


When recorded return to:  
JPMorgan Chase Bank, N.A.  
Attn: Dawnelle Porter  
CTC Cloisng Department  
Mail Stop 3545 CCTX  
3929 W. John Carpenter Freeway  
Irving, TX 75063

  
201311220099  
Skagit County Auditor  
11/22/2013 Page 1 of 12 2:09PM \$83.00

Filed for record at the request of:



**CHICAGO TITLE**  
COMPANY OF WASHINGTON

425 Commercial  
Mount Vernon, WA 98273  
Escrow No.: 620020028

**CHICAGO TITLE**  
**6200 20028**

**DOCUMENT TITLE(S)**

Subordination, Nondisturbance and Attornment Agreement

**REFERENCE NUMBER(S) OF DOCUMENTS ASSIGNED OR RELEASED:** Auditor File Number:  
200808150212 and 201310210266 **201311220097**

**GRANTOR(S)**

Skagit Valley Real Estate Partnership, LLP  
Skagit County Public Hospital District No. 1

☐ Additional names on page \_\_\_\_\_ of document

**GRANTEE(S)**

JPMorgan Chase Bank, N.A.

☐ Additional names on page \_\_\_\_\_ of document

☐ Additional names on page \_\_\_\_\_ of document

**ABBREVIATED LEGAL DESCRIPTION**

Complete legal description is on page \_\_\_\_\_ of document

**TAX PARCEL NUMBER(S)**

Additional Tax Accounts are on page \_\_\_\_\_ of document

The Auditor/Recorder will rely on the information provided on this form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.

"I am signing below and paying an additional \$50 recording fee (as provided in RCW 36.18.010 and referred to as an emergency nonstandard document), because this document does not meet margin and formatting requirements. Furthermore, I hereby understand that the recording process may cover up or otherwise obscure some part of the text of the original document as a result of this request."

\_\_\_\_\_  
Signature of Requesting Party

Note to submitter: Do not sign above nor pay additional \$50 fee if the document meets margin/formatting requirements

**RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:**

JPMorgan Chase Bank, N.A.  
Attn. POST CLOSING – 3545RMTX  
P.O. Box 9011  
Coppell, TX 75019-9011  
Loan No. 100507767

**SUBORDINATION, NONDISTURBANCE AND ATTORNMENMENT AGREEMENT**

[Loan No. 100507767]

THIS SUBORDINATION, NONDISTURBANCE AND ATTORNMENMENT AGREEMENT (this "Agreement") is made as of November 12, 2013, by and among JPMORGAN CHASE BANK, N.A. (together with its successors and assigns, "Lender"), Skagit Valley Real Estate Partnership, LLP ("Borrower"), and Skagit County Public Hospital District No. 1 ("Tenant").

Borrower is or expects to become the landlord and Tenant is the tenant under a lease dated April 6 and April 9, 2007, as initially amended and subject to the second amendment thereto dated September 10, 2013 and as referenced in the memoranda of lease filed under Skagit County Auditor's file numbers 200808150212 and 201310210266 (as amended, the "Lease"). The Lease covers all or a portion (such leased premises, the "Leased Premises") of the real property described on the attached Exhibit A and the improvements thereon (the "Property"). Borrower has obtained or applied for a loan (the "Loan"), payment of which is to be secured by, among other things, a deed of trust, mortgage or similar instrument (the "Security Instrument") encumbering the Property. (All documents evidencing or securing the Loan, including the Security Instrument, are referred to as the "Loan Documents.") Tenant has agreed to subordinate the Lease to the Security Instrument, and Lender has agreed not to disturb Tenant's rights under the Lease, all in accordance with the terms and conditions set forth below. The parties agree as follows:

1. **Subordination.** The Lease, and all other rights and interests of Tenant in the Property (including any purchase options and rights of first refusal) are and at all times will be subordinate to the Loan Documents and the lien of the Security Instrument, to all advances made or to be made thereunder, and to any and all renewals, extensions, modifications, or replacements thereof. Tenant acknowledges and agrees that no right of first refusal held by Tenant will be exercisable in connection with any transfer pursuant to a Foreclosure Event (as defined below).

2. **Attornment.** After any transfer of the Property pursuant to a Foreclosure Event, the terms of the Lease will be recognized as a new and direct lease from Successor Landlord (as defined below) to Tenant, and Tenant hereby attorns to Successor Landlord as its landlord, such attornment to be effective and self-operative without the execution of any further instrument immediately upon such Foreclosure Event; provided that Lender has provided to Tenant notice of the Foreclosure Event no less than thirty (30) days prior to the date of such attornment. Notwithstanding any other provision of this Agreement, Successor Landlord will not be liable for or bound by any of the following:



2.1 any act, omission, breach of the Lease, representation or warranty of Borrower or any other prior landlord (other than defaults of a continuing nature which Lender has notice of prior to commencing a Foreclosure Event and an opportunity to cure in accordance with this Agreement);

2.2 any offset or credit Tenant may have against Borrower or any other prior landlord (other than offsets or credits provided for in the Lease or arising from defaults of a continuing nature which Lender has notice of prior to commencing a Foreclosure Event and an opportunity to cure in accordance with this Agreement);

2.3 any obligation with respect to any prepaid rent for greater than one (1) month, unless such payment is required under the Lease;

2.4 any obligation to return or give credit for any security deposit under the Lease, unless such security deposit has actually been delivered to Successor Landlord;

2.5 unless previously approved in writing by Lender, (a) any modification or waiver of any provision of the Lease relating to (i) rent or other sums due Borrower or Tenant, (ii) the Lease term or any options to renew the Lease, or (iii) Lease termination, sublease or assignment; (b) any other modification of the Lease that materially and adversely affects the economics of the Lease to the detriment of the landlord; or (c) any termination, sublease or assignment of the Lease unless permitted under the Lease;

2.6 any payment of rent by Tenant to Borrower in violation of Section 5 below; or

2.7 any purchase option or right of first refusal with respect to the Property granted under the Lease or otherwise held by Tenant.

**"Foreclosure Event"** means: (i) foreclosure under the Security Instrument; (ii) any other exercise by Lender of rights and remedies as a result of which a Successor Landlord becomes the owner of the Property; or (iii) delivery to Lender (or its designee or nominee) of a deed or other conveyance of the Property in lieu of (i) or (ii) above.

**"Successor Landlord"** means Lender or any other person or entity that becomes the owner of the Property as the result of, or after, a Foreclosure Event.

3. **Nondisturbance.** Upon a Foreclosure Event, Lender will not (and no other Successor Landlord will be entitled to) terminate the Lease, or interfere with Tenant's use, possession or enjoyment of the Leased Premises, or adversely affect the leasehold estate granted by the Lease in any Foreclosure Event; provided that if Tenant is then in default which is uncontested by Tenant under the Lease beyond any applicable notice, grace or cure period, at Lender's option, the Lease shall be terminated by virtue of the Foreclosure Event or the outcome of the Tenant's contest of default which is substantially adverse to Tenant.

4. **Notice and Opportunity To Cure Defaults.** Tenant shall notify Lender of any default by Borrower under the Lease and offer Lender the opportunity (without the obligation) to cure such default and not terminate (or otherwise exercise any remedies with respect to) the Lease for a period of 30 days following Lender's actual receipt of such notice; or such longer period as is reasonably necessary to cure such default, provided Lender commences such cure within the initial 30-day period and prosecutes the



same with reasonable diligence (which, if such cure requires possession of the Property, shall include the foreclosure of the Security Instrument).

5. **Other Acknowledgments and Agreements.** Tenant acknowledges and agrees that: (a) the Lease will be assigned to Lender under the Security Instrument; (b) upon and after Lender's written request and written notice that an event of default has occurred under any of the Loan Documents, Tenant will (and Borrower authorizes Tenant to) pay all rent and other amounts due and owing to Borrower under the Lease directly to Lender; (c) Lender has no obligation to Tenant regarding Borrower's application of the proceeds of the Loan; (d) Tenant shall at the request of Lender certify promptly in writing to Lender and any proposed assignee of the Loan whether or not any default on the part of Borrower then exists under the Lease; (e) notwithstanding Section 1 above, Lender may in its sole discretion at any time record (or otherwise provide in accordance with applicable law) notice that it elects the Security Instrument to become subordinate to the Lease, which recorded or other notice need only be executed by Lender; and upon such recording (or the giving of such other notice), the Security Instrument shall be subordinate to the Lease; and (f) if Lender becomes the Successor Landlord, Lender shall have no liability to Tenant with respect to the Lease after Lender no longer has any ownership interest in the Property, except to the extent such liability arises solely by acts or omissions of Lender during the period of Lender's ownership of the Property.

6. **Miscellaneous.**

6.1 **Binding Effect.** This Agreement will inure to the benefit of and be binding upon the parties hereto, their successors and assigns and the holder from time to time of the Loan Documents.

6.2 **Entire Agreement.** This Agreement constitutes the final expression of the entire agreement of the parties with respect to the subordination of the Lease to the lien of the Security Instrument. If there are any conflicts between the Security Instrument and the Lease, the Security Instrument shall control. This Agreement may not be modified other than by an agreement in writing, signed by the parties hereto or their respective successors in interest.

6.3 **Effect on Lease.** Except as modified by this Agreement, all of the terms and provisions of the Lease will remain in full force and effect. If there are any conflicts between the Lease and this Agreement, the terms and provisions of this Agreement will control.

6.4 **Counterparts.** This Agreement may be executed in any number of identical counterparts and by each party on a separate counterpart. If so executed, all of such counterparts will collectively constitute one agreement.

6.5 **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the state where the Property is located, without regard to its conflicts of laws principles.

6.6 **Legal Costs.** In the event of any litigation to enforce the terms of this Agreement or to recover damages for the breach thereof, the prevailing party or parties will be entitled to recover from the nonprevailing party or parties all attorneys' fees and other costs and expenses incurred in connection therewith.

6.7 **Notices.** All notices under this Agreement will be in writing and mailed or delivered by recognized overnight delivery service (such as Federal Express) at the following addresses:



If to Lender:

JPMorgan Chase Bank, N.A.  
3929 W. John Carpenter Freeway  
Portfolio Administration – Transactions  
3545 PMTX  
Irving, TX 75063  
Loan No. 100507767

If to Borrower:

Skagit Valley Real Estate Partnership, LLP  
1400 E. Kincaid Street  
Mount Vernon, WA 98274

If to Tenant:

Skagit County Public Hospital District No. 1  
1415 E. Kincaid Street  
Mount Vernon, WA 98273

All such notices will: (a) if mailed, be effective three (3) business days following deposit in the United States mail with postage prepaid and return receipt requested; and (b) if delivered as provided above, be effective upon delivery. Any party to this Agreement may change the address for notices to that party by written notice to the other parties to this Agreement.

6.8 **WAIVER OF SPECIAL DAMAGES.** TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HERETO AGREES NOT TO ASSERT, AND HEREBY WAIVES, ANY CLAIM AGAINST THE OTHER PARTIES HERETO, ON ANY THEORY OF LIABILITY, FOR SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES (AS OPPOSED TO DIRECT OR ACTUAL DAMAGES) ARISING OUT OF, IN CONNECTION WITH, OR AS A RESULT OF, THIS AGREEMENT.

6.9 **WAIVER OF JURY TRIAL.** EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS PARAGRAPH.

DATED as of the day and year first above written.

LENDER:

JPMORGAN CHASE BANK, N.A.

By: 

Name: Jennifer Smith  
Authorized Officer

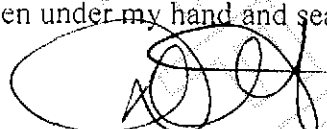
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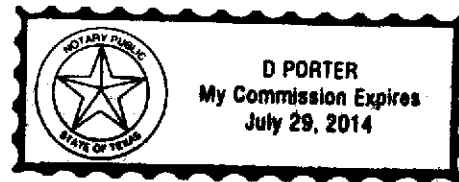


STATE of Texas  
COUNTY of Dallas

Before me, D Porter, a Notary Public in and for Dallas in the State of Texas, personally appeared Jennifer Smith, Authorized Officer, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this 15 day of Nov, 2013.

  
Name: D Porter  
Notary Expires: July 29, 2014



201311220099

Title: Authorized Officer

**BORROWER:** SKAGIT VALLEY REAL ESTATE  
PARTNERSHIP, LLP,  
A Washington limited  
liability partnership

John Halsey  
John Halsey, Managing Partner  
By: Mark Johnson Patrick Clark  
Name: Mark Johnson Patrick Clark  
Its Assistant Managing Partner Treasurer

**TENANT:**

**SKAGIT COUNTY PUBLIC HOSPITAL DISTRICT NO. 1**

By: Tom Litaker  
Name: Tom Litaker  
Its: Chief Financial Officer

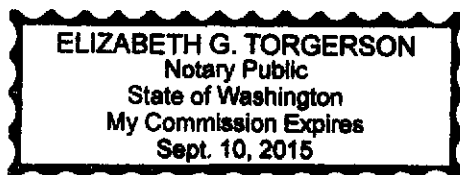
STATE OF WASHINGTON )

) ss.

COUNTY OF SKAGIT )

On this 30<sup>th</sup> day of October, 2013 before me, the undersigned, a Notary Public in and for the state of Washington, duly commissioned and sworn, personally appeared Tom Litaker to me known to be the Chief Financial Officer of Skagit County Public Hospital District No. 1, the municipal corporation that executed the 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 he is authorized to execute the said instrument.

Witness my hand and official seal hereto affixed the say and year first above written.



Elizabeth G. Torgerson  
Notary Public in and for the state of  
Washington, residing at Sedro-Whalley  
My commission expires: 9-10-2015  
Printed Name: Elizabeth G. Torgerson

[ADD APPROPRIATE ACKNOWLEDGMENTS FOR EACH OF THE OTHER SIGNATORIES.]



State of Washington

County of Skagit

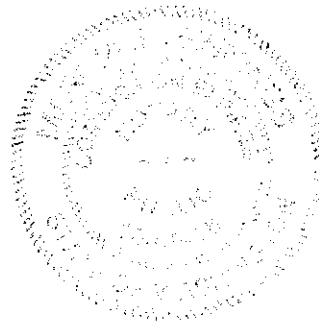
I certify that I know or have satisfactory evidence that John Halsey

           is/are the person(s) who appeared before me, and said person acknowledged that (he/she/they) signed this instrument, on oath stated that (he/she/they) was authorized to execute the instrument and acknowledged it as the Managing Partner of Skagit Valley Real Estate Partnership, LLP to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: November 22, 2013

Maria J. Jennings  
Name: Maria J. Jennings  
Notary Public in and for the State of Washington,  
Residing at: Sedro-Woolley, WA

My appointment expires: 10/5/2016



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11/22/2013 Page

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\$83.00



State of Washington

County of Skagit

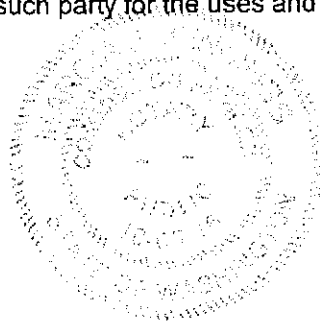
I certify that I know or have satisfactory evidence that Mark Johnson

                     is/are the person(s) who appeared before me, and said person acknowledged that (he/she/they) signed this instrument, on oath stated that (he/she/they) was authorized to execute the instrument and acknowledged it as the Assistant Managing Partner of Skagit Valley Real Estate Partnership, LLP to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: November 21, 2013

Marcia J. Jennings  
Name: Marcia J. Jennings  
Notary Public in and for the State of Washington,  
Residing at: Sedro-Woolley, WA

My appointment expires: 10/15/2016



201311220099

State of Washington

County of Skagit

I certify that I know or have satisfactory evidence that Patrick Clark

                     is/are the person(s) who appeared before me, and said person acknowledged that ~~(he/she/they)~~ signed this instrument, on oath stated that ~~(he/she/they)~~ was authorized to execute the instrument and acknowledged it as the Treasurer of Skagit Valley Real Estate Partnership, LLP to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: November 21, 2013

Marcia J. Jenning

Name: Marcia J. Jenning  
Notary Public in and for the State of Washington,  
Residing at: Sedro-Woolley, WA

My appointment expires: 10/5/2016



201311220099

**[GUARANTOR'S CONSENT AND AGREEMENT]**

Each of the undersigned, a guarantor of Tenant's obligations under the Lease (a "Guarantor") consents and agrees to the terms of the above Agreement, ratifies Guarantor's guaranty of the Lease (the "Guaranty") and confirms that: (i) all provisions of the Guaranty remain in full force and effect and (ii) Guarantor presently has no offset, defense, claim or counterclaim with respect to Guarantor's obligations under the Guaranty.

**GUARANTOR:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**[ADD APPROPRIATE ACKNOWLEDGMENTS FOR EACH OF THE ABOVE SIGNATORIES.]**



**EXHIBIT A**  
**LEGAL DESCRIPTION OF PROPERTY**

The land is located in the County of Skagit, State of Washington, and is described as follows:

P125894

That portion of the Southwest Quarter of the Southeast Quarter of Section 20, Township 34 North, Range 4 East, WM, described as follows:

Commencing at a point 30.83 feet South of the Northwest corner of said Southwest Quarter of the Southeast Quarter; Thence North 89° 48' 35" East, parallel to the North line of said Southwest Quarter of the Southeast Quarter 203.81 feet, more or less, to the northerly extension of the East line (East face of building) of the existing medical building as the same exists on January 1, 2007; Thence South 0° 22' 16" East, along the line of the East face of the existing building and the same projected a distance of 114.84 feet to THE TRUE POINT OF BEGINNING; Thence continue South 0° 22' 16" East 19.61 feet, more or less, to the Southeast corner of said building; Thence South 89° 37' 44" West, along the Southerly face of the existing building, a distance of 22.83 feet; Thence South 0° 13' 17" East 125.39 feet more or less, to the Northerly margin of Broadway Street; Thence North 89° 46' 43" East, along said margin, 125.58 feet to the West margin of South 15th Street; Thence North 1° 09' 02" West, along said line, 145.05 feet to a point which lies North 89° 47' 39" East from the true point of beginning; Thence South 89° 47' 39" West 100.45 feet to THE TRUE POINT OF BEGINNING.

The basis of bearing for the above legal description is North 1° 06' 35" West between the found South Quarter corner and the found and accepted 1/16<sup>th</sup> corner on Kincaid Street.

Situate in the City of Mount Vernon, County of Skagit, State of Washington

