



201701120045

Skagit County Auditor

\$78.00

1/12/2017 Page

1 of

6 11:15AM

WHEN RECORDED RETURN TO:

Pyatt Broadmark Management, LLC
600 University St., Suite 1800
Seattle, Washington 98101

CHICAGO TITLE

620029319

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Information Required by RCW Ch. 36.18 and 65.04.

Document Title: Subordination Agreement 201701120044
Reference Number(s) of Document Assigned or Released: AND 201611230065
Grantor(s): Lake 16, LLC, a Washington limited liability company; and, Windward Real Estate Services, LLC, a Washington limited liability company
Grantee: PBRELF I, LLC, a Washington limited liability company
Abbrev. Legal Description: Lot 3, Plat of Creekside Meadows, as recorded February 9, 2010 under Auditor's File No. 201002090002, records of Skagit County, Washington
Assessor's Property Tax Parcel/Account Number(s): P130046/4991-000-003-0000

SUBORDINATION AGREEMENT

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

The undersigned Lender, Subordinator and Owner agree as follows:

1. Lake 16, LLC, a Washington limited liability company ("Subordinator"), is the beneficiary on a Deed of Trust dated November 20, 2016 and recorded on November 23, 2016 under Skagit County Auditor's File No. 201611230065. Said Deed of Trust encumbers the Real property in the County of Skagit, State of Washington, described as follows:

Lot 3, Plat of Creekside Meadows, as recorded February 9, 2010 under Auditor's File No. 201002090002, records of Skagit County, Washington

PHYSICAL ADDRESS: 15164 Deschutes Court, Mount Vernon, WA

TAX ASSESSOR'S TAX PARCEL NO.: P130046/4991-000-003-0000

2. The Deed of Trust recorded under Skagit County Auditor's File No. 201611230065 is referred to herein as the "Subordinated Deed of Trust."

3. PBRELF I, LLC, a Washington limited liability company ("**Lender**") the beneficiary on a Deed of Trust dated December 29, 2016, which is recorded under Skagit County Auditor's File No. 201701120044 (the "**Benefited Deed of Trust**"). The Benefited Deed of Trust secures a Promissory Note in the original principal amount of Three Hundred Twenty Thousand Dollars (\$320,000.00).

4. The Grantor on the Benefited Deed of Trust is Windward Real Estate Services, LLC, a Washington limited liability company ("**Owner**"). Owner is also the Grantor under the Subordinated Deed of Trust. Owner is the fee simple owner of all the real property (the "**Property**") described in the Benefited Deed of Trust and the Subordinated Deed of Trust, which are legally described above.

5. In consideration of benefits to Subordinator from Owner, including Owners' agreement to pay interest and other consideration under the loan secured by the Subordinated Deed of Trust, the receipt and sufficiency of which is hereby acknowledged, and to induce Lender to agree to make its loan to Owner, Subordinator does hereby unconditionally subordinate the lien of the Subordinated Deed of Trust, and both of them, to the lien of the Benefited Deed of Trust, including all advances or charges made or accruing under the Benefited Deed of Trust, including any extensions, renewal or additional advances thereof. Without limitation, the subordination hereunder includes Subordinator's rights to insurance proceeds, condemnation proceeds, assignment of rents and leases, rights under any guaranty by principals of Owner, and all other rights, privileges, powers and assignments whatsoever contained in the Subordinated Deed of Trust, loan documents between Owner (or its predecessor) and/or Owner's principal, or otherwise allowed to Subordinator by contract or by law; Provided, however, the Lender agrees that it will not increase the principal sum of the loan more than 10% without the Subordinator's written approval, which may be withheld in Subordinator's sole discretion.

6. Subordinator acknowledges that, prior to the execution hereof, it has had the opportunity to examine the terms of the Benefited Deed of Trust, the Promissory Note and other loan documents secured thereby or related thereto, and consents to and approves the same, and recognizes that Lender has no obligation to Subordinator to advance any funds under the Benefited Deed of Trust, or see that Lender's loan is applied in any particular manner, including to benefit the Property. Owner's use of funds advanced by Lender for purposes other than those provided for in the Benefited Deed of Trust and the loan documents secured thereby shall not defeat the subordination herein made in whole or in part. Subordinator acknowledges and agrees that Lender would not make the loan to Owner except for the Subordination hereunder. Subordinator agrees that it is forever estopped from asserting a right to any proceeds from the Property until such time as all principal, interest, default interest, late charges and other sums owed to Lender have been paid in full.

7. Notwithstanding any provision herein or in any of the Subordinator's loan documents to the contrary, within five (5) business days after receipt of the information described below in this Section 7, Subordinator shall at its option, pay off the Lender

and take an assignment of its lien and rights, or request of the trustee of the Subordinated Deed of Trust to fully reconvey the lien of the Subordinated Deed of Trust, or either one of them, upon receipt of documentation sufficient to show an event of sale or refinance prompting the removal of such lien. Subordinator acknowledges that any reconveyance by Subordinator shall be conditioned solely upon all of the net sale proceeds from the sale of the Property or net proceeds from refinance, after reasonable and customary costs of sale, being applied to reduce in full or in part the obligation of Owner or its predecessor to Subordinator. The obligation of Subordinator hereunder shall survive any default by any obligor under Subordinator's loan documents.

8. It is understood by the parties hereto that Lender would not make its loan to Owner without the subordination of Subordinator hereunder.

9. In the event the Owner is in default under the loan documents, Lender shall provide the Subordinator written notice of the default which the Subordinator, at his option, may cure or pay off the Lender and take an assignment of its lien and rights; such assignment to be without recourse or warranty by Lender. Subordinator will have five (5) business days after receipt of the notice to cure the default. Should the Subordinator not cure the default, the Lender may proceed to exercise its remedies under the loan documents without any further notice to the Subordinator.

10. This agreement shall be the whole and only agreement between the parties hereto with regard to the subordination of the Subordinated Deed of Trust to the Benefited Deed of Trust and shall supersede and cancel any prior agreements, oral or written, between the parties.

11. The heirs, administrators, assigns and successors in interest of the Subordinator and Owner shall be bound by this agreement.

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

[Signatures on Following Pages]

SUBORDINATOR:

Lake 16, LLC, a Washington limited liability company

By: _____

Its: Manager, Hender

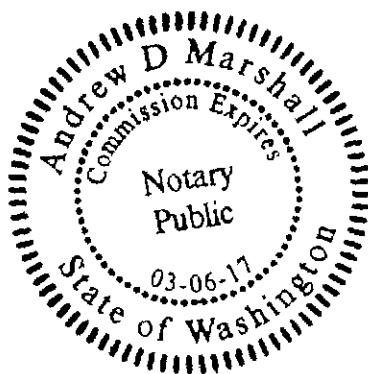
STATE OF WA)

COUNTY OF KING) §

I certify that I know or have satisfactory evidence that James Keri is the person who acknowledged that he/she signed this instrument and on oath stated that he/she was authorized to execute the instrument and acknowledged it as the Manager of Lake 16, LLC, a Washington Limited Liability Company, to be his/her free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: Jan 11, 2017.

(SEAL/STAMP)



Andrew D Marshall
Print Name: Andrew D Marshall
NOTARY PUBLIC in and for the state of
WA residing in Bellevue
My appointment expires 03/06/17

OWNER:

Windward Real Estate Services, LLC, a Washington limited liability company

By: _____

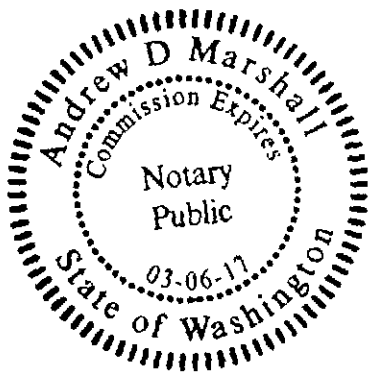
James Tosti, President

STATE OF WA)
COUNTY OF KING) §

I certify that I know or have satisfactory evidence that James Tosti is the person who acknowledged that he signed this instrument and on oath stated that he was authorized to execute the instrument and acknowledged it as the President of Windward Real Estate Services, LLC, a Washington limited liability company, to be his free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: June 10th, 2017.

(SEAL/STAMP)



Andrew D Marshall
Print Name: Andrew D Marshall
NOTARY PUBLIC in and for the state of
WA residing in Belleuve
My appointment expires 03/06/17

LENDER:

PBRELF I, LLC, a Washington corporation

By: 

Jeffrey B. Pyatt, President

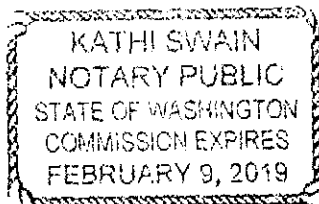
STATE OF WASHINGTON)


COUNTY OF KING) §

I certify that I know or have satisfactory evidence that Jeffrey B. Pyatt is the person who acknowledged that he signed this instrument and on oath stated that he was authorized to execute the instrument and acknowledged it as the President of PBRELF I, LLC, a Washington corporation, to be his free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: JANUARY 3, 2017.

(SEAL/STAMP)




Print Name: KATHI SWAIN
NOTARY PUBLIC in and for the state of
WASHINGTON residing in SHORELAND
My appointment expires FEB 9, 2019