



200112140106

Skagit County Auditor

12/14/2001 Page 1 of 10 1:32PM

**AFTER RECORDING MAIL TO:**

Name Seattle Mortgage  
Address 1800 112<sup>th</sup> Ave N.E. #300  
City/State Bellevue, WA 98004

**Document Title(s):** (or transactions contained therein)

- 1. Subordination Non-Disturbance and Attornment Agreement
- 2.
- 3.
- 4.

**Reference Number(s) of Documents assigned or released:**

Additional numbers on page of document

**Grantor(s):** (Last name first, then first name and initials)

- 1. Beneficial Washington Inc.
- 2.
- 3.
- 4.
- 5. Additional names on page of document

**Grantee(s):** (Last name first, then first name and initials)

- 1. Seattle Mortgage Services
- 2. Armada/Burlington, LLC, a Washington limited liability company
- 3.
- 4.
- 5. Additional names on page of document


**Abbreviated Legal Description as follows:** (i.e. lot/block/plat or section/township/range/quarter/quarter)

Lots 2 and 3 BURL-BSP-2-00, Recording No. 200103130080  
Complete legal description is on page 8 of document

**Assessor's Property Tax Parcel/Account Number(s):**

8031-000-002-0000 and 8031-000-003-0000

**First American Title Insurance Company**



66676

*(this space for title company use only)*



200112140106

Skagit County Auditor

12/14/2001 Page 2 of 10 1:32PM

**SUBORDINATION, NON-DISTURBANCE  
AND ATTORNMENT AGREEMENT**

THIS AGREEMENT made this 26<sup>1</sup>th day of OCTOBER, 200~~2~~, among SEATTLE MORTGAGE SERVICES COMPANY, a Washington corporation ("Lender"), BENEFICIAL WASHINGTON INC. ("Lessee") and ARMADA/BURLINGTON, LLC, a Washington limited liability company ("Lessor").

**W I T N E S S E T H:**

WHEREAS, Lender has made or has agreed to make a loan to Lessor (the "Loan"), to be evidenced by a promissory note executed by Lessor payable to the order of Lender in the original principal amount of \$1,800,000.00 (the "Note"), bearing interest as therein specified;

WHEREAS, the Note is or is to be secured by, among other things, a Deed of Trust, Security Agreement Financing Statement and Assignment of Rents (the "Deed of Trust") executed by Lessor to First American Title Company of Skagit County, a corporation, Trustee for the benefit of Lender and recorded OCTOBER <sup>November</sup> 7, 2001, under Skagit County Recording No. 200111070126, creating a first lien upon that certain tract of real property described in Exhibit "A" attached hereto together with the improvements constructed or to be constructed thereon (the "Property"), and such other security agreements, financing statements and assignments as Lender may require (all such security instruments to be referred to collectively as the "Collateral Documents");

WHEREAS, Lessee is in possession of all or part of the Property<sup>\*</sup> (the "Demised Premises"), under and by virtue of a written lease (the "Lease"), dated June 13, 2001-~~\*\*~~ entered into by and between Lessor and Lessee.

WHEREAS, Lender will not make any further advances of the Loan to Lessor unless and until Lessee expressly subordinates the Lease and all of Lessee's rights thereunder to the Collateral Documents and the liens and security interests created thereby;

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby expressly acknowledged, Lender and Lessee hereby agree as follows:

1. The Lease and all of Lessee's rights thereunder are, shall be and remain and are expressly made subordinate and inferior to the Collateral Documents and the liens and security interests created thereby, and the Collateral Documents and the liens and security interests created thereby shall be and remain prior and superior to the Lease and to all of the rights of the Lessee thereunder, regardless of how often or in what manner the Note,

Burlington- #2177

\*with a street address of 1212 S. Burlington Boulevard, Burlington, WA 98223  
\*\*, as amended by a Commencement Letter Agreement dated October 1, 2001

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together with the liens securing the same, and any of the Collateral Documents, may be renewed, extended, changed or altered.

2. So long as Lessee is not in default in the payment of basic rent or percentage rent or additional rent or in the performance of any of the terms, covenants or conditions of the Lease on Lessee's part to be performed: (i) Lessee's possession and occupancy of the Demised Premises and Lessee's rights and privileges under the Lease, or any extensions or renewals thereof, shall not be diminished or interfered with by Lender in the exercise of any of Lender's rights under the Deed of Trust; and (ii) Lender shall not join Lessee as a party defendant in any action or proceeding for the purpose of terminating Lessee's interest and estate under the Lease because of any default under the Deed of Trust.

3. In the event of the foreclosure of the lien of the Deed of Trust or if the Demised Premises are conveyed to Lender by deed in lieu of foreclosure, Lessee shall attorn to Lender or the purchaser upon any such conveyance or foreclosure sale and shall recognize Lender or such purchaser as Lessor under the Lease. Such attornment shall be effective and self-operative without the execution of any further instrument on the part of either of the parties hereto. Lessee agrees, however, to execute and deliver at any time and ~~from time to time, upon~~ the request of Lessor or of any holder(s) of any of the indebtedness or other obligations secured by the Deed of Trust and other Collateral Documents or any such purchaser any instrument or certificate which, in the reasonable judgment of Lessor or of such holder(s) or such purchaser, may be necessary or appropriate in any such foreclosure proceeding or otherwise to evidence such attornment, and an instrument or certificate regarding the status of the Lease, consisting of statements, if true, (i) that the Lease is in full force and effect, (ii) the nature of any amendments or modifications to the Lease, (iii) that no default, or state of facts, which with the passage of time or notice would constitute a default, exists on the part of either party to the Lease, and (3) upon occupancy of the Demised Premises the Lessee agrees upon request, (i) the date through which rentals have been paid, (ii) the date of the commencement of the term of the Lease, and (iii) the date on which payment of percentage rentals, if any, are due under the terms of the Lease.

4. If Lender shall succeed to the interest of Lessor under the Lease in any manner, or if any purchaser acquires the Demised Premises upon any foreclosure of the lien of the Deed of Trust, Lender or said purchaser, as the case may be, in the event of attornment shall have the same remedies by entry, action or otherwise in the event of any default by Lessee in the payment of rent or additional rent or in the performance of any of the terms, covenants and conditions of the Lease on Lessee's part to be performed that Lessor had or would have had if Lender or such purchaser had not succeeded to the interest of Lessor. From and after any such attornment, Lender or such purchaser shall be bound to Lessee under all of the terms, covenants and conditions of the Lease, and Lessee shall, from and after the succession to the interest of Lessor under the Lease by Lender or such purchaser have the same remedies against Lender or such purchaser for the breach of any agreement contained in the Lease that Lessee might have had under the Lease against

Burlington- #2177

\*within fifteen (15) days after receipt of



200112140106

Skagit County Auditor

Lessor if Lender or such purchaser had not succeeded to the interest of Lessor; provided further, however, that Lender or such purchaser shall not be

(a) liable for any action or omission of any prior lessor (including Lessor); or

(b) bound by any rent which Lessee might have paid for more than the current month to any prior lessor (including Lessor); or

(c) bound by any amendment or modification of the Lease<sup>\*</sup> made without its written consent, which consent shall not be unreasonably withheld; or

(d) subject to any offsets or deficiencies which Lessee might be entitled to assert against any prior lessor (including Lessor).

5. Nothing contained herein is intended, nor shall it be construed, to abridge or adversely affect any right or remedy of Lessor under the Lease in the event of default by Lessee in the payment of any rent or in the performance of any of the terms, covenants or conditions of the Lease on Lessee's part to be performed.

6. Any notice or communication required or permitted hereunder shall be given in writing, sent by United States mail, postage prepaid, registered or certified mail, or by prepaid telegram (provided that such telegram is confirmed by mail in the manner previously described), addressed as follows:

To Lender: Seattle Mortgage Services Company  
Construction Loan Administration  
1800 112<sup>th</sup> Ave. NE, #300  
Bellevue, WA 98004

To Lessee: Beneficial Washington Inc.  
2700 Sanders Road  
Prospect Heights, IL 60070  
Attn: Licensing and Leasing

Copy to: Robert Zuliani  
74 Oak Marsh Drive  
Henderson, NV 89014

To Lessor: Armada/Burlington, LLC  
c/o 2115 6<sup>th</sup> Avenue  
Seattle, WA 98121



200112140106

Skagit County Auditor

12/14/2001 Page 4 of 10 1:32PM

Burlington- #2177

\*other than rights, options or elections contained in the Lease

or to such other address or in care of such other person as hereafter shall be designated in writing by the applicable party, and shall be deemed to have been given as of the date of receipt. - \*

7. The validity and construction of this Agreement shall be governed by the laws of the State of Washington.

8. This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by the parties hereto or their respective successors in interest. This Agreement shall inure to the benefit of and be binding upon the parties hereto, their successors and assigns, and any purchaser or purchasers at foreclosure of the Demised Premises, and their respective heirs, personal representatives, successors and assigns.

\*\*


IN WITNESS WHEREOF, the parties hereto have hereunto caused this Agreement to be duly executed as of the day and year first above written.

\*deposit in the US mail

\*\*9. BY SIGNING THIS Agreement, Tenant has agreed to the terms hereof. However, such Agreement is hereby expressly conditioned on Borrower and Lender properly executing this Agreement and returning to Tenant not less than one fully executed original on or before January 26, 2002. If Tenant does not receive such a fully executed original on or before such date, this Agreement shall be null and void and shall in no way bind Tenant.

Hurlington- #2177

4

  
200112140106  
Skagit County Auditor  
12/14/2001 Page 5 of 10 1:32PM

"LENDER"

SEATTLE MORTGAGE SERVICES  
COMPANY, a Washington corporation

By [Signature]  
John G. Henkle  
Vice President

By [Signature]  
David C. Smith  
Executive Vice President

"LESSEE"

BENEFICIAL WASHINGTON INC.

By [Signature]  
Name: R. K. Patenaude  
Title: Vice President  
Leasing and Licensing Division

"LESSOR"

ARMADA/BURLINGTON, LLC, a  
Washington limited liability company

By [Signature]  
Alan J. Winingham, Member

By: [Signature]  
James W. Lagerquist, Member



**LESSEE**

STATE OF ILLINOIS )  
 )s.  
COUNTY OF COOK )

On this 26<sup>th</sup> day of October, 2001, before me personally appeared R.K. Patenaude, to me known to be the Vice President leasing and Licensing Division corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that she is authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



Lori S. Pelinski

Print Name Lori S. Pelinski  
NOTARY PUBLIC for the State of  
Illinois Washington, residing at Franklin Park, IL  
My appointment expires: 4/10/05

STATE OF WASHINGTON)  
 ) ss.  
COUNTY OF )

On this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_\_\_, before me personally appeared \_\_\_\_\_, to me known to be the individual(s) described in and who executed the within foregoing instrument, and acknowledged that \_\_\_\_\_ signed the same as \_\_\_\_\_ free and voluntary act and deed, for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

\_\_\_\_\_  
Print Name \_\_\_\_\_  
NOTARY PUBLIC for the State of  
Washington, residing at \_\_\_\_\_  
My appointment expires: \_\_\_\_\_

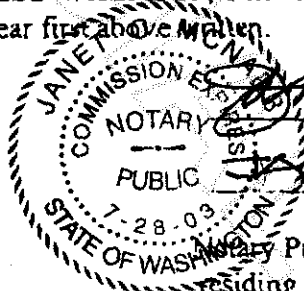


**LESSOR**

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

On this 31<sup>st</sup> day of OCTOBER, 2001, before me personally appeared ALAN J. WINNINGHAM and JAMES W. LAGERQUIST to me known to be the members of ARMADA/BURLINGTON, LLC, a Washington limited liability company and on behalf of said limited liability company acknowledged to me that THEY signed and sealed the foregoing instrument as the free and voluntary act and deed of said limited liability company, for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.


  
Janet C. McNabb [Notary Signature]
   
JANET C. MCNABB (Type or Print Name of Notary)
   
 Notary Public in and for the STATE OF WASH
  
 residing at KIRKLAND
  
 My Commission expires 7-28-03





**LENDER**

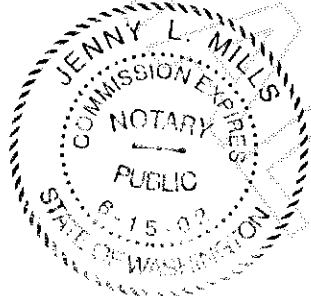
STATE OF WASHINGTON)

) ss.

COUNTY OF KING )

On this 11<sup>th</sup> day of ~~OCTOBER~~ <sup>December</sup>, 2001, before me personally appeared JOHN G. HENKLE and DAVID C. SMITH, to me known to be the Vice President and Executive Vice President, respectively, of SEATTLE MORTGAGE SERVICES COMPANY, the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



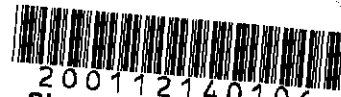
*Jenny L. Mills*  
Print Name Jenny L. Mills  
NOTARY PUBLIC for the State of  
Washington, residing at Issaquah  
My appointment expires: 06/15/02

**EXHIBIT "A"**

**Legal Description**

Lots 2 and 3, CITY OF BURLINGTON BINDING SITE PLAN NO. BURL-BSP-2-00, approved August 2, 2000 and recorded March 13, 2001, as Skagit County Auditor's File No. 200103130080, being a portion of the Northwest ¼ of the Southwest ¼ of Section 5, Township 34 North, Range 4 East, W.M., TOGETHER WITH parking, access and utility easements delineated on said Plat as appurtenant thereto.

Parcel Nos: 8031-000-002-0000 P117981 and  
8031-000-003-0000 P117982



200112140106  
Skagit County Auditor

12/14/2001 Page 10 of 10

1:32PM