

When Recorded Return to:

WASHINGTON FEDERAL BANK
425 Pike St, 4th Floor
Seattle, WA 98101
Attn: Commercial Loan Processing

SUBORDINATION, NON-DISTURBANCE, AND ATTORNMENT AGREEMENT

Grantor:	PUBLIC HOSPITAL DISTRICT NO.1, SKAGIT COUNTY, WASHINGTON, a Washington municipal corporation formed pursuant to Chapter 70.44 RCW dba SKAGIT REGIONAL HEALTH (Tenant)
	SVH PARTNERS LLC (Landlord)
Grantee:	WASHINGTON FEDERAL BANK, a Washington state-chartered commercial bank dba WAFC BANK
Legal Description (abbreviated):	Plt Lot 5 and Lots 6-7, Blk 1 and Lots 5-16, Blk 2, Hartley & Rings Add, in Skagit County, Washington
<input checked="" type="checkbox"/> Complete legal on <u>EXHIBIT A</u>	
Assessor's Tax Parcel Identification No(s):	P53025 / 3727-002-015-0006; P53018 / 3727-002-003-0006; P53011 / 3727-001-006-0008; P53024 / 3727-002-014-0006; P53012 / 3727-001-007-0007; P53019 / 3727-002-007-0005; P53023 / 3727-002-013-0007; P53022 / 3727-002-011-0009; P53020 / 3727-002-008-0004; P53021 / 3727-002-019-0000; P53009 / 3727-001-005-0009; P53026 / 3727-002-016-0004
Reference No. of Related Documents:	Unrecorded lease DOT recording #: E 202204280065

THIS SUBORDINATION, NON-DISTURBANCE, AND ATTORNMENT AGREEMENT (this "**Agreement**") is made as of April 27, 2022, by and between WASHINGTON FEDERAL BANK, a Washington state-chartered commercial bank dba WAFC BANK, whose address is 425 Pike St, 4th Floor, Seattle, WA 98101, Attn: Commercial Loan Processing, and its successors and assigns ("**Lender**"), and PUBLIC HOSPITAL DISTRICT NO.1, SKAGIT COUNTY, WASHINGTON, a Washington municipal corporation formed pursuant to Chapter 70.44 RCW dba SKAGIT REGIONAL HEALTH, having an address at 300 Hospital Parkway, Mount Vernon, WA 98273, Attn: Paul Ishizuka, Chief Financial Officer ("**Tenant**").

RECITALS

A. Tenant has entered into a lease for all of the property located in Skagit County, Washington, and more particularly described on EXHIBIT A attached hereto (the "**Property**"), pursuant to a lease between SVH PARTNERS LLC, a Washington limited liability company (with its successors in interest, "**Borrower**"), as landlord, and Tenant, as tenant, as such

lease may have been amended, restated or assigned (the "**Lease**"). The portion of the Property now or subsequently leased by Tenant is referred to herein as the "**Premises**."

B. Lender is making a loan to Borrower (the "**Loan**") secured by a Deed of Trust granted concurrently herewith by Borrower for the benefit of Lender (the "**Deed of Trust**"), recorded against the Property. The documents evidencing, governing, or securing the Loan are collectively referred to herein as the "**Loan Documents**."

C. Tenant has agreed to subordinate the Lease to the lien of the Deed of Trust, on the terms and conditions set forth below.

AGREEMENT

For good and valuable consideration, Tenant and Lender agree as follows:

1. **SUBORDINATION.** The Lease and all of the terms, covenants and provisions thereof and all rights and remedies of Tenant thereunder, including, without limitation, any rights to payment of insurance proceeds or condemnation awards, shall at all times be subject and subordinate in all respects to lien of the Deed of Trust, as may be amended, modified, extended or restated.

2. **NON-DISTURBANCE.** If any action or proceeding is commenced by Lender to foreclose the Deed of Trust or sell the Property, Tenant shall not be named as a party therein unless such joinder is required by law; *provided, however*, such joinder shall not result in termination of the Lease or disturb Tenant's possession or use of the Premises, and the sale of the Property in any such action or proceeding, and the exercise by Lender of any of its other rights under the Loan Documents, shall be made subject to all rights of Tenant under the Lease, so long as Tenant is not in default under the Lease or this Agreement beyond any applicable grace, notice and cure period.

3. **ATTORNMEN.** If (a) Lender or any other purchaser of the Property becomes the owner of the Property by reason of the foreclosure of the Deed of Trust or the acceptance of a conveyance in lieu of foreclosure or by reason of any other enforcement of the Deed of Trust (Lender or such other purchaser being hereinafter referred to as "**Purchaser**"), and (b) there was no default by Tenant permitting Purchaser to terminate the Lease in accordance with Section 2 above, then, upon Purchaser's acquisition of the Property, the Lease shall not be terminated by Purchaser's acquisition, but shall continue in full force and effect as a direct lease between Purchaser and Tenant. Tenant agrees to attorn to Purchaser, and Purchaser, by virtue of acquiring the Property, shall be deemed to have agreed to accept such attornment.

4. **LENDER NOT SURETY.** Lender does not guarantee Borrower's performance under the Lease, and nothing in this Agreement or at law or in equity will be deemed to be or construed as constituting Lender or any other Purchaser as a surety for the performance of any of Borrower's obligations under the Lease, either before or after Lender's acquisition of the Property, provided that Lender will, upon acquisition of the Property, be obligated to perform the obligations of the landlord under the Lease, except that Lender shall not be required to complete construction of the Improvements, as such term is defined in the Lease, and Lender shall not be obligated to cure any existing defaults of Borrower under the Lease. Without limiting the foregoing, Purchaser shall not be (a) liable for any act or omission of any prior landlord (any such prior landlord, including Borrower and Borrower's successors-in-interest, being hereinafter referred to as a "**Prior Landlord**") occurring before the date Purchaser obtains ownership of the Property except (i) Purchaser shall generally comply with the terms of the Lease as if it were landlord thereunder as of the date it becomes a Purchaser (other than any obligation to complete construction of the Improvements), or (ii) to the extent there is third party coverage available, such as third party warranties or insurance proceeds; (b) subject to any offsets, defenses, abatement or counterclaims that have accrued in favor of Tenant against any Prior Landlord prior to the date upon which Purchaser became the owner of the Property except for any offset, abatement, or counterclaim rights expressly set forth in the Lease or for which Purchaser received written notice prior to the date Purchaser became the owner of the Premises; (c) liable for the return of security deposits, if any, paid by Tenant to any Prior Landlord, unless Purchaser actually receives such security deposits; (d) bound by any payment of rent, additional rent or other sums paid more than one month in advance unless such sums are actually received by Purchaser, except for the Rent Credit (as defined below); (e) responsible for repairing or restoring the Property in the case of damage or destruction that occurred prior to Purchaser's acquisition of the Property except as expressly required in the Lease; (f) liable for payment of any tenant improvement allowance or performance of any tenant improvements except (i) for the Rent Credit, and (ii) as otherwise described in Section 5 below; (g) bound by any amendment of the Lease made, or given without Lender's written consent if Lender's consent to the Lease modification is required by the Loan Documents, except, for amendments or modifications contemplated in the Lease or that reflect the exercise of Tenant's rights under the Lease (e.g. options to extend); (h) bound by any indemnity or defense obligation of Prior Landlord for any condition arising or event occurring

prior to Purchaser's acquisition of the Property; or (i) liable for any representations or warranties of any Prior Landlord. If any liability of Purchaser arises under this Agreement or the Lease, such liability shall be limited and restricted to Purchaser's interest in the Property and shall in no event exceed such interest.

5. **TENANT'S ESTOPPEL.** Tenant hereby certifies to and agrees with Lender that as of the date of this Agreement: (a) the Lease is in full force and effect and is the valid and binding obligation of Tenant, enforceable in accordance with its terms; (b) to the knowledge of the undersigned, neither Tenant nor Borrower is in default under the Lease and no event has occurred and no condition exists, which with the giving of notice, the passage of time, or both, would constitute a default by Tenant or Borrower under the Lease; (c) to the knowledge of the undersigned, there are no defenses, counterclaims or setoffs against rents or charges due or which may become due under the Lease and no claim by Tenant of any nature exists against Borrower under the Lease; (d) rent has not been and will not be prepaid more than one month in advance, except Tenant is entitled to a credit in the amount of \$200,000 against the Base Rent (the "*Rent Credit*") payable by Tenant pursuant to the Lease for amounts paid by Tenant pursuant to the Reimbursement Agreement (as defined in the Lease); (e) the Lease has not been modified or amended except for the amendments disclosed herein; (f) Tenant has not assigned, mortgaged, sublet, encumbered or otherwise transferred any or all of its interest under the Lease and, during the term of the Loan, agrees to not assign, mortgage, sublet, encumber, or otherwise transfer any or all of its interest under the Lease without the prior written consent of Lender, except for a Permitted Sublease or to a Permitted Assignee in accordance with Section 15.2 of the Lease; (g) other than Tenant's option to purchase the Premises pursuant to Section 18.13 and Exhibit F of the Lease, and Tenant's right of first offer described in Section 18.14 of the Lease, Tenant does not have an option to purchase the Premises or the Property, nor does it have a right of first refusal or any other right to acquire the Premises or the Property at any time; and (h) the individual(s) signing this Agreement are authorized to do so on behalf of the parties for whom they are signing.

6. **NOTICE TO LENDER AND RIGHT TO CURE.** Tenant agrees to notify Lender in writing of any default of Borrower under the Lease. Tenant agrees that if Borrower fails to cure the default within the cure period afforded Borrower in the Lease, then Lender will have the greater of (i) thirty (30) days after receipt of written notice of the default, or (ii) ten (10) Business Days after the expiration of any cure period provided to the landlord under the Lease, to cure the default or if the default cannot be cured within that time, then such additional time as may be reasonably necessary to complete the cure, but only if within the 30-day period Lender commences and diligently pursues the remedies necessary to cure such default (if necessary to effectuate the cure, then such additional time will include a reasonable time to obtain possession of the Property or have a receiver appointed). Notwithstanding the foregoing, Tenant agrees not to exercise its remedies for a landlord default until expiration of Lender's cure period, including the extensions afforded Lender under this Section 6. As used herein, "Business Days" shall mean all days except Saturday, Sunday, or any day which is a legal holiday or any day on which banking institutions are authorized or required by law or other governmental action to close.

7. **RENT PAYMENTS TO LENDER.** After Lender delivers notice to Tenant that Borrower is in default under the Loan Documents and the amounts due Borrower under the Lease should be paid to Lender, Tenant shall thereafter pay directly to Lender or as directed by Lender, all rent and other amounts due or to become due to Borrower under the Lease. Borrower hereby authorizes Tenant to make such payments directly to Lender and releases and discharges Tenant from any liability to Borrower on account of any such payments. Tenant shall not be required to investigate the validity of any such notice from Lender, regardless of any contrary notice from Borrower, and after such notice from Lender, payment to Lender shall fully satisfy Tenant's obligation to make such payment under the Lease.

8. **TENANT RIGHTS.** In the event that an Event of Default (as defined in the Loan Documents) occurs under the Loan Documents prior to Borrower achieving substantial completion of the Improvements in accordance with the Loan Documents, reasonably concurrently with Lender exercising its rights under the Loan Documents with respect to such Event of Default, Lender will give notice to Tenant that it either (a) elects to complete the construction of the Improvements in accordance with the Lease, subject to a day-for-day delay beginning from the date of the Event of Default and continuing until Lender (or a separate Purchaser) obtains ownership and control of the Property, or (b) elects not to complete construction of the Improvements, in which case Lender shall have no liability or obligation relating to the construction of the Improvements, whether under the Lease or otherwise. In the event Lender elects option (b) above, then within 30 days following receipt of Lender's notice, Tenant may, at its option, elect to (x) purchase the Loan from Lender for an amount equal to the then outstanding principal, plus accrued and unpaid interest (including any default interest), plus any Related Expenses (as defined in the Loan Documents), plus any Prepayment Premium (as defined in the Loan Documents), or (y) apply to Lender to assume the Loan as Borrower. Any purchase of the Loan shall be made without representation and warranty by Lender, and Tenant shall acquire only those rights which Lender is permitted under

the Loan Documents or by applicable law to transfer. If Tenant elects to apply to Lender to assume the Loan as Borrower then Lender shall work in good faith to expedite Tenant's loan application, and Tenant shall promptly comply with all of Lender's reasonable or customary requests with respect to such application, including with respect to the payment of Lender's expenses. Tenant acknowledges that Tenant must comply with Lender's underwriting standards at the time of the Loan assumption in order for Tenant to assume the Loan. In the event that Lender fails to give any notice to Tenant of its election as set forth in this Section 6, then Lender shall be deemed to have elected option (a) above. Nothing in this Section 6 shall operate as a stay or otherwise impair Lender's rights under the Loan Documents with respect to Borrower. Any time periods set forth in this Section 6 shall run concurrently with all time periods set forth in the Loan Documents with respect to an Event of Default.

9. NOTICES. All notices or other communications given under this Agreement shall be in writing and sent to the necessary parties at their addresses set forth on the first page of this Agreement. All such notices shall be effective three days after deposit in the U.S. Mail, postage prepaid, registered or certified mail, return receipt requested, or upon delivery, if delivered in person. The addresses for notice may be changed by written notice to the other parties; provided that no notice of a change of address shall be effective until actual receipt of such notice.

10. GOVERNING LAW. This Agreement shall be construed in accordance with and governed by the laws of the State of Washington, without regard to that state's choice of law rules.

11. MISCELLANEOUS. This Agreement may not be modified or terminated except by an instrument in writing executed by the parties hereto. If any provision of this Agreement is finally adjudicated to be invalid, illegal or unenforceable, in whole or in part, it will be deemed deleted to that extent and all other provisions of this Agreement shall remain in full force and effect. This Agreement may be signed in one or more counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument. This Agreement shall be binding upon and inure to the benefit of Lender, Tenant and Purchaser, and their respective successors and assigns.


12. WAIVER OF JURY TRIAL. To the fullest extent not prohibited by applicable law, all parties to this Agreement hereby waive the right to any jury trial in any action, proceeding or counterclaim brought by any party against the other party.

[Signatures appear on the following page]

Executed as of the date first above written.

TENANT:

PUBLIC HOSPITAL DISTRICT NO.1, SKAGIT COUNTY,
WASHINGTON, a Washington municipal corporation formed
pursuant to Chapter 70.44 RCW dba SKAGIT REGIONAL
HEALTH

By: 
Name: Brian Ivie
Its: CEO

LENDER:

WASHINGTON FEDERAL BANK, a Washington state-
chartered commercial bank dba WAFO BANK

By: _____
Name: _____
Title: _____

The undersigned hereby joins in the execution of this Agreement in order to evidence its acceptance of, and agreement
to, the provisions of Section 7 hereof.

BORROWER:

SVH PARTNERS LLC,
a Washington limited liability company

By SVH Manager LLC,
a Washington limited liability company,
its Manager

By: _____
Joel Aslanian, Manager

Executed as of the date first above written.

TENANT:

PUBLIC HOSPITAL DISTRICT NO.1, SKAGIT COUNTY,
WASHINGTON, a Washington municipal corporation formed
pursuant to Chapter 70.44 RCW dba SKAGIT REGIONAL
HEALTH

By: _____
Name: _____
Its: _____

LENDER:

WASHINGTON FEDERAL BANK, a Washington state-
chartered commercial bank dba WAFD BANK

By: Matthew Barrow
Name: Matthew Barrow
Title: Relationship Manager, VP

The undersigned hereby joins in the execution of this Agreement in order to evidence its acceptance of, and agreement
to, the provisions of Section 7 hereof.

BORROWER:

SVH PARTNERS LLC,
a Washington limited liability company

By SVH Manager LLC,
a Washington limited liability company,
its Manager

By: _____
Joel Aslanian, Manager

Executed as of the date first above written.

TENANT:

PUBLIC HOSPITAL DISTRICT NO.1, SKAGIT COUNTY,
WASHINGTON, a Washington municipal corporation formed
pursuant to Chapter 70.44 RCW dba SKAGIT REGIONAL
HEALTH

By: _____

Name: _____

Its: _____

LENDER:

WASHINGTON FEDERAL BANK, a Washington state-
chartered commercial bank dba WAFO BANK

By: _____

Name: _____

Title: _____

The undersigned hereby joins in the execution of this Agreement in order to evidence its acceptance of, and agreement
to, the provisions of Section 7 hereof.

BORROWER:

SVH PARTNERS LLC,
a Washington limited liability company

By SVH Manager LLC,
a Washington limited liability company,
its Manager

By: _____

Joel Aslanian, Manager

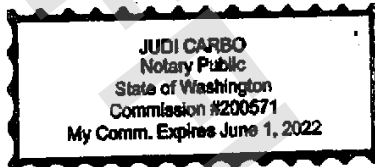
Tenant's Notary Acknowledgment

STATE OF WASHINGTON

ss.

COUNTY OF Skagit

This record was acknowledged before me on April 26, 2022 by Brian Ivie as
PUBLIC HOSPITAL DISTRICT NO.1, SKAGIT COUNTY, WASHINGTON, a Washington
municipal corporation formed pursuant to Chapter 70.44 RCW dba SKAGIT REGIONAL HEALTH.



Judi Carbo
Printed Name Judi Carbo
My Commission Expires June 1, 2022

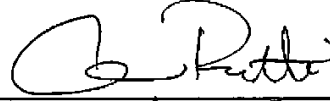
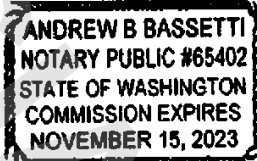
Borrower's Notary Acknowledgment

STATE OF WASHINGTON

ss.

COUNTY OF KING

This record was acknowledged before me on April 25, 2022 by Joel Aslanian as the Manager of SVH MANAGER LLC, a Washington limited liability company, the Manager of SVH PARTNERS LLC, a Washington limited liability company.

Printed Name Andrew BassettiMy Commission Expires 11-15-2023

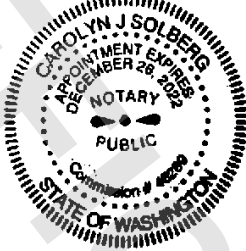
Lender's Notary Acknowledgment

STATE OF WASHINGTON

ss.

COUNTY OF WHATCOM

This record was acknowledged before me on APRIL 26, 2022 by MATTHEW BARROW as
RELATIONSHIP MANAGER, VP of WASHINGTON FEDERAL BANK, a Washington state-chartered commercial bank dba
WAFB BANK.



Carolyn J. Solberg
Printed Name CAROLYN J. SOLBERG
My Commission Expires 12-26-2022

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

PARCEL A:

The North 13.00 feet of the South 33.00 feet of Lot 5, Block 1, "Hartley & Rings Addition to Mount Vernon", according to the plat thereof recorded in volume 6 of plats, page 16, records of Skagit county, Washington.

PARCEL B:

The South 20.00 feet of Lot 5, Block 1, and Lot 6, Block 1, "Hartley & Rings Addition to Mount Vernon", according to the plat thereof recorded in volume 6 of plats, page 16, records of Skagit county, Washington.

Except the South 10.00 feet of said Lot 6, Block 1.

PARCEL C:

Lot 7 and the South 10.00 feet of Lot 6, Block 1, "Hartley & Rings Addition to Mount Vernon", according to the plat thereof recorded in volume 6 of plats, page 16, records of Skagit county, Washington.

PARCEL D:

Lot 5 and the North 42.00 feet of Lot 6, Block 2, "Hartley & Rings Addition to Mount Vernon", according to the plat thereof recorded in volume 6 of plats, page 16, records of Skagit county, Washington.

PARCEL E:

Lot 6, except the North 42 feet thereof, and Lot 7, except the South 15.00 feet thereof, Block 2, "Hartley & Rings Addition to Mount Vernon", according to the plat thereof recorded in volume 6 of plats, page 16, records of Skagit county, Washington.

PARCEL F:

The South 15 feet of Lot 7, all of Lot 8, Block 2, "Hartley & Rings Addition to Mount Vernon", according to the plat thereof recorded in volume 6 of plats, page 16, records of Skagit county, Washington.

PARCEL G:

Lot 9, and the South 35.00 feet of Lot 10, Block 2, "Hartley & Rings Addition to Mount Vernon", according to the plat thereof recorded in volume 6 of plats, page 16, records of Skagit county, Washington.

PARCEL H:

Lot 10, except the South 35.00 feet thereof, and the South 60.00 feet of Lot 11, Block 2, "Hartley & Rings Addition to Mount Vernon", according to the plat thereof recorded in volume 6 of plats, page 16, records of Skagit county, Washington.

PARCEL I:

Lot 11, Except the South 60.00 feet thereof, all of Lot 12, and the South 13 feet of Lot 13, all in Block 2, "Hartley & Rings Addition to Mount Vernon", according to the plat thereof recorded in volume 6 of plats, page 16, records of Skagit county, Washington.

PARCEL J:

The North 52.00 feet of Lot 13, and the South 3.53 feet of Lot 14, Block 2, "Hartley & Rings Addition to Mount Vernon", according to the plat thereof recorded in volume 6 of plats, page 16, records of Skagit county, Washington.

PARCEL K:

The North 71.47 feet of Lot 14, and all of Lot 15, except for the North 46.47 feet of Lot 15, Block 2, "Hartley & Rings Addition to Mount Vernon", according to the plat thereof recorded in volume 6 of plats, page 16, records of Skagit county, Washington.

PARCEL L:

The North 46.47 feet of Lot 15, and all of Lot 16, Block 2, "Hartley & Rings Addition to Mount Vernon", according to the plat thereof recorded in volume 6 of plats, page 16, records of Skagit county, Washington.