

202212280080

~~12/28/2022 03:17 PM Pages: 1 of 6 Fees: \$208.50~~
~~Skagit County Auditor, WA~~

202212290046

12/29/2022 11:11 AM Pages: 1 of 6 Fees: \$208.50
Skagit County Auditor, WA

RETURN ADDRESS:
WASHINGTON TRUST
BANK
Loan Service Center
P.O. BOX 2127
SPOKANE, WA
99210-2127

REVIEWED BY
SKAGIT COUNTY TREASURER
DEPUTY Lena Thompson
DATE 12/28/2022

*Re-record to add AF# on page 3

REF AF#
201101190179
201602020080
201907080053



1110

GNW 22-17184

NOTICE: THIS SUBORDINATION AGREEMENT - LEASE 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.

SUBORDINATION AGREEMENT - LEASE

Reference # (if applicable): _____

Additional on page ____

Grantor(s):

1. QUATTRO PROPERTIES L.L.C.

Grantee(s)

1. WASHINGTON TRUST BANK

Legal Description: Ptns. Govt. Lots 1 and 2, 3-24-2E

Additional on page 2

Assessor's Tax Parcel ID#: P19675/340203-0-001-0004; P19677/340203-0-002-0003;
P19687/340203-0-011-0002; P19712/340203-0-041-0006

THIS SUBORDINATION AGREEMENT - LEASE dated December 13, 2022, is made and executed among T BAILEY, INC. ("Lessee"); QUATTRO PROPERTIES L.L.C. ("Borrower"); and WASHINGTON TRUST BANK ("Lender").

**SUBORDINATION AGREEMENT - LEASE
(Continued)**

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SUBORDINATED LEASE. Lessee has executed a lease dated January 1, 2019 of the property described herein which was recorded as follows: Unrecorded (the "Subordinated Lease"). The following information is the summary of the basic terms and conditions of the Subordinated Lease: Lease Agreement dated January 1, 2019 between QUATTRO PROPERTIES L.L.C., as Landlord, and T BAILEY, INC., as Tenant.

REAL PROPERTY DESCRIPTION. The Lease covers Properties located on March's Point Road and Bartholomew Road in Anacortes, Washington of the following described real property located in Skagit County, State of Washington:

PARCEL A:

THAT PORTION OF GOVERNMENT LOTS 1 AND 2 IN SECTION 3, TOWNSHIP 34 NORTH, RANGE 2 EAST OF THE WILLAMETTE MERIDIAN, LYING SOUTHERLY OF A LINE WHICH IS EQUIDISTANT 300 FEET SOUTHERLY OF AND PARALLEL TO OR CONCENTRIC WITH THE CENTERLINE OF THE RIGHT OF WAY OF THE GREAT NORTHERN RAILWAY COMPANY (FORMERLY SEATTLE AND NORTHERN RAILWAY CO.), AS SAID CENTERLINE OF SAID RAILROAD EXISTED ON JUNE 4, 1902, AND LYING SOUTHWESTERLY OF THE OLD ANACORTES — MOUNT VERNON HIGHWAY MORE COMMONLY REFERRED TO AS MARCH POINT ROAD, AND LYING EASTERLY OF THAT BOUNDARY LINE ADJUSTMENT BETWEEN LLOYD E. SANDERSON AND ANITA P. SANDERSON, HUSBAND AND WIFE AND KEITH D. SANDERSON AND CAROLINE N. SANDERSON, HUSBAND AND WIFE; AND A.R. KINNEY AND VERA M. KINNEY, HUSBAND AND WIFE BY THOSE INSTRUMENTS RECORDED UNDER AUDITOR'S FILE NOS. 9302260002 AND 9302260003, RECORDS OF SKAGIT COUNTY, WASHINGTON; AND LYING NORTHEASTERLY OF THE PRIMARY STATE HIGHWAY NO. 1,

TOGETHER WITH THAT PORTION OF THE EAST 40 RODS OF THE NORTH 45 RODS OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 3, TOWNSHIP 34 NORTH, RANGE 2 EAST OF THE WILLAMETTE MERIDIAN, LYING NORTHEAST OF THE STATE HIGHWAY;

EXCEPT THAT PORTION OF SAID GOVERNMENT LOT 1 IN SECTION 3, TOWNSHIP 34 NORTH, RANGE 2 EAST OF THE WILLAMETTE MERIDIAN, LYING SOUTHERLY OF THE SOUTHWESTERLY RIGHT OF WAY LINE OF THAT 60 FOOT WIDE COUNTY ROAD COMMONLY REFERRED TO AS MARCH POINT ROAD, AND LYING SOUTHERLY OF THE APPROXIMATE TOP OF THE BANK TO THAT HILL ABOVE THE GRAVEL PIT EXCAVATION SITE AS SAME EXISTED IN FEBRUARY 1993 AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT AT THE INTERSECTION OF THE WEST LINE OF SAID GOVERNMENT LOT 1 AND THAT LINE DESCRIBED HEREIN AS BEING SAID TOP OF THE BANK AND THE NORTHERLY LINE OF THIS PROPERTY DESCRIPTION, WHICH POINT BEARS NORTH 1°51'35" EAST, A DISTANCE OF 264.10 FEET, MORE OR LESS, FROM THE SOUTHWEST CORNER OF SAID SUBDIVISION;

THENCE ALONG SAID TOP OF BANK IN A NORTHERLY AND EASTERLY DIRECTION ALONG THE FOLLOWING DESCRIBED COURSES AND DISTANCES: NORTH 88°34'17" EAST, A DISTANCE OF 83.84 FEET; NORTH 72°19'44" EAST, A DISTANCE OF 134.88 FEET; NORTH 28°40'26" EAST, A DISTANCE OF 68.65 FEET TO A POINT WHICH BEARS SOUTH 55°30'39" WEST ALONG A LINE PERPENDICULAR TO THE SOUTHWESTERLY RIGHT OF WAY LINE OF SAID COUNTY ROAD, A DISTANCE OF 55.19 FEET, MORE OR LESS;

THENCE NORTH 55°30'39" EAST ALONG SAID PERPENDICULAR LINE, A DISTANCE OF 55.19 FEET, MORE OR LESS, TO THE SOUTHWESTERLY RIGHT OF WAY LINE OF SAID COUNTY ROAD AND THE TERMINUS OF THIS PROPERTY LINE DESCRIPTION;

AND EXCEPT THAT PORTION OF THE ABOVE DESCRIBED TRACT OF LAND LYING WITHIN THE FOLLOWING DESCRIPTION OR DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE EAST LINE OF SAID SECTION 3 WHICH IS 2,158.2 FEET NORTH OF THE SOUTHEAST CORNER OF SAID SECTION;

THENCE NORTH 143.4 FEET TO THE WESTERLY LINE OF THE E. KASCH ROAD;

THENCE NORTH 35°22' WEST ALONG THE WESTERLY LINE OF SAID ROAD, 396.7 FEET;

THENCE NORTH 76°07' WEST 482 FEET;

THENCE SOUTH 582.6 FEET;

THENCE EAST 697.6 FEET TO THE POINT OF BEGINNING;

SITUATE IN THE COUNTY OF SKAGIT, STATE OF WASHINGTON.

PARCEL B:

THAT PORTION OF THE FOLLOWING DESCRIBED TRACT OF LAND LYING AND BEING SOUTHERLY OF THE STATE HIGHWAY AS SAME EXISTED ON NOVEMBER 10, 1933 TO-WIT:

A STRIP OF LAND 250 FEET WIDE IN GOVERNMENT LOTS 1 AND 2, OF SECTION 3, TOWNSHIP 34 NORTH, RANGE 2 EAST OF THE WILLAMETTE MERIDIAN, BEING ALL THAT PART OF SAID LOTS 1 AND 2, LYING BETWEEN TWO LINES PARALLEL TO AND DISTANCE, RESPECTIVELY, 50 FEET AND 300 FEET SOUTHERLY MEASURED AT RIGHT ANGLES, FROM THE CENTERLINE OF THE MAIN TRACT OF THE GREAT NORTHERN RAILWAY AS NOW LOCATED AND CONSTRUCTED;

EXCEPTING THEREFROM ALL THAT PART THEREOF LYING SOUTHWEST OF THE FOLLOWING DESCRIBED LINE: BEGINNING AT A POINT IN SAID LOT 2, A DISTANCE OF 300 FEET SOUTHEASTERLY FROM THE SAID CENTERLINE OF MAIN TRACT, AS MEASURED AT RIGHT ANGLES TO SAID CENTERLINE FROM A POINT THEREIN, 555.4 FEET DISTANT, NORTHEASTERLY, MEASURED ALONG SAID CENTERLINE, FROM THE WEST LINE OF SAID LOT 2;

THENCE NORTHWESTERLY AT RIGHT ANGLES TO SAID CENTERLINE 165 FEET TO A POINT 135 FEET DISTANT SOUTHEASTERLY FROM SAID CENTERLINE;

THENCE NORTHWESTERLY IN A STRAIGHT LINE TO A POINT 50 FEET DISTANT SOUTHEASTERLY FROM SAID CENTERLINE, AS MEASURED AT RIGHT ANGLES, THERETO, FROM A POINT THEREIN 430.4 FEET DISTANT NORTHEASTERLY MEASURED ALONG SAID CENTERLINE FROM THE WEST LINE OF SAID LOT 2;

AND EXCEPT PUGET SOUND AND BAKER RIVER RAILWAY; SITUATED IN SKAGIT COUNTY, WASHINGTON.

SITUATE IN THE COUNTY OF SKAGIT, STATE OF WASHINGTON

The Real Property or its address is commonly known as: 9628 S March Point Road, Anacortes, WA 98221. The Real Property tax identification number is: P19675/340203-0-001-0004; P19677/340203-0-002-0003; P19687/340203-0-011-0002; P19712/340203-0-041-0006.

SUPERIOR INDEBTEDNESS. Lender has extended or has agreed to extend the following described financial accommodations to Borrower, secured by the Real Property (the "Superior Indebtedness"):

Promissory note dated December 8, 2022, in the original principal amount of \$8,200,000.00 from Borrower to Lender, together with all renewal of, extensions of, modification of, refinancings of, consolidations of, and substitutions for the promissory note or agreement.

LENDER'S LIEN. The Superior Indebtedness is or will be secured by the Real Property and evidenced by a mortgage, deed of trust, or other lien instrument, dated December 13, 2022, from Borrower to Lender (the "Lender's Lien") and

**SUBORDINATION AGREEMENT - LEASE
(Continued)**

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recorded in Skagit County, State of Washington as follows:

Recorded on	12/29/2022	under	Skagit	County	Instrument	No.
	202212280078					

As a condition to the granting of the requested financial accommodations, Lender has required that the Lender's Lien be and remain superior to the Subordinated Lease.

REQUESTED FINANCIAL ACCOMMODATIONS. Lessee and Borrower each want Lender to provide financial accommodations to Borrower in the form of the Superior Indebtedness. Borrower and Lessee each represent and acknowledge to Lender that Lessee will benefit as a result of these financial accommodations from Lender to Borrower, and Lessee acknowledges receipt of valuable consideration for entering into this Subordination.

NOW THEREFORE THE PARTIES TO THIS SUBORDINATION HEREBY AGREE AS FOLLOWS:

SUBORDINATION. All of Lessee's right, title, and interest in and to the Subordinated Lease and the Real Property is and shall be subordinated in all respects to Lender's Lien and the Superior Indebtedness, and it is agreed that Lender's Lien shall be and remain, at all times, prior and superior to Lessee's interests in the Subordinated Lease and the Real Property. Lessee also subordinates to Lender's Lien all other Security Interests in the Real Property held by Lessee, whether now existing or hereafter acquired.

LESSEE'S REPRESENTATIONS AND WARRANTIES. Lessee hereby represents and warrants to Lender that Lessee has heretofore delivered to Lender a true, correct and complete copy of the Lease, which constitutes the entire agreement between the parties thereto and Lessee further acknowledges that the Lease is in full force and effect and that no default by Lessee or, to Lessee's knowledge, by other party under the terms and provisions of the Lease exists as of the date hereof.

LESSEE WAIVERS. Lessee waives any right to require Lender: (A) to make, extend, renew, or modify any loan to Borrower or to grant any other financial accommodations to Borrower whatsoever; (B) to make any presentment, protest, demand, or notice of any kind, including notice of any nonpayment of any Superior Indebtedness secured by Lender's Lien, or notice of any action or nonaction on the part of Borrower, Lender, any surety, endorser, or other guarantor in connection with the Superior Indebtedness, or in connection with the creation of new or additional indebtedness; (C) to resort for payment or to proceed directly or at once against any person, including Borrower; (D) to proceed directly against or exhaust any collateral held by Lender from Borrower, any other guarantor, or any other person; (E) to give notice of the terms, time, and place of any public or private sale of personal property security held by Lender from Borrower or to comply with any other applicable provisions of the Uniform Commercial Code; (F) to pursue any other remedy within Lender's power; or (G) to commit any act or omission of any kind, at any time, with respect to any matter whatsoever.

LENDER'S RIGHTS. Lender may take or omit any and all actions with respect to Lender's Lien without affecting whatsoever any of Lender's rights under this Subordination. In particular, without limitation, Lender may, without notice of any kind to Lessee, (A) make one or more additional secured or unsecured loans to Borrower; (B) repeatedly alter, compromise, renew, extend, accelerate, or otherwise change the time for payment or other terms of the Superior Indebtedness or any part of it, including increases and decreases of the rate of interest on the Superior Indebtedness; extensions may be repeated and may be for longer than the original loan term; (C) take and hold collateral for the payment of the Superior Indebtedness, and exchange, enforce, waive, and release any such collateral, with or without the substitution of new collateral; (D) release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or guarantors on any terms or manner Lender chooses; (E) determine how, when and what application of payments and credits, shall be made on the Superior Indebtedness; (F) apply such security and direct the order or manner of sale of the security, as Lender in its discretion may determine; and (G) transfer this Subordination to another party.

DEFAULT BY BORROWER. If Borrower becomes insolvent or bankrupt, this Subordination shall remain in full force and effect. In the event of a corporate reorganization or corporate arrangement of Borrower under the provisions of the Bankruptcy Code, as amended, this Subordination shall remain in full force and effect and the court having jurisdiction over the reorganization or arrangement is hereby authorized to preserve such priority and subordination provided under this Subordination in approving any such plan of reorganization or arrangement. Any default by Borrower under the terms of the Subordinated Lease also shall constitute an event of default under the terms of the Superior Indebtedness in favor of Lender.

COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which, when so executed, shall be deemed an original but all such counterparts, taken together, shall constitute one and the same Agreement.

STATUTE OF FRAUD. ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Subordination:

Amendments. This Subordination, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Subordination. No alteration of or amendment to this Subordination shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Subordination, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees and title insurance, to the extent permitted by applicable law. Lessee also will pay any court costs, in addition to all other sums provided by law.

Authority. The person who signs this Subordination as or on behalf of Lessee represents and warrants that he or she has authority to execute this Subordination and to subordinate the Subordinated Indebtedness and the Lessee's security interests in Lessee's property, if any.

Caption Headings. Caption headings in this Subordination are for convenience purposes only and are not to be used to interpret or define the provisions of this Subordination.

Governing Law. This Subordination will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Washington without regard to its conflicts of law provisions.

SUBORDINATION AGREEMENT - LEASE
(Continued)

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This Subordination has been accepted by Lender in the State of Washington.

Choice of Venue. If there is a lawsuit, Lessee agrees upon Lender's request to submit to the jurisdiction of the courts of Snohomish County, State of Washington.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Subordination unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Subordination shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Subordination. No prior waiver by Lender, nor any course of dealing between Lender and Lessee, shall constitute a waiver of any of Lender's rights or of any of Lessee's obligations as to any future transactions. Whenever the consent of Lender is required under this Subordination, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Successors. This Subordination shall extend to and bind the respective heirs, personal representatives, successors and assigns of the parties to this Subordination, and the covenants of Lessee herein in favor of Lender shall extend to, include, and be enforceable by any transferee or endorsee to whom Lender may transfer any or all of the Superior Indebtedness.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Subordination. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Subordination shall have the meanings attributed to such terms in the Uniform Commercial Code:

Borrower. The word "Borrower" means QUATTRO PROPERTIES L.L.C. and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Lender. The word "Lender" means WASHINGTON TRUST BANK, its successors and assigns.

Note. The word "Note" means the Note dated December 13, 2022 and executed by QUATTRO PROPERTIES L.L.C. in the principal amount of \$8,200,000.00, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

Real Property. The words "Real Property" mean the real property, interests and rights, as further described in this Subordination.

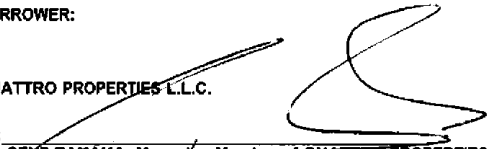
Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

Security Interest. The words "Security Interest" mean, without limitation, any and all types of collateral security, present and future, whether in the form of a lien, charge, encumbrance, mortgage, deed of trust, security deed, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever whether created by law, contract, or otherwise.

EACH PARTY TO THIS SUBORDINATION ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS SUBORDINATION, AND EACH PARTY AGREES TO ITS TERMS. THIS SUBORDINATION IS DATED DECEMBER 13, 2022.

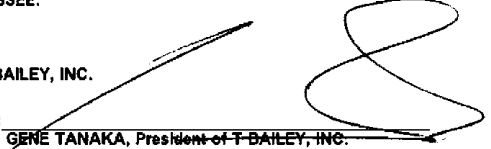
BORROWER:

QUATTRO PROPERTIES L.L.C.

By: 
GENE TANAKA, Managing Member of QUATTRO PROPERTIES L.L.C.

LESSEE:

T BAILEY, INC.

By: 
GENE TANAKA, President of T BAILEY, INC.

LENDER:

WASHINGTON TRUST BANK

x 
Authorized Officer

SUBORDINATION AGREEMENT - LEASE
(Continued)

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LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF Washington

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COUNTY OF Skagit

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This record was acknowledged before me on December 15th, 2022 by GENE TANAKA,
Managing Member of QUATTRO PROPERTIES L.L.C..



[Signature]

(Signature of notary public)

(Title of office)

My commission expires:

07/01/2026

(date)

CORPORATE ACKNOWLEDGMENT

STATE OF Washington

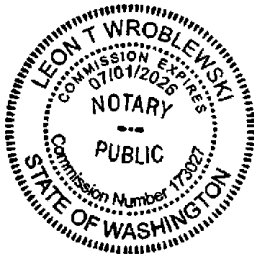
)

COUNTY OF Skagit

) SS

)

This record was acknowledged before me on December 15th, 2022 by GENE TANAKA,
President of T BAILEY, INC..



[Signature]

(Signature of notary public)

(Title of office)

My commission expires:

07/01/2026

(date)

SUBORDINATION AGREEMENT - LEASE
(Continued)

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LENDER ACKNOWLEDGMENT

STATE OF Washington

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COUNTY OF Skagit

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This record was acknowledged before me on December 15, 2022 by Christopher
Greenwell as SVP of WASHINGTON TRUST BANK.

[Signature]
(Signature of notary public)

NOTARY
(Title of office)

My commission expires:

12/11/2024
(date)

