

RETURN ADDRESS:
VELOCITYSBA, LLC
1055 E. Colorado Blvd
Suite 215
Pasadena, CA 91106

REVIEWED BY
SKAGIT COUNTY TREASURER
DEPUTY Lena Thompson
DATE 07/09/2024

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): 202407090016

Additional on page ____

Grantor(s): 202407090018

1. Barnett, Tracy Dean
2. Emanuelson-Barnett, April K

CHICAGO TITLE
6200 55000

Grantee(s)

1. VELOCITYSBA, LLC

Legal Description: PTN Lots 9-11, Inclusive, Blk 17, Map
of Syndicate Addn to The Town of La Conner

Additional on page ____

Assessor's Tax Parcel ID#: P74380 / 4128-017-900-0400

THIS SUBORDINATION AGREEMENT - LEASE dated June 24, 2024, is made and executed among Tracy Dean Barnett and April K Emanuelson-Barnett ("Lessor"); Tracy Dean Barnett; April K Emanuelson-Barnett; and La Conner Wellness and MMA, LLC ("Borrower"); and VELOCITYSBA, LLC ("Lender").

**SUBORDINATION AGREEMENT - LEASE
(Continued)**

Loan No: 351089

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SUBORDINATED LEASE. Lessor has executed a lease dated June 24, 2024 of the property described herein which was recorded as follows: The term of lease shall be 30 years, commencing on June 24, 2024, and ending on June 24, 2054. The monthly rent for 30 years shall be the sum of four thousand nine hundred ninety-one and 20/100 dollars (\$4,991.20) (the "Subordinated Lease"). The following information is the summary of the basic terms and conditions of the Subordinated Lease: A certain lease dated June 24, 2024, executed by Tracy Dean Barnett & April K Emanuelson-Barnett, as lessor, and La Conner Wellness and MMA, LLC, as lessee, subject to all the terms and conditions contained in lease agreement.

REAL PROPERTY DESCRIPTION. The Lease covers 214 Maple Avenue, La Conner, WA 98257 of the following described real property located in Skagit County, State of Washington:

See Exhibit A, which is attached to this Subordination and made a part of this Subordination as if fully set forth herein.

The Real Property or its address is commonly known as 214 Maple Avenue, La Conner, WA 98257. The Real Property tax identification number is P74380 / 4128-017-900-0400.

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"):

The Note executed by Tracy Dean Barnett & April K Emanuelson-Barnett and La Conner Wellness and MMA, LLC in the principal amount of \$500,000 dated June 24, 2024.

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 June 24, 2024, from April K Emanuelson-Barnett and Tracy Dean Barnett to Lender (the "Lender's Lien"). 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. Lessor and Borrower each want Lender to provide financial accommodations to Borrower in the form of the Superior Indebtedness. Borrower and Lessor each represent and acknowledge to Lender that Lessor will benefit as a result of these financial accommodations from Lender to Borrower, and Lessor acknowledges receipt of valuable consideration for entering into this Subordination.

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

SUBORDINATION. All of Lessor's right, title, and interest in and to the Subordinated Lease 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 Lessor's interests in the Subordinated Lease. Lessor also subordinates to Lender's Lien all other Security Interests in the Real Property held by Lessor, whether now existing or hereafter acquired. The words "Security Interest" mean and include without limitation any type of collateral security, whether in the form of a lien, charge, mortgage, deed of trust, assignment, pledge, 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.

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

LESSOR WAIVERS. Lessor 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 pursue any other remedy within Lender's power; or (F) 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 (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

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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. Any default by Borrower under the terms of the Subordinated Indebtedness also shall constitute an event of default under the terms of the Superior Indebtedness in favor of Lender.

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. Lender 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 Lessor represents and warrants that he or she has authority to execute this Subordination and to subordinate the Subordinated Indebtedness and the Lessor's security interests in Lessor'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.

Applicable Law. The Loan secured by this lien was made under a United States Small Business Administration (SBA) nationwide program which uses tax dollars to assist small business owners. If the United States is seeking to enforce this document, then under SBA regulations: (a) When SBA is the holder of the Note, this document and all documents evidencing or securing this Loan will be construed in accordance with federal law. (b) Lender or SBA may use local or state procedures for purposes such as filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using these procedures, SBA does not waive any federal immunity from local or state control, penalty, tax or liability. No Borrower or Guarantor may claim or assert against SBA any local or state law to deny any obligation of Borrower, or defeat any claim of SBA with respect to this Loan. (c) Any clause in this document requiring arbitration is not enforceable when SBA is the holder of the Note secured by this instrument.

Choice of Venue. If there is a lawsuit, Lessor agrees upon Lender's request to submit to the jurisdiction of the courts of Los Angeles County, State of California.

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 Lessor 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.

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 Lessor, shall constitute a waiver of any of Lender's rights or of any of Lessor'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.

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

SUBORDINATION AGREEMENT - LEASE (Continued)

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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 Tracy Dean Barnett; April K Emanuelson-Barnett; and La Conner Wellness and MMA, LLC, and all other persons and entities signing the Note in whatever capacity.

Lender. The word "Lender" means VELOCITYSBA, LLC, its successors and assigns.

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

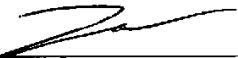
Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now 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.

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN, A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND.


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 JUNE 24, 2024.

BORROWER:

X 
Tracy Dean Barnett


X 
April K Emanuelson-Barnett

LA CONNER WELLNESS AND MMA, LLC

By: 
Tracy Dean Barnett, Manager & Member of La Conner Wellness and MMA, LLC

By: 
April K Emanuelson-Barnett, Manager & Member of La Conner Wellness and MMA, LLC

LESSOR:

X 
Tracy Dean Barnett

X 
April K Emanuelson-Barnett

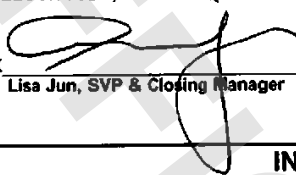
SUBORDINATION AGREEMENT - LEASE
(Continued)

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LENDER:

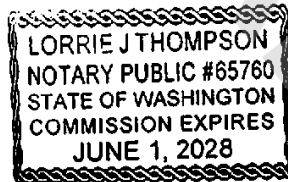
VELOCITYSBA, LLC

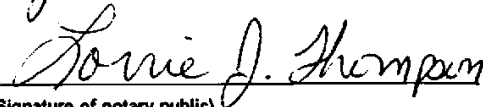
X 
Lisa Jun, SVP & Closing Manager

INDIVIDUAL ACKNOWLEDGMENTSTATE OF WASHINGTON)
) SSCOUNTY OF SKAGIT

)

This record was acknowledged before me on July 2, 2024 by Tracy Dean
Barnett and April K Emanuelson-Barnett.




(Signature of notary public)

Notary
(Title of office)

My commission expires:

6-1-2028
(date)

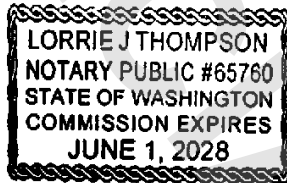
SUBORDINATION AGREEMENT - LEASE
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LIMITED LIABILITY COMPANY ACKNOWLEDGMENTSTATE OF Washington
COUNTY OF SKAGIT)
) SS
)

This record was acknowledged before me on July 2, 2024 by Tracy Dean Barnett, Manager & Member of La Conner Wellness and MMA, LLC and April K Emanuelson-Barnett, Manager & Member of La Conner Wellness and MMA, LLC.



Lorrie J Thompson
(Signature of notary public)

Notary
(Title of office)

My commission expires:
6-1-2028
(date)

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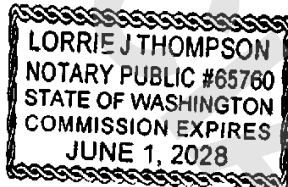
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INDIVIDUAL ACKNOWLEDGMENT

STATE OF WASHINGTON)
) SSCOUNTY OF SKAGIT

)

This record was acknowledged before me on July 2 2024 by Tracy Dean
Barnett and April K Emanuelson-Barnett.Lorrie J Thompson
(Signature of notary public)Notary
(Title of office)

My commission expires:

6-1-2028
(date)

SUBORDINATION AGREEMENT - LEASE
(Continued)

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LENDER ACKNOWLEDGMENT

STATE OF _____)
) SS
COUNTY OF _____)

see attached

This record was acknowledged before me on _____, 20____ by Lisa Jun as SVP
& Closing Manager of VELOCITYSBA, LLC.

(Signature of notary public)

(Title of office)

My commission expires:

(date)

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Los Angeles)

On June 26, 2024 before me, Jennifer Im Nam, Notary Public
(insert name and title of the officer)

personally appeared Lisa Jun
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature [Handwritten Signature] (Seal)

EXHIBIT A
Legal Description

For APN/Parcel ID(s): P74380 / 4128-017-900-0400

PARCEL A:

That portion of Lots 9 through 11, Block 17, MAP OF SYNDICATE ADDITION TO THE TOWN OF LA CONNER, according to the plat thereof recorded in Volume 2 of Plats, page 109, records of Skagit County, Washington, described as follows:

Beginning at the most Easterly corner of Lot 9;
thence Westerly along the South line of Washington Avenue to a point which is 126.81 feet West of the point of beginning;
thence Southwesterly parallel with the West line of Maple Avenue a distance of 85.55 feet;
thence Southeasterly parallel with the centerline of Talbot Street a distance of 110.00 feet, more or less, to the Northwestern line of Maple Street at a point 148.69 feet Southwesterly of the point of beginning as measured along the Northwestern line of Maple Street;
thence Northeasterly a distance of 148.69 feet to the point of beginning.

Situate in the County of Skagit, State of Washington.

PARCEL B:

An easement for the use of the existing parking stalls over that portion of Lots 9 through 11, Block 17, MAP OF SYNDICATE ADDITION TO THE TOWN OF LA CONNER, according to the plat thereof recorded in Volume 2 of Plats, page 109, records of Skagit County, Washington, described as follows:

Beginning at a point on the Northwestern line of Maple Avenue a distance of 148.69 feet Southwesterly from the most Easterly corner of Lot 9;
thence Southwesterly along said Northwestern line of Maple Avenue a distance of 29.00 feet;
thence Northwestern parallel with the centerline of Talbot Street a distance of 46.50 feet;
thence Northeasterly, parallel with the Northwestern line of Maple Avenue a distance of 29.00 feet;
thence Southeasterly a distance of 46.50 feet, more or less, to the point of beginning.

Situate in the County of Skagit, State of Washington.