

RECORDING REQUESTED BY:  
UNION BANK, N.A.

AND WHEN RECORDED MAIL TO:

UNION BANK, N.A.  
Attn: Collateral Management Team (V01-492)  
CRELA  
P. O Box 30115  
Los Angeles, CA 90030-0115



Skagit County Auditor  
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\$79.00  
8 10:50AM

Space Above This Line For Recorder's Use

### SUBORDINATION OF LEASE

(To Deed of Trust)

GUARDIAN NORTHWEST TITLE CO.

(Washington)

106776-4

Grantor (Subordinator/Lessee): William E. Munson Company

200505110053

Grantee (Lender/Bank): Union Bank, N.A.

DT# 201402250040

Legal Description (abbreviated): Lots 1B and 1C Bay Ridge Business Park BSP No. 00-0154  
(Additional Legal(s) on Exhibit A).

Assessor's Tax Parcel I.D.#: Parcel No. P118503.8034-000-002-0000, P118504.  
8034-000-003-0000

Reference No. Documents Released or Assigned: N/A

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR LEASEHOLD ESTATE IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS SUBORDINATION OF LEASE ("Subordination Agreement") is made this 14th day of February, 2014 by Munson Properties, LLC, a Washington limited liability company, present owner of the land hereinafter described ("Owner"), and William E. Munson Company, present owner and holder of the leasehold estate created by the lease hereinafter described ("Lessee").

### RECITALS

A. Munson Properties, LLC, a Washington limited liability company, as lessor, executed a lease dated December 31, 2004, (the "Lease") covering that certain property located in the City of Burlington, County of Skagit, State of Washington, commonly known as 15806 Preston Pl., Burlington, WA 98223 (the "Premises"), which is a portion of the real property commonly known as 15806 Preston Pl., Burlington, WA 98223 and legally described in Exhibit "A" attached hereto (the "Property"), in favor of William E. Munson Company, as lessee; and

B. Owner has executed, or is about to execute, a deed of trust dated February 14, 2014 to First American Title as trustee, covering the Property and securing an indebtedness (the "Loan") in the amount of One Million Eight Thousand One Hundred Ten and 00/100ths Dollars (\$ 1,008,110.00 ) evidenced by a debt instrument ("Lender's Note") in favor of Union Bank, N.A. ("Lender"), payable with interest and upon the terms and conditions described therein, which deed of trust ("Lender's Deed of Trust") is to be recorded concurrently herewith; and

C. It is a condition precedent to obtaining the Loan from Lender that Lender's Deed of Trust, as amended from time to time, shall unconditionally be and remain at all times a lien or charge upon the Property prior and superior to the Lease, to the leasehold estate created thereby, and to all of Lessee's right, title and interest under the Lease and in and to the Premises and the Property, including, without limitation, any right, whether arising under the Lease or otherwise, to exercise any option or right of first refusal to purchase the Premises or the Property or any interest therein or portion thereof; and

D. Lender is willing to make the Loan provided Lender's Deed of Trust, as amended from time to time, is a lien or charge upon the Property prior and superior to the Lease, to the leasehold estate created thereby, and to all of Lessee's right, title and interest under the Lease and in and to the Premises and the Property, including, without limitation, any right, whether arising under the Lease or otherwise, to exercise any option or right of first refusal to purchase the Premises or the Property or any interest therein or portion thereof, and provided that Lessee will specifically and unconditionally subordinate and subject the Lease, the leasehold estate created thereby, and all of its right, title and interest under the Lease and in and to the Premises and the Property, including, without limitation, any right, whether arising under the Lease or otherwise, to exercise any option or right of first refusal to purchase the Premises or the Property or any interest therein or portion thereof, to the lien or charge of Lender's Deed of Trust, as amended from time to time; and

E. It is to the mutual benefit of the parties hereto that Lender make the Loan to Owner; and Lessee is willing that Lender's Deed of Trust, as amended from time to time, shall constitute a lien or charge upon the Property which is unconditionally prior and superior to the Lease, to the leasehold estate created thereby, and to all of Lessee's right, title and interest under the Lease and in and to the Premises and the Property, including, without limitation, any right, whether arising under the Lease or otherwise, to exercise any option or right of first refusal to purchase the Premises or the Property or any interest therein or portion thereof.

## AGREEMENT

1. In consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, and in order to induce Lender to make the Loan, it is hereby declared, understood and agreed as follows:

1.1 That Lender's Deed of Trust, as amended from time to time, securing Lender's Note and any amendments, renewals and extensions thereof, 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 of Lessee's right, title and interest under the Lease and in and to the Premises and the Property, including, without limitation, any right, whether arising under the Lease or otherwise, to exercise any option or right of first refusal to purchase the Premises or the Property or any interest therein or portion thereof, and the Lease, the leasehold estate created thereby, and all of Lessee's right, title and interest under the Lease and in and to the Premises and the Property, including, without limitation, any right, whether arising under the Lease or otherwise, to exercise any



option or right of first refusal to purchase the Premises or the Property or any interest therein or portion thereof, is hereby subjected, and made subordinate, to the lien or charge of Lender's Deed of Trust, as amended from time to time.

1.2 That Lender would not make the Loan without this Subordination Agreement.

1.3 That this Subordination Agreement shall be the whole and only agreement with regard to the subjection and subordination of the Lease, the leasehold estate created thereby, and all of Lessee's right, title and interest under the Lease and in and to the Premises and the Property, including, without limitation, any right, whether arising under the Lease or otherwise, to exercise any option or right of first refusal to purchase the Premises or the Property or any interest therein or portion thereof, to the lien or charge of Lender's Deed of Trust, as amended from time to time, and shall supersede and cancel, but only insofar as would affect the priority between the Lease and Lender's Deed of Trust, as amended from time to time, any prior agreements as to such subjection or subordination, including, but not limited to, those provisions, if any, contained in the Lease which provide for the subjection or subordination of the Lease, the leasehold estate created thereby, and all of Lessee's right, title and interest under the Lease and in and to the Premises and the Property, including, without limitation, any right, whether arising under the Lease or otherwise, to exercise any option or right of first refusal to purchase the Premises or the Property or any interest therein or portion thereof, to a deed or deeds of trust or to a mortgage or mortgages.

2. Lessee declares, agrees and acknowledges that:

2.1 Lessee consents to and approves (i) all provisions of Lender's Note and Lender's Deed of Trust, and (ii) all agreements including, but not limited to, any loan or escrow agreements between Owner and Lender for the disbursement of the proceeds of the Loan;

2.2 Lender, in making disbursements pursuant to any such agreement, is under no obligation or duty to, nor has Lender represented that it will, see to the application of such proceeds by the person or persons to whom Lender disburses such proceeds, and any application or use of such proceeds for purposes other than those provided for in such agreement or agreements shall not defeat the subordination herein made in whole or in part; and

2.3 Lessee intentionally and unconditionally waives, relinquishes, subjects and subordinates the Lease, the leasehold estate created thereby, and all of Lessee's right, title and interest under the Lease and in and to the Premises and the Property, including, without limitation, any right, whether arising under the Lease or otherwise, to exercise any option or right of first refusal to purchase the Premises or the Property or any interest therein or portion thereof, in favor of the lien or charge upon the Property of Lender's Deed of Trust, as amended from time to time, and understands that in reliance upon, and in consideration of this waiver, relinquishment, subjection and subordination, specific loans and advances are being and 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, subjection and subordination.

**NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR LEASE TO OBTAIN A LOAN, A PORTION OF WHICH MAY BE EXPENDED FOR PURPOSES OTHER THAN IMPROVEMENT OF THE LAND.**



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

ALL SIGNATURES MUST BE ACKNOWLEDGED

**OWNER:**

Munson Properties, LLC, a Washington limited liability company

By: [Signature]  
William E. Munson, Managing Member

By: [Signature]  
Janet M. Munson, Managing Member

**LESSEE:**

William E. Munson Company

By: [Signature]  
William E. Munson, Chairman of the Board

IT IS RECOMMENDED THAT PRIOR TO THE EXECUTION OF THIS SUBORDINATION AGREEMENT THE PARTIES CONSULT WITH THEIR ATTORNEYS WITH RESPECT THERETO.



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**EXHIBIT "A"**  
**DESCRIPTION OF REAL PROPERTY**

**ASSESSOR'S PARCEL NUMBER(S) OF COLLATERAL PROPERTY:**

Parcel No.: P118503, 8034-000-002-0000, P118504, 8034-000-003-0000

**LEGAL DESCRIPTION:**

All the certain real property located in the County of Skagit, State of Washington, described as follows:

The land referred to in this report/policy is situated in the State of Washington, County of Skagit, and is described as follows:

Lots 1B and 1C of BAY RIDGE BUSINESS PARK BINDING SITE PLAN, BSPNO. 00-154, approved October 29, 2001, and recorded October 29, 2001, under Auditors File No. 200110290120, records of Skagit County, Washington; being a portion of Lot 1, SKAGIT COUNTY SHORT PLAT NO. 96-012 in the East Half of the Northeast Quarter of Section 3, Township 34 North, Range 3 East of the Willamette Meridian.

Parcel No.: P118503, 8034-000-002-0000, P118504, 8034-000-003-0000



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NOTARY ACKNOWLEDGMENT

STATE OF WASHINGTON

COUNTY OF Snohomish

I certify that I know or have satisfactory evidence that William E. Munson  
is the person who appeared before me, and said person acknowledged that he/she signed this  
instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged  
it as the Managing Member  
of Munson Properties LLC  
to be the free and voluntary act of such party for the uses and purposes mentioned in the  
instrument.

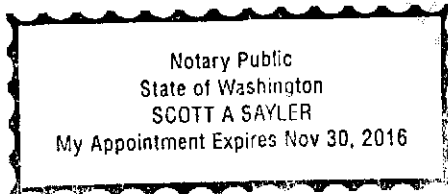
Dated: 2-19-14

(Signature)

Scott A. Saylor

(Name legibly printed or stamped)

(Seal or stamp)



Notary Public in and for the State of Washington  
residing at Everett

My appointment expires 11/30/16



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NOTARY ACKNOWLEDGMENT

STATE OF WASHINGTON

COUNTY OF Snohomish }

I certify that I know or have satisfactory evidence that Danet M. Munson  
is the person who appeared before me, and said person acknowledged that he/she signed this  
instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged  
it as the Managing Member  
of Munson Properties LLC  
to be the free and voluntary act of such party for the uses and purposes mentioned in the  
instrument.

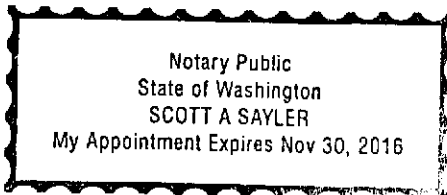
Dated: 2-19-14

Scott A. Saylor  
(Signature)

(Seal or stamp)

Scott A. Saylor  
(Name legibly printed or stamped)

Notary Public in and for the State of Washington  
residing at Everett



My appointment expires 11/30/16



NOTARY ACKNOWLEDGMENT

STATE OF WASHINGTON

COUNTY OF Snohomish }

I certify that I know or have satisfactory evidence that William E. Munson  
is the person who appeared before me, and said person acknowledged that he/she signed this  
instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged  
it as the Chairman of the Board  
of William E. Munson Company  
to be the free and voluntary act of such party for the uses and purposes mentioned in the  
instrument.

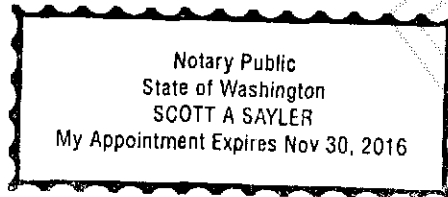
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(Signature)

Scott A. Saylor  
(Name legibly printed or stamped)

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