation

Its: Corporate Manager

By:


Joan E. Thurmond
Assistant Secretary

STATE OF TENNESSEE)

:SS

COUNTY OF BRADLEY)

On this 21st day of March, 2011, before me appeared Joan E. Thurmond, to me personally known, who, being by me duly sworn, did say that she is the Assistant Secretary of Mt. Vernon Medical, Inc., a Tennessee corporation and the Corporate Manager of Mt. Vernon Medical Investors, LLC, a Tennessee limited liability company, and she did sign and acknowledge the foregoing instrument in the name and on behalf of said corporation as Corporate Manager of said limited liability company.

In TESTIMONY WHEREOF, I have hereunto set my hand and affixed my notarial seal on the day and year last above written.


Notary Public

My commission expires: 7/2/13



201103280015
Skagit County Auditor



EXHIBIT A

Legal Description

PARCEL "A":

Lot 2 of City of Mount Vernon Short Plat No. MV-7-95, as approved January 24, 1996, and recorded January 26, 1996, in Volume 12 of Short Plats, page 69, under Auditor's File No. 9601260017, records of Skagit County, Washington; being a portion of the Northeast ¼ of the Southeast ¼ of Section 20, Township 34 North, Range 4 East, W.M.

Situate in the City of Mount Vernon, county of Skagit, State of Washington.

PARCEL "B":

Lot 3 of City of Mount Vernon Short Plat No. MV-7-95, as approved January 24, 1996, and recorded January 26, 1996, in Volume 12 of Short Plats, page 69, under Auditor's File No. 9601260017, records of Skagit County, Washington; being a portion of the Northeast ¼ of the Southeast ¼ of Section 20, Township 34 North, Range 4 East, W.M.

Situate in the City of Mount Vernon, County of Skagit, State of Washington.



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