

UNOFFICIAL

SKAGIT BANK
301 E. FAIRHAVEN AVE
BURLINGTON WA 98233



201605100092

Skagit County Auditor

\$132.00

5/10/2016 Page

1 of

10

3:47PM

Document Title:

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

Reference Number:

201605040064, UNRECORDED Lease

Grantor(s):

additional grantor names on page ___

1. SKAGIT COUNTY PUBLIC HOSPITAL DISTRICT NO. 1

2.

GUARDIAN NORTHWEST TITLE CO.

110842

Grantee(s):

additional grantee names on page ___

1. PACIFIC NORTHWEST PROPERTIES I, LLC

2. SKAGIT BANK

Abbreviated legal description:

full legal on page(s) 10

9-17 & 20-24 PARKER BUSINESS CENTER

Assessor Parcel / Tax ID Number:

additional tax parcel number(s) on page 10

P50383

I, MARLA HICKOK, am hereby requesting an emergency non-standard recording for an additional fee provided in RCW 36.18.010. I understand that the recording processing requirements may cover up or otherwise obscure some part of the text of the original document. Recording fee is \$42.00 for the first page, \$1.00 per page thereafter per document. In addition to the standard fee, an emergency recording fee of \$50.00 is assessed. This statement is to become part of the recorded document.

Signed Marla Hickok

Dated 5-10-16

UNOFFICIAL DOCUMENT

SUBORDINATION, NON-DISTURBANCE AND ATTORNMEN T AGREEMENT

THIS SUBORDINATION, NON-DISTURBANCE, AND ATTORNMEN T AGREEMENT (the "Agreement") is made as of _____, 2016, between, Skagit County Public Hospital District No. 1 d/b/a Skagit Regional Health, a Washington municipal corporation, ("Tenant"), Pacific Northwest Properties I, LLC, a Washington limited liability company ("Landlord" or "Borrower"), and Skagit Bank, a Washington corporation (hereinafter "Lender").

RECITALS

A. Tenant is the tenant under a lease dated February 1, 2016, by and between Tenant, as tenant, and Landlord, as landlord, more particularly (the "Lease"), wherein Landlord leased to Tenant certain premises known as the "Premises" located on the property legally described on Exhibit "A" (the "Property").

B. Lender intends to make or is making a loan (the "Loan") to Borrower, which will be evidenced by a Promissory Note (the "Note") from Borrower to Lender and secured in part by a first deed of trust, mortgage, or deed to secure debt (which is herein called the "Security Instrument"). The Security Instrument, the Note and all other documents and instruments evidencing and/or securing the Note or now or hereafter executed by Borrower or others in connection with or related to the Loan including any assignments of leases and rents, other assignments, security agreements, financing statements, guaranties, indemnity agreements (including environmental indemnity agreements), letters of credit, or escrow/holdback arrangements, together with all amendments, modifications, substitutions or replacements thereof, are sometimes herein collectively referred to as the "Loan Documents".

C. Tenant has been requested to, and is willing to, enter into this agreement as part of the transaction for the loan from Lender to Borrower, which will be of benefit to Tenant by preserving and maintaining the financial standing of Borrower with regard to the Property and the Premises.

AGREEMENTS

In consideration of the mutual covenants and agreements herein contained, Lender and Tenant hereby agree and covenant as follows:

1. **Warranties and Representations.** Tenant represents and warrants to Lender that (a) the Lease is in full force and effect, (b) Tenant is not in default thereunder, past any permitted grace or cure period in the Lease, (c) Landlord is not in default thereunder, past any permitted grace or cure period in the Lease, and (d) Tenant has not previously subordinated the Lease to any other Security Instrument or lien on the Property.

2. **Subordination.** Tenant hereby subordinates its interest in the Lease and all of its right, title and interest in and to the leasehold estate created thereby, to the liens, terms, covenants, provisions and conditions of the Security Instrument and the other Loan Documents.

The interests subordinated hereby include without limitation any and all provisions of the Lease, including any extension or renewal rights, options to purchase, rights of first refusal, and other such rights.

3. Non-Disturbance. Notwithstanding the subordination agreement contained above, Lender agrees that, so long as (i) the Lease remains in full force and effect (including the duration of any properly exercised extension or renewal provisions therein), (ii) Tenant remains in full compliance with the terms of the Lease, beyond any cure period provided therein, and (iii) Tenant is not in default under this Agreement, then:

(a) Lender shall not diminish or interfere with Tenant's possession of the Premises, and Tenant's rights and privileges under the Lease shall not be diminished or be the subject of any interference by Lender; and

(b) Lender will not join Tenant as a party defendant in any action or proceeding to foreclose the Security Instrument or to enforce any rights or remedies of Lender under the Security Instrument which would terminate or extinguish the Lease or Tenant's leasehold interest in and estate under the Lease.

Notwithstanding the foregoing provisions, Lender may name or join Tenant as a party in a foreclosure proceeding with respect to the Security Instrument if under the laws of the State where the Property is located it is procedurally necessary or desirable to do so, but in such event Lender shall in no way diminish or otherwise affect the rights and privileges granted to, or inuring to the benefit of, Tenant under this Agreement.

4. Attornment; Payment of Rent to Lender in Event of Default. Tenant agrees that, if Borrower commits an Event of Default under the Security Instrument or any other Loan Documents, and after Lender gives notice to Tenant (in the manner hereinafter provided) respecting such default, then Tenant shall be deemed to have attorned to Lender as its new landlord under the Lease, and Tenant shall thereafter pay directly to Lender all rentals and all other payments to be made by Tenant under the Lease. Such payments will be made regardless of any right or setoff, counterclaim or other defense which Tenant may have against Landlord, whether as tenant under the Lease or otherwise. No proof of default shall be required. Tenant is hereby irrevocably authorized by Borrower to rely upon and comply with any notice or demand by the Lender for the payment to the Lender of any rental or other amounts which may be or become due under the Lease, or for the performance of any obligations under the Lease. Borrower irrevocably agrees that Tenant shall not be liable to Borrower or any person claiming under Borrower, for making any payment or rendering any performance to Lender. Tenant shall have no obligation or right to inquire whether any default has actually occurred or then exists. By its execution of this Assignment, Borrower irrevocably makes and delivers the above instructions.

5. Attornment to Subsequent Owners.

(a) If Lender or its nominee or designee succeeds to the rights of Landlord under the Lease through possession or foreclosure action, delivery of a deed in lieu of foreclosure or otherwise, or if another person or entity purchases the Property upon or following designee, or such purchaser (hereinafter collectively the "New Landlord"), and

such New Landlord shall acknowledge in written form that it is fully and unconditionally bound by the entirety of the Non-Disturbance provisions set forth in Section 3 above, Tenant shall attorn to and recognize the New Landlord as Tenant's landlord under the Lease and shall promptly execute and deliver any instrument that the New Landlord may reasonably request to evidence such attornment. Upon such attornment, the Lease shall continue in full force and effect as a direct lease between the New Landlord and Tenant upon all terms, conditions, and covenants as are set forth in the Lease.

(b) Notwithstanding the foregoing subsection, in such event the New Landlord shall not in any event be liable for any of the following:

(i) any previous act or omission of Landlord or any prior landlord under the Lease occurring prior to Lender obtaining possession or title to the Property;

(ii) any setoff, defense or counterclaim which has previously accrued to Tenant against Landlord, which arises prior to the date Lender obtains possession or title to the property;

(iii) the performance or observance of any amendment or modification to the Lease made without the written consent of Lender;

(iv) any prepayment of rent or additional rent for more than one (1) month which Tenant might have paid to Landlord, unless previously approved in writing by Lender; or

(v) the return of any security deposit made under the Lease, unless the security deposit has been paid to Lender.

The foregoing subsections 5(b)(i-v) notwithstanding, if at the time the Lender or any New Landlord succeeds to the rights of the Landlord, should any default exist which interferes with the Tenant's ability to use the Premises for the uses allowed by the Lease, the Lender or such New Landlord shall promptly undertake to cure such default(s) as required by the Lease and, with respect thereto, Tenant shall retain all remedies as allowed by the Lease or at law or equity. Additionally, Tenant shall retain its rights to any claim for damage made against the Landlord or subject to coverage under Landlord's insurance.

6. Lease Modifications. Tenant agrees that, without the prior written consent of Lender, which consent shall not unreasonably withheld or delayed, Tenant shall not: (a) amend, modify, terminate or cancel the Lease or any extensions or renewals thereof; (b) make any prepayments of any rent or additional rent in excess of one (1) month; or (c) subordinate or permit the subordination of the Lease to any lien subordinate to the Security Instrument.

7. Notice of Default; Opportunity to Cure. Tenant agrees that prior to exercising any of its rights and remedies under the Lease in the event of any default by Landlord thereunder, including any rights of termination, offset, defense or self-help provisions contained in the Lease, Tenant shall give written notice to Lender of the occurrence of default by Landlord

and Landlord's failure to cure such default pursuant to the terms of the Lease, specifying, with reasonable clarity, the events constituting such default. In the event of a monetary default, Tenant shall give Lender ten (10) calendar days after the date of receipt of such notice to cure such monetary default. In the event of a non-monetary default, Tenant shall give Lender thirty (30) calendar days after the date of receipt of such notice to cure such non-monetary default; however, such thirty (30) day period to be extended for a time reasonably necessary for the completion of the cure of a non-monetary default, if the Lender is proceeding diligently to cure such default.

8. Notices. Any notice required or permitted to be given hereunder must be in writing and given (a) by depositing same in the United States mail, addressed to the party to be notified, postage prepaid and registered or certified with return receipt requested; (b) by delivering the same in person to such party; (c) by transmitting a facsimile copy to the correct facsimile phone number of the intended recipient; or (d) by depositing the same into the custody of a nationally recognized overnight delivery service addressed to the party to be notified. In the event of mailing, notices shall be deemed effective three (3) days after posting; in the event of overnight delivery, notices shall be deemed effective on the next business day following deposit with the delivery service; in the event of personal service or facsimile transmissions, notices shall be deemed effective when delivered. For purposes of notice, the addresses of the parties shall be as follows:

If to Lender, to:

Skagit Bank

Attn: Tim Fitzgerald

Address P. O. Box 285

Address Burlington, WA. 98233

If to Borrower, to:

Pacific Northwest Properties I, LLC

PO Box 271

Burlington, WA 98233

If to Tenant, to:

Superintendent/CEO

Skagit County Public Hospital District No. 1

1400 East Kincaid Street

Mount Vernon, WA 98273

With Copy to:

Bradford E. Furlong

Furlong Butler Attorneys

825 Cleveland Avenue

Mount Vernon, WA 87273

From time to time either party may designate another or additional addresses for all purposes of this Security Instrument by giving the other party no less than ten (10) days' advance notice of such change of address in accordance with the notice provisions hereof.

9. Notice Under Lease. If the Lease entitles Tenant to notice of the existence of any Security Instrument and the identity of any lender, this Agreement shall constitute such notice to Tenant with respect to the Security Instrument and this Lender.

10. Limitation of Liability. Lender shall not, by virtue of this Agreement, the Security Instrument or any other instrument to which Lender may be a party, be or become subject to any liability or obligation to Tenant under the Lease or otherwise, unless specifically set forth herein.

11. Miscellaneous. This Agreement may not be modified or terminated orally. This Agreement shall inure to the benefit of and be binding upon the parties hereto, their heirs, representatives, successors and assigns. The term "Lender" shall mean the holder of any interest in the Security Instrument, from time to time. The term "Landlord" shall mean the holder of the lessor's interest in the Lease, from time to time. The term "person" shall mean any individual, joint venture, corporation, partnership, trust, unincorporated association or other entity. Any inconsistency between the Lease and the provisions of this Agreement shall be resolved in favor of this Agreement.

12. Waivers. BORROWER, TENANT AND LENDER EACH HEREBY AGREE NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVE ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THIS AGREEMENT, THE SECURITY INSTRUMENT OR THE OTHER LOAN DOCUMENTS, OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY BORROWER, TENANT AND LENDER, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH RIGHT TO TRIAL BY JURY WOULD OTHERWISE ACCRUE. BORROWER, TENANT AND LENDER EACH ARE HEREBY AUTHORIZED TO FILE A COPY OF THIS SECTION IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER BY EACH OTHER.

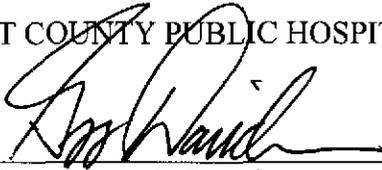
13. Governing Law, Venue and Attorneys' Fees. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington. Venue for any action based hereon shall be brought in Skagit County Superior Court. The prevailing party in any such action shall receive an award of its reasonable attorneys' fees and costs at trial or on any appeal.

IN WITNESS WHEREOF, the parties hereto have executed this Subordination, Non-Disturbance and Attornment Agreement to be effective as the day and year first stated above.

Tenant:

SKAGIT COUNTY PUBLIC HOSPITAL DISTRICT NO. 1

By



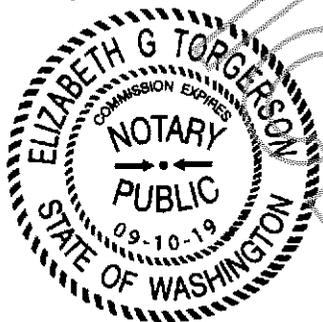
Gregg Agustin Davidson

Its President and Chief Executive Officer

STATE OF Washington)
) ss
COUNTY OF Skagit)

I hereby certify that I know or have satisfactory evidence that Gregg Agustin Davidson is the person who personally appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the President & CEO of Skagit County Public Hospital District No. 1, a Washington municipal corporation, to be the free and voluntary act of such municipal corporation for the uses and purposes mentioned in this instrument.

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



Elizabeth G. Torgerson
Notary Public in and for the State of Washington
Print Notary's Name: Elizabeth G. Torgerson
Residing at: Sedro Woolley
My Commission Expires: 9-10-2019

STATE OF WA)
) ss
COUNTY OF Skagit)

I hereby certify that I know or have satisfactory evidence that Gerald W. Christensen is the person who personally appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Executive Manager of Pacific Northwest Properties I, LLC, a Washington limited liability company, to be the free and voluntary act of such company for the uses and purposes mentioned in this instrument.

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



Teri L. Saben
Notary Public in and for the State of Washington
Print Notary's Name: Teri L. Saben
Residing at: Skagit Co.
My Commission Expires: 12/15/18

Borrower:

PACIFIC NORTHWEST PROPERTIES I, LLC, a Washington limited liability company

By *Genevieve Christensen*

Its _____

Lender:

SKAGIT BANK, a Washington corporation

By *T. P.*

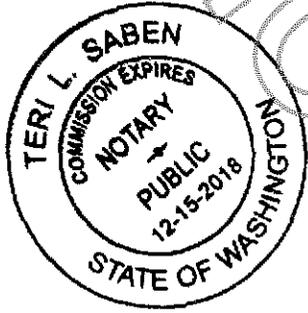
Its *S. V. P.*

UNOFFICIAL DOCUMENT

STATE OF WA)
COUNTY OF Skagit) ss

I hereby certify that I know or have satisfactory evidence that Tim Fitzgerald is the person who personally appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the SVP of Skagit Bank, a Washington corporation, to be the free and voluntary act of such corporation for the uses and purposes mentioned in this instrument.

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



Teri L. Saben
Notary Public in and for the State of Washington
Print Notary's Name: Teri L. Saben
Residing at: Skagit Co.
My Commission Expires: 12/15/18

Legal Description

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

Lots 9 through 17, inclusive, and Lots 20 through 24, inclusive "PARKER BUSINESS CENTER", as per plat recorded in Volume 11 of Plats, pages 91 through 96, inclusive, records of Skagit County, Washington;

TOGETHER WITH all of Jay Way lying between the Southerly extension of the West line of Lot 9 (extended South to the North line of Lot 16) and the West line of 18th Street;

ALSO, TOGETHER WITH the South ½ of Jay Way lying between the Southerly extension of the West line of Lot 9 (extended South to the North line of Lot 16) and the Northerly extensions of the West line of Lot 17.

Lots 9 - 17, inclusive, and Lots 20 - 24, inclusive, and portions of Jay Way in "PARKER BUSINESS CENTER"

Parcel No.: P80383, 4367-000-024-0001, P80382, 4367-000-023-0002, P80381, 4367-000-022-0003, P80380, 4367-000-021-0004, P80379, 4367-000-020-0005, P80372, 4367-000-013-0004, P80373, 4367-000-014-0003, P80375, 4367-000-016-0001, P80376, 4367-000-017-0000, P82662, 4452-000-017-0006, P82659, 4452-000-010-0003, P82660, 4452-000-011-0002, P82661, 4452-000-012-0001, P80369, 4367-000-010-0007, P80368, 4367-000-009-0000, P80371, 4367-000-012-0005, P80370, 4367-000-011-0006, P80374, 4367-000-015-0002