

RETURN ADDRESS:
Columbia State Bank
Attn: Loan Operations/CRE Closing
2228 S. 78th Street
MS: 6100
Tacoma, WA 98409



201807260076

07/26/2018 03:39 PM Pages: 1 of 9 Fees: \$107.00
Skagit County Auditor

GUARDIAN NORTHWEST TITLE CO.

UNRECORDED LEASE

BJ # 201807260074

SPACE ABOVE FOR RECORDER'S USE ONLY

DOCUMENT TITLE: LEASE SUBORDINATION AGREEMENT

115465

GRANTOR NO. 1: ANDREW NALIN, D.D.S

GRANTOR NO. 2: SHERI NALIN

GRANTOR NO. 3: ROBERT E. KELLUM AND JENNIFER D. DECARO

GRANTEE: COLUMBIA STATE BANK

ABBREVIATED LEGAL DESCRIPTION: LOT A, KULSHAN VIEW NO. 1

FULL LEGAL DESCRIPTION ON: EXHIBIT A attached hereto.

ASSESSOR'S TAX NUMBERS: 4421-000-001-0002 (P82036)

LEASE SUBORDINATION AGREEMENT

THIS LEASE SUBORDINATION AGREEMENT (this "*Agreement*") is made as of 19 July, 2018, by and among COLUMBIA STATE BANK ("*Lender*"), ANDREW NALIN, D.D.S. and SHERI NALIN. (collectively "*Tenant*"), and ROBERT E. KELLUM AND JENNIFER D. DECARO (collectively "*Landlord*").

RECITALS

A. Tenant and Loughlin Properties, LLC ("*Original Landlord*") entered into a Lease Agreement dated April 1, 2012, as amended by Amendment dated January 24, 2017 (as now or hereafter amended, the "*Lease*"), covering certain premises more fully described in the Lease (the "*Premises*"), which Premises are a part of the real property located in Mount Vernon, Washington, and legally described in Exhibit A attached hereto (the "*Property*").

B. As of the date this Agreement is recorded, the Property will be conveyed, and the Lease assigned, by Loughlin Properties, LLC, the current landlord, to Landlord.

C. Lender has made or agreed to make a loan ("*Loan*") to Landlord, secured by among other things, a Deed of Trust ("*Deed of Trust*") and Assignment of Rents ("*Assignment of Rents*") covering the Property. The Assignment of Rents includes an assignment to Lender of Landlord's interest under the Lease. The Assignment of Rents will be recorded under Skagit County Recording Number 201807260075.

D. Lender's agreement to make the Loan is conditioned on Tenant's subordination of the Lease to the Security Documents, and Tenant's agreement to attorn to Lender (or other future owners of the Property) if possession of the Property is obtained by foreclosure or deed in lieu of foreclosure. Tenant is willing to do so in consideration of Lender's agreement not to disturb Tenant's possession of the Premises under the Lease as more particularly set forth below.

Agreement

NOW, THEREFORE, in order to induce Lender to make the Loan, Tenant agrees as provided below.

1. **Subordination.** Tenant hereby subjects and subordinates all of its rights under the Lease to the lien of, and all of Lender's rights under, the Security Agreements and the promissory note(s), loan agreement and all other documents evidencing, securing or governing the Loan, and all advances made or to be made thereunder, and to any increases in loan amount, renewals, extensions, modifications, refinances, or replacements thereof.

2. **Nondisturbance.** Lender agrees that Tenant's possession of the Premises shall not be disturbed by Lender during the term of the Lease, and Lender shall not join Tenant in any action or proceeding for the purpose of terminating the Lease, except upon the occurrence of a default by Tenant under the Lease and the continuance of such default beyond any cure period given under the lease.

3. **Attornment.** If Lender obtains possession of the Property by foreclosure or deed in lieu of foreclosure, Tenant shall attorn to Lender and recognize Lender as the landlord under the Lease for the unexpired term provided, Lender shall not be; (i) subject to any offsets or defenses, or otherwise liable, for any act or omission of Landlord, (ii) bound by any amendment, modification, or waiver of any of the provisions of the Lease, unless the amendment, modification or waiver was approved by Lender in writing, (iii) liable for the return of any security or other deposit under the Lease unless the deposit is paid to Lender, (iv) bound by any payment of rent under the Lease made by Tenant more than one (1) month in advance of the due date, or (v) bound by any option, right of first refusal, or similar right of Tenant to lease any portion of the Property (other than the Premises), or to purchase any portion of the Property. Lender's obligations as landlord under the Lease after obtaining possession of the Property by foreclosure or deed in lieu of foreclosure shall terminate upon Lender's subsequent transfer of its interest in the Property.

4. **Termination of Lease.** Notwithstanding any other provision of this Agreement, if Lender obtains ownership of the Property by foreclosure or deed in lieu of foreclosure and the Lease requires Landlord to construct any improvements on the Premises or Property, the Lease shall terminate unless (i) Lender delivers written notice to Tenant expressly assuming such obligation within thirty (30) days after the foreclosure sale or deed in lieu of foreclosure, or (ii) Tenant waives such obligation by delivery of written notice to Lender within thirty (30) days after receiving notice of the foreclosure or deed in lieu of foreclosure.

5. **Representations and Warranties.** Tenant represents and warrants to Lender that (i) Tenant has accepted possession and now occupies the Premises and is currently open for business, (ii) the Lease is the only lease or agreement between Tenant and Landlord affecting the Premises, and is in full force and effect without amendment, alteration, change or modification (except as otherwise indicated in Recital A above), (iii) no rental payments and other charges have been prepaid for more than one (1) month, (iv) Tenant has no existing defenses against enforcement of the Lease by Landlord, and Tenant is entitled to no free rent, offsets, deductions or other leasing concessions, and (v) no actions are pending against Tenant under the bankruptcy laws of the United States or any State.

6. **Covenants of Tenant.** Tenant covenants and agrees with Lender as follows:

(a) Tenant shall pay to Lender all rent and other payments payable to Landlord under the Lease upon written demand from Lender. The consent and approval of Landlord to this Agreement shall constitute an express authorization for Tenant to make the payments to Lender and a release and discharge of all liability of Tenant to Landlord for the payments made to Lender.

(b) Without Lender's prior written consent, Tenant shall enter into no material amendment or modification of the Lease.

(c) Without Lender's prior written consent, Tenant shall not accept Landlord's waiver or release of Tenant's obligations under the Lease or a termination of the Lease.

(d) Tenant shall not subordinate its rights under the Lease to any other mortgage, deed of trust or other security instrument without the prior written consent of Lender.

(e) In the event the Lease is rejected or deemed rejected in any bankruptcy proceeding with respect to Landlord, Tenant shall not exercise its option to treat the Lease as terminated under 11 U.S.C. 365(h), as amended.

(f) Tenant shall promptly deliver written notice to Lender of any default by Landlord under the Lease. Lender shall have the right to cure such default, and Tenant agrees not to invoke any of its remedies for the default during any period Lender is proceeding to cure the default with due diligence, or is attempting to obtain the right to enter the Premises to cure the default.

(g) Tenant shall execute a subordination, non disturbance and attornment agreement for any mortgage loan used to refinance and pay off the Loan; provided that the form of agreement required by the new mortgage lender is substantially the same as this Agreement.

7. **Effect of Assignment.** Lender shall not be liable for any of the obligations of Landlord to Tenant under the Lease unless and until Lender has obtained possession of the Property by foreclosure or deed in lieu of foreclosure, and then only to the extent provided in Section 3.

8. **Costs and Attorneys' Fees.** In the event of any claim or dispute arising out of this Agreement, the party that substantially prevails shall be awarded, in addition to all other relief, all attorneys' fees and other costs and expenses incurred in connection with such claim or dispute; including without limitation those fees, costs and expenses incurred before or after suit, and in any arbitration, any appeal, any proceedings under any present or future bankruptcy act or state receivership, and any post-judgment proceedings.

9. **Notices.** All notices to be given under this Agreement shall be in writing and personally delivered or mailed, postage prepaid, certified or registered mail, return receipt requested, to Lender at the address indicated on the first page of this Agreement, and to Tenant at 2210 Kulshan View, Mount Vernon, Washington, 98273. All notices which are mailed shall be deemed given three (3) days after the postmark thereof. Either party may change their address by delivery of written notice to the other party.

10. **Miscellaneous.** This Agreement may not be modified except in writing and executed by the parties hereto or their successors in interest. This Agreement shall inure to the benefit of and be binding upon the parties and their successors and assigns. Without limiting the foregoing, Lender may assign, pledge or otherwise transfer any promissory note(s) evidencing the Loan and/or any other documents, executed in connection with the Loan or any part thereof or any interest therein or rights thereunder without notice, and in such event the assignee shall have, at the option of lender, the same rights as if originally named herein in place of Lender. As used in the Agreement, "Landlord" shall include Landlord's predecessors and successors in interest under the Lease and "Lender" shall include any purchaser of the Property at any foreclosure sale or any subsequent owner. If any provision of the Agreement is determined to be invalid, illegal or unenforceable, such provision shall be considered severed from the rest of this Agreement and the remaining provisions shall continue in full force and effect as if such provision has not been included. This Agreement shall be governed by the laws of the State of Washington. This Agreement is to be recorded concurrently with the recording of the Security Agreements and Tenant authorizes Lender or its agent to insert the appropriate recording number. This Agreement may be executed in any number of counterparts, all of which when taken together will constitute one and the same instrument.

[signatures on following page]

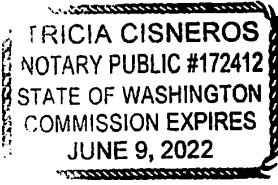
TENANT: ANDREW NALIN, D.D.S. AND SHERI NALIN

By: Andrew Nalin
Andrew Nalin, D.D.S.

By: Sheri Nalin
Sheri Nalin

STATE OF Washington)
COUNTY OF Skagit) ss. INDIVIDUAL ACKNOWLEDGEMENT

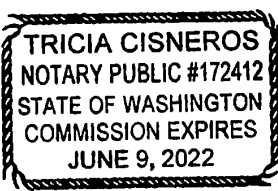
On this 23 day of July, 2018, before me, the undersigned Notary Public, personally appeared Andrew Nalin, D.D.S personally known to me or proved to me on the basis of satisfactory evidence to be the individuals described in and who executed the foregoing instrument, and acknowledged that they signed said instrument as their free and voluntary act and deed for the uses and purposes therein mentioned.



By: Tricia Cisneros
Name Printed TRICIA CISNEROS
Residing at Burlington WA
Notary Public in and for the State of WA
My commission expires 6-9-22

STATE OF Washington)
COUNTY OF Skagit) ss. INDIVIDUAL ACKNOWLEDGEMENT

On this 23 day of July, 2018, before me, the undersigned Notary Public, personally appeared Sheri Nalin personally known to me or proved to me on the basis of satisfactory evidence to be the individuals described in and who executed the foregoing instrument, and acknowledged that they signed said instrument as their free and voluntary act and deed for the uses and purposes therein mentioned.



By: Tricia Cisneros
Name Printed TRICIA CISNEROS
Residing at Burlington WA
Notary Public in and for the State of WA
My commission expires 6-9-22

The undersigned Landlord consents and agrees to the foregoing Lease Subordination Agreement.

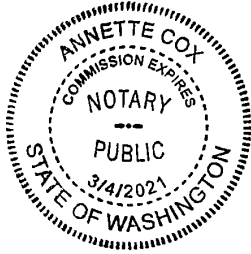
LANDLORD:

By: [Signature]
Robert E. Kellum

By: [Signature]
Jennifer D. Decaro

STATE OF WA) INDIVIDUAL ACKNOWLEDGEMENT
)
COUNTY OF King) ss.

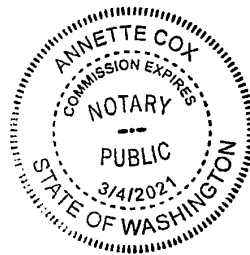
On this 13 day of July, 2018, before me, the undersigned Notary Public, personally appeared Robert E. Kellum personally known to me or proved to me on the basis of satisfactory evidence to be the individuals described in and who executed the foregoing instrument, and acknowledged that they signed said instrument as their free and voluntary act and deed for the uses and purposes therein mentioned.



By: [Signature]
Name Printed Annette Cox
Residing at Kirkland
Notary Public in and for the State of WA
My commission expires 3/4/21

STATE OF Wa) INDIVIDUAL ACKNOWLEDGEMENT
)
COUNTY OF King) ss.

On this 13 day of July, 2018, before me, the undersigned Notary Public, personally appeared Jennifer D. Decaro personally known to me or proved to me on the basis of satisfactory evidence to be the individuals described in and who executed the foregoing instrument, and acknowledged that they signed said instrument as their free and voluntary act and deed for the uses and purposes therein mentioned.



By: [Signature]
Name Printed Annette Cox
Residing at Kirkland W.
Notary Public in and for the State of WA
My commission expires 3/4/21

EXHIBIT "A"
LEGAL DESCRIPTION

Lot A, "Plat of Kulshan View, Division No. 1," as per plat recorded in Volume 13 of Plats, page 8, records of Skagit County, Washington.

Situate in the County of Skagit, State of Washington.