

Recording Requested By,
And After Recording, Return To:
WELLS FARGO BANK,
NATIONAL ASSOCIATION
1451 Thomas Langston Road
Winterville, North Carolina 28590
MAC D1644-018
Attn: CLS-LDCMR



Skagit County Auditor
12/27/2016 Page

201612270205

1 of 6 2:13PM \$78.00

CHICAGO TITLE
620025728

LEASE SUBORDINATION AGREEMENT

Reference No: *unrecorded lease and 201612270203* (DEED OF TRUST)

Grantor (Lessee): DWAYNE LANE'S SKAGIT, INC.

Grantee (Bank): WELLS FARGO BANK, NATIONAL ASSOCIATION

Additional legal(s) on page A-1.

Assessor's Tax Parcel/Account Number(s): P23917 AND P24086

THIS AGREEMENT is entered into as of December 21ST, 2016, by and between DWAYNE LANE'S SKAGIT, INC. ("Lessee"), and WELLS FARGO BANK, NATIONAL ASSOCIATION ("Bank").

RECITALS

A. Bank has extended credit or may hereafter extend credit to LANE PROPERTIES LLC ("Borrower") secured, in whole or in part, by a Deed of Trust (the "Deed of Trust") covering that certain real property situated in Skagit County, Washington, and described on Exhibit A attached hereto and incorporated herein by this reference (the "Property").

B. Lessee leases all or a portion of the Property pursuant to a lease entered into between LANE PROPERTIES LLC ("Lessor") and Lessee dated as of November 24, 2015 (the "Lease"), which Lease has not been recorded. It is a condition of Bank's agreement to extend or continue credit to Borrower secured by the Property that the security of the Deed of Trust be and at all times remain a lien or charge on the Property prior and superior to the rights of Lessee under the Lease.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. SUBORDINATION.

(a) Subordination of Lease. The Deed of Trust and any and all extensions, renewals, modifications or replacements thereof shall be and at all times remain a lien or charge on the Property prior and superior to the Lease. Lessee intentionally and unconditionally waives, relinquishes and subordinates the priority and superiority of the Lease and Lessee's right and interest to the Property thereunder to the lien or charge of the Deed of Trust, and any and all extensions, renewals, modifications or replacements thereof.

(b) Reliance. Lessee acknowledges that Bank, in extending or continuing to extend credit to Borrower secured by the Property is doing so in material reliance on this Agreement.

(c) Acknowledgments of Lessee. Lessee acknowledges that it has such information with respect to any credit extended by Bank to Borrower, and all loan documents executed in connection therewith, as Lessee deems necessary in order to grant this subordination. Lessee further agrees that Bank is under no obligation or duty to, nor has Bank represented that it has or will, see to the application of the proceeds of any such credit by any person or entity, and any application or use of any such proceeds for purposes other than those for which they were intended shall not defeat this subordination.

(d) Entire Subordination Agreement. This Agreement constitutes the whole and only agreement between the parties hereto with regard to the subordination of the Lease to the lien or charge of the Deed of Trust; there are no agreements (written or oral) outside or separate from this Agreement with respect to the subject matter hereof; and all prior negotiations with respect thereto, if any, are merged into this Agreement. This Agreement shall supersede and cancel, but only insofar as would affect the priority between the Deed of Trust and the Lease, any prior agreements as to such subordination, including without limitation those provisions, if any, contained in the Lease which provide for the subordination thereof to the lien of a deed of trust or Deed of Trust affecting all or any portion of the Property.

2. LEASE. Lessee hereby covenants and agrees that, so long as the Deed of Trust remains in force and effect:

(a) No Modification, Termination or Cancellation. Lessee shall not consent to any modification, termination or cancellation of the Lease without Bank's prior written consent.

(b) Notice of Default. Lessee shall notify Bank in writing concurrently with any notice given to Lessor of any breach of or default by Lessor under the Lease. Lessee agrees that Bank shall have the right (but not the obligation) to cure any breach or default specified in such notice within the time periods set forth below, and Lessee shall not declare a default of the Lease, as to Bank, if Bank cures such breach or default within thirty (30) days after the expiration of the time period provided in the Lease for the cure thereof by Lessor; provided however, that if such breach or default cannot with diligence be cured by Bank within such thirty (30) day period, the commencement of action by Bank within such thirty (30) day period to remedy the same shall be deemed sufficient so long as Bank pursues such cure with diligence.

(c) No Advance Rents. Lessee shall not make any payments or prepayments of rent more than one (1) month in advance of the time when the same become due under the Lease.

(d) Assignment of Rents. Upon receipt by Lessee of written notice from Bank that Bank has elected to terminate the license granted to Lessor to collect rents, as provided in the Deed of Trust, and directing Lessee to make payment thereof to Bank, Lessee shall comply with such direction to pay and shall not be required to determine whether Lessor or Borrower is in default under any obligations to Bank.

3. NO LIABILITY OF BANK. Bank shall not be liable to Lessee for any act or omission of any person or entity as a lessor under the Lease, nor for the return of any sums which Lessee may have paid to any other person or entity as a lessor under the Lease as security deposits, advances or otherwise.

4. ESTOPPEL. Lessee acknowledges and represents that:

(a) Lease Effective. The Lease has been duly executed and delivered by Lessee and, subject to the terms and conditions thereof, the Lease is in full force and effect, the obligations of Lessee thereunder are valid and binding, and there have been no amendments, modifications or additions to the Lease (written or oral), other than those included in the Lease definition set forth above. The Lease

constitutes the entire agreement between Lessor and Lessee with respect to the Property, and Lessee claims no rights to the Property other than as set forth in the Lease.

(b) No Default. As of the date hereof and to the best of Lessee's knowledge, (i) there exists no breach of or default under the Lease, nor any condition, act or event which with the giving of notice or the passage of time, or both, would constitute such a breach or default, and (ii) there are no existing claims, defenses or offsets against rental due or to become due under the terms of the Lease.

(c) No Prepaid Rent. No deposits or prepayments of rent have been made in connection with the Lease, except as follows: _____.

5. MISCELLANEOUS.

(a) Remedies Cumulative. All remedies provided herein are cumulative, not exclusive, and shall be in addition to any and all other rights and remedies provided by law and by other agreements between Bank and Borrower, Lessor or any other person or entity.

(b) Costs, Expenses and Attorneys' Fees. If any party hereto institutes any judicial or administrative action or proceeding to enforce any rights or obligations under this Agreement, or seeking damages or any other judicial or administrative remedy, the prevailing party shall be entitled to recover from the other party all costs and expenses including reasonable attorneys' fees (to include outside counsel fees and all allocated costs of the prevailing party's in-house counsel), whether incurred at the trial or appellate level, in an arbitration proceeding or otherwise, and including any of the foregoing incurred in connection with any bankruptcy proceeding (including without limitation, any adversary proceeding, contested matter or motion brought by Bank or any other person) relating to Borrower, Lessee or any other person or entity.

(c) Notices. All notices, requests and demands which any party is required or may desire to give to any other party under any provision of this Agreement must be in writing delivered to each party at the address set forth below its signature, or to such other address as any party may designate by written notice to all other parties. Each such notice, request and demand shall be deemed given or made as follows: (i) if sent by hand delivery, upon delivery; (ii) if sent by mail, upon the earlier of the date of receipt or three (3) days after deposit in the U.S. mail, first class and postage prepaid; and (iii) if sent by telecopy, upon receipt.

(d) Further Assurances. At the request of any party hereto, each other party shall execute, acknowledge and deliver such other documents and/or instruments as may be reasonably required by the requesting party in order to carry out the purpose of this Agreement, provided that no such document or instrument shall modify the rights and obligations of the parties set forth herein.

(e) Borrower; Lessor. If Borrower and Lessor are the same, each reference in this Agreement to Borrower or Lessor shall be deemed a reference to said person or entity in its respective capacity.

(f) Successors, Assigns; Governing Law. This Agreement shall be binding upon and inure to the benefit of the heirs, executors, legal representatives, successors, assigns and other transferees of the parties hereto, and shall be governed by and construed in accordance with the laws of the State of Washington.

(g) Conflicts. In the event of any inconsistency between the terms of this Agreement and the Lease, the terms of this Agreement shall control.

(h) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute and be construed as one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

LESSEE:

DWAYNE LANE'S SKAGIT, INC.

By: Thomas D. Lane
Name: Thomas D. Lane
Title: President
Address: 680 Auto Boulevard
Burlington, Washington 98233

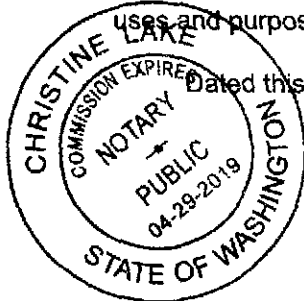
BANK:

WELLS FARGO BANK,
NATIONAL ASSOCIATION

By: Nancy Gonzales
Name: Nancy Gonzales
Title: Assistant Vice President
Address: 1451 Thomas Langston Road
Winterville, North Carolina 28590

STATE OF WASHINGTON)
) ss.
COUNTY OF Snohomish

I certify that I know or have satisfactory evidence that Thomas D. Lane 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 President of DWAYNE LANE'S SKAGIT, INC., a Washington Corporation, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.



Dated this 21 day of December, 2016.

Christine Lake
Notary Public for Washington
My Appointment Expires: 4-29-19

STATE OF WASHINGTON)
) ss.
COUNTY OF Snohomish

I certify that I know or have satisfactory evidence that Nancy Gonzales 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 Assistant Vice President of WELLS FARGO BANK, a national association, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this 21 day of December, 2016.



Christine Lake
Notary Public – State of Washington
My appointment expires: 4-29-19

EXHIBIT A

-A-4-

TO
LEASE SUBORDINATION AGREEMENT
(DEED OF TRUST)

Legal Description of Property:

PARCEL B:

That portion of the East Half of the West Half of Government Lot 9, Section 7, Township 34 North, Range 4 East, W.M., lying North of the County road along the North side of the dike. EXCEPT roads and dike rights of way, AND EXCEPT those portions thereof conveyed to the State of Washington for highway purposes by deeds recorded June 29, 1954, under Auditor's File Nos. 503354 and 503355, records of Skagit County, AND ALSO EXCEPT those portions of condemned and taken by the State of Washington in Skagit County Superior Court Case No. 24797, AND ALSO EXCEPT the following described tract:

That portion of the East Half of the West Half of Government Lot 9, Section 7, Township 34 North, Range 4 East, W.M., lying Northerly of the following described line:

Beginning at the East Quarter corner of said Section 7;
Thence North 89 degrees 04'42" West, along the East-West centerline of said Section 7, 2, 128.72 feet;
Thence South 0 degrees 55'18" West 827.21 feet to a point to be hereinafter referred to as Point "X";
Thence North 89 degrees 04'42" West, parallel with said East-West centerline 137.65 feet to an intersection with the West line of said East Half of the West Half of Government Lot 9, said intersection being the true point of beginning of said line,
Thence South 89 degrees 04'42" East 137.65 feet to said Point "X";
Thence South 78 degrees 36'53" East 187 feet to an intersection with the Westerly line of the State Highway right of way and the terminus of said line.

Situated in Skagit County, Washington.

PARCEL C:

Tract 6, SHORT PLAT NO. 20-77, approved May 12, 1977 and recorded May 18, 1977 in Volume 2 of Short Plats, Page 61 under Auditor's File No. 856678, records of Skagit County, Washington.

EXCEPT that portion along the Northerly and Northwesterly lines thereof, delineated as "Private Road and Utilities Easement" on the face of said short plat.

Situated in Skagit County, Washington.

PARCEL C.1

A non-exclusive easement of ingress, egress and utilities over, under and across private road and utility easement commonly known as Auto Blvd as delineated on the face of SHORT PLAT NO. 19-77, approved May 12, 1977 and recorded May 18, 1977 in Volume 2 of Short Plats, page 60 under Auditor's File No. 856677, records of Skagit County, Washington.

Situated in Skagit County, Washington.

PARCEL D:

Tract 3, SHORT PLAT NO. 19-77, approved May 12, 1977 and recorded May 18, 1977 in Volume 2 of Short Plats, page 60 under Auditor's File No. 856677, records of Skagit County, Washington.

EXCEPT that portion along the Northerly and Northwesterly lines thereof, delineated as "Private Road and Utilities Easement" on the face of said short plat.

Situated in Skagit County, Washington.

PARCEL D.1:

A non-exclusive easement of ingress, egress and utilities over, under and across private road and utility easement commonly known as Auto Blvd as delineated on the face of SHORT PLAT NO. 19-77, approved May 12, 1977 and recorded May 18, 1977 in Volume 2 of Short Plats, page 60 under Auditor's File No. 856677, records of Skagit County, Washington and SHORT PLATS NO. 20-77, approved May 12, 1977 and recorded May 18, 1977 in Volume 2 of Short Plats, page 61 under Auditor's File No. 856678, records of Skagit County, Washington.

Situated in Skagit County, Washington.