

Recording Requested By,
And After Recording, Return To:
WELLS FARGO BANK,
NATIONAL ASSOCIATION
MAC C7300-033
1700 Lincoln Street, 3rd floor
Denver, Colorado 80203
Attention: Loan Documentation



202008310276

08/31/2020 03:21 PM Pages: 1 of 9 Fees: \$111.50
Skagit County Auditor

ACCOMMODATION RECORDING

CT 620043494 CHICAGO TITLE

LEASE SUBORDINATION AGREEMENT
(DEED OF TRUST)

Grantor (Lessee): JANICKI INDUSTRIES, INC.

Grantee (Bank): WELLS FARGO BANK, NATIONAL ASSOCIATION

Legal Description (abbreviated): Ptn. Blks. 3 & 4, Woolley, The Hub of Skagit; also Sec. 24, Twn. 35 N., Rng. 4 E; Ptn. NE SE; Skagit Co, WA

Additional legal(s) on Exhibit A.
Assessor's Tax Parcel/Account

Number(s): 350424-0-143-0104; 4177-004-007-0103; 4177-004-900-0101;
4177-003-007-0105

Reference No. of Lease: Unrecorded lease dated June 17, 2020; 201709130030; and Assumption Agreement recorded concurrently herewith

THIS AGREEMENT is entered into as of August 25, 2020, by and between JANICKI INDUSTRIES, INC. ("Lessee"), and WELLS FARGO BANK, NATIONAL ASSOCIATION ("Bank").

RECITALS

A. Bank has extended credit or may hereafter extend credit to 222 Ferry Street, 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 222 Ferry Street, LLC ("Lessor") and Lessee dated as of June 17, 2020 (the "Lease"). 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 unconditionally and at all times remain a lien or charge upon 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 mortgage 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:

JANICKI INDUSTRIES, INC.

By: Peter W. Janicki
Name: Peter W. Janicki
Title: CEO

Address: 719 Metcalf Street
Sedro-Woolley, WA 98284
Attn: President

BANK:

WELLS FARGO BANK,
NATIONAL ASSOCIATION

By: _____
Name: Lachlan Pegg
Title: Vice President

Address: MAC P6478-059
205 108th Ave. N.E., Suite 500
Bellevue, WA 98004
Attn: Lachlan Pegg

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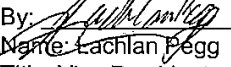
LESSEE:

BANK:

JANICKI INDUSTRIES, INC.

WELLS FARGO BANK,
NATIONAL ASSOCIATION

By: _____
Name: Peter W. Janicki
Title: President

By: 
Name: Lachlan Pegg
Title: Vice President

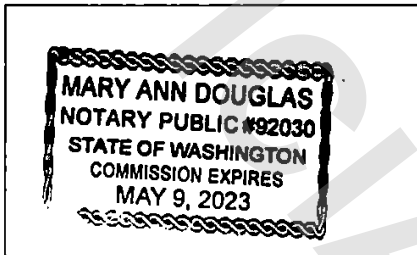
Address: 719 Metcalf Street
Sedro-Woolley, WA 98284
Attn: President

Address: MAC P6478-059
205 108th Ave. N.E., Suite 500
Bellevue, WA 98004
Attn: Lachlan Pegg

STATE OF WASHINGTON)
COUNTY OF SKAGIT) ss.

On this 26th day of August, 2020, before me personally appeared Peter W. Janicki, to me known to be the CEO of JANICKI INDUSTRIES, INC., that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said entity, for the uses and purposes therein mentioned, and on oath stated that he or she was authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.



(Use this space for notarial stamp/seal)

Mary Ann Douglas
(Signature of officer)
Notary Public in and for the State of
Washington, residing at SKAGIT County
My commission expires: MAY 9, 2023

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.



(Use this space for notarial stamp/seal)

Stephani Seigl
(Signature of officer)
Notary Public in and for the State of
Washington, residing at Seattle, WA
My commission expires: November 23, 2023

EXHIBIT A
TO
LEASE SUBORDINATION AGREEMENT
(DEED OF TRUST)

Description of Property

ALL THAT PORTION OF THE FOLLOWING DESCRIBED TRACTS OF LAND (DESIGNATED AS PARCELS "A", "B", "C" AND "D") LYING EASTERLY OF A LINE WHICH IS PARALLEL TO AND 165 FEET WEST OF, AND MEASURED AT RIGHT ANGLES TO, THE WEST LINE OF MURDOCK STREET AS ESTABLISHED IN THE CITY OF SEDRO WOOLLEY:

PARCEL "A":

LOTS 1 TO 7, INCLUSIVE, BLOCK 4, OF "WOOLLEY, THE HUB OF SKAGIT COUNTY, WASHINGTON", AS PER PLAT RECORDED IN VOLUME 2 OF PLATS, PAGE 92, RECORDS OF SKAGIT COUNTY;
TOGETHER WITH THE VACATED ALLEY IN SAID BLOCK 4, WHICH UPON VACATION REVERTED TO SAID PREMISES BY OPERATION OF LAW.

SITUATE IN THE CITY OF SEDRO-WOOLLEY, COUNTY OF SKAGIT, STATE OF WASHINGTON.

PARCEL "B":

THAT PORTION OF THE NORTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 24, TOWNSHIP 35 NORTH, RANGE 4 EAST OF THE WILLAMETTE MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF BLOCK 4, "WOOLLEY, THE HUB OF SKAGIT COUNTY, WASHINGTON," AS PER PLAT RECORDED IN VOLUME 2 OF PLATS, PAGE 92; THENCE NORTH ALONG THE WEST LINE OF MURDOCK STREET 30 FEET;
THENCE WESTERLY PARALLEL WITH THE NORTHERLY LINE OF BLOCK 4 OF SAID PLAT OF "WOOLLEY" TO THE FORMER FAIRHAVEN AND SOUTHERN (LATER GREAT NORTHERN) RAILWAY RIGHT-OF-WAY;
THENCE SOUTHEASTERLY ALONG SAID ABANDONED RIGHT-OF-WAY TO THE NORTHWEST CORNER OF SAID BLOCK 4; THENCE EASTERLY ALONG THE NORTHERLY LINE OF SAID BLOCK 4 TO THE POINT OF BEGINNING.

SITUATE IN THE CITY OF SEDRO-WOOLLEY, COUNTY OF SKAGIT, STATE OF WASHINGTON.

PARCEL "C":

THAT PORTION OF A STRIP OF LAND 100 FEET WIDE IN THE NORTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 24, TOWNSHIP 35 NORTH, RANGE 4 EAST OF THE WILLAMETTE MERIDIAN, BEING 50 FEET WIDE ON EACH SIDE OF THE CENTERLINE OF THE FAIRHAVEN AND SOUTHERN RAILROAD COMPANY SPUR (LATER GREAT NORTHERN RAILWAY COMPANY) AS ORIGINALLY LOCATED AND ESTABLISHED AND CONVEYED TO SAID COMPANY BY DEED RECORDED SEPTEMBER 25, 1893, UNDER AUDITOR'S FILE NO. 17519 IN VOLUME 26 OF DEEDS, PAGE 574, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST SOUTHERLY CORNER OF SAID BLOCK 4, PLAT OF "WOOLLEY", SAID POINT BEING THE INTERSECTION OF THE WEST LINE OF MURDOCK STREET AND THE NORTHEASTERLY LINE OF SAID FORMER FAIRHAVEN AND SOUTHERN RAILROAD COMPANY RIGHT-OF-WAY; THENCE NORTHWESTERLY ALONG THE NORTHEASTERLY LINE OF SAID FAIRHAVEN AND SOUTHERN RAILROAD COMPANY RIGHT-OF-WAY TO THE SOUTHERLY LINE OF THAT CERTAIN TRACT CONVEYED TO THE SEATTLE AND MONTANA RAILROAD COMPANY, A CORPORATION, BY THAT DEED DATED JULY 24, 1906, AND RECORDED AUGUST 16, 1906, IN VOLUME 62 OF DEEDS, PAGE 286; THENCE WESTERLY ALONG THE SOUTHERLY LINE, AND THE SOUTHERLY LINE EXTENDED, OF SAID TRACT TO THE WESTERLY LINE OF BLOCK 3, OF SAID PLAT OF "WOOLLEY", EXTENDED NORTH; THENCE SOUTH ALONG THE EXTENDED WESTERLY LINE OF SAID BLOCK 3 OF THE SOUTHWESTERLY LINE OF SAID FAIRHAVEN AND SOUTHERN RAILROAD COMPANY RIGHT-OF-WAY; THENCE SOUTHEASTERLY ALONG SAID RAILROAD RIGHT-OF-WAY TO THE NORTH LINE OF FERRY STREET; THENCE EAST ALONG THE NORTH LINE OF FERRY STREET TO THE WEST LINE OF MURDOCK STREET; THENCE NORTH TO THE POINT OF BEGINNING.

SITUATE IN THE CITY OF SEDRO-WOOLLEY, COUNTY OF SKAGIT, STATE OF WASHINGTON.

PARCEL "D":

LOT 7, BLOCK 3, "WOOLLEY, THE HUB OF SKAGIT COUNTY, WASHINGTON", AS PER PLAT RECORDED IN VOLUME 2 OF PLATS, PAGE 92, RECORDS OF SKAGIT COUNTY, WASHINGTON;

TOGETHER WITH THAT PORTION OF VACATED STREET ADJACENT THERETO, WHICH UPON VACATION REVERTED TO SAID PREMISES BY OPERATION OF LAW.

SITUATE IN THE CITY OF SEDRO-WOOLLEY, COUNTY OF SKAGIT, STATE OF WASHINGTON.

{END OF EXHIBIT A}