

Return Address:
TAL Holdings, LLC
201 NE Park Place Drive, Suite 240
Vancouver, WA 98684
Attn: Amy Hanks Cornelius

FATCO ACS-1059571

AUDITOR/RECORDER'S INDEXING FORM

Document	Subordination, Non-Disturbance, and Attornment Agreement
Title(s):	
Grantor(s):	SKAGIT VALLEY, L.L.C., a Washington limited liability company
Grantee(s):	PEOPLES BANK
Legal Description: (abbreviated)	Lots 3 and 4 of Short Plat MV-06-95 in the SW of Sec. 17, Twp 34 N, R. 4 E., WM. Complete legal description attached as <u>Exhibit A</u>
Assessor's Property Tax Parcel/Account Number:	P109236/340417-3-024-000 P109234/340417-3-023-000

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

This SUBORDINATION, NON-DISTURBANCE, AND ATTORNMENT AGREEMENT ("Agreement") is made as of April 19, 2021, by and between SKAGIT VALLEY, L.L.C., a Washington limited liability company ("Landlord"), PEOPLES BANK ("Lender"), and TAL HOLDINGS, LLC, a Washington limited liability company ("Tenant") (collectively, the "Parties").

RECITALS

A. Pursuant to the terms and provisions of that certain Lease dated as of April 19, 2021, by and between Landlord and Tenant for the real property located at 815 Roosevelt Avenue, Mount Vernon, Washington 98273 (collectively, the "Lease"), which real property is legally described in Exhibit A hereto and, together with all buildings, fixtures and other improvements now or hereafter located on the real property, is defined as the "Property."

B. Landlord has executed a Deed of Trust dated March 29, 2010 (the "Deed of Trust") and Assignment of Rents dated March 29, 2010 (the "Assignment of Rent" and together with the Deed of Trust, collectively, the "Security Documents") securing, among other things, a loan ("Loan") evidenced by a Promissory Note ("Note") in the principal sum of \$750,000, which Landlord has executed in favor of Lender, which Note is payable with interest and upon the terms and conditions described in the Note.

✱ Recorded April 23, 2021 as Auditor's File No. 202104230019

✱✱ Recorded March 30, 2010 as Auditor's File No. 201003300018

C. As a condition to Tenant entering into the Lease, Tenant requires Landlord and Lender execute this Agreement, which provides for certain certifications and agreements of the Parties as set forth herein.

AGREEMENT

ACCORDINGLY, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties represent, warrant, and agree as follows:

1. **Tenant Estoppel.** Tenant hereby represents and warrants to Lender that as of the date of this Agreement:

1.1 ***Lease Effective.*** The Lease has been duly executed and delivered by Tenant and, subject to the terms and conditions thereof, the Lease is in full force and effect, the obligations of Tenant thereunder are valid and binding and there have been no modifications or additions to the Lease, written or oral;

1.2 ***No Default.*** To Tenant's current actual knowledge, as of the date hereof: (A) there exists no breach, default, or event or condition which, with the giving of notice or the passage of time or both, would constitute a breach or default under the Lease; and (B) there are no existing claims, defenses or offsets against rental due or to become due under the Lease;

1.3 ***Option.*** Notwithstanding anything to the contrary in the Lease, Tenant shall have no option to purchase, right of first refusal to purchase, or right of first refusal to lease additional space at the Property; and

1.4 ***No Prepaid Rent.*** No deposits or prepayments (beyond one month's rent) of rent have been made in connection with the Lease.

2. **Landlord Estoppel.** Landlord hereby represents and warrants to Lender that as of the date of this Agreement:

2.1 ***Lease Effective.*** The Lease is in full force and effect, the obligations of Landlord thereunder are valid and binding and there have been no modifications or additions to the Lease, written or oral; and

2.2 ***No Default.*** To Landlord's current actual knowledge, as of the date hereof: (i) there exists no breach, default, or event or condition which, with the giving of notice or the passage of time or both, would constitute a breach or default under the Lease; and (ii) there are no existing claims, defenses or offsets against rental due or to become due under the Lease.

3. **Subordination.** Subject to the covenants, terms and conditions of this Agreement, the Lease, and all rights thereunder are hereby subjected and subordinated and shall remain in all respects and for all purposes subject, subordinate and junior to the lien of the Security Documents, and to the rights and interests of the holder(s) from time to time of the Security Documents.

4. **Tenant Not to Be Disturbed.** So long as Tenant is not in default (beyond any written notice and period given Tenant to cure such default under the Lease) in the payment of rent or additional rent or in the performance of any of the material terms, covenants, or conditions of the Lease on Tenant's part to be performed, Tenant's possession of the Property as demised under the Lease shall not be disturbed by Lender or any purchaser of the Property in any foreclosure action, sale or other action or proceeding instituted under or in connection with the Security Documents or by means of a deed in lieu of foreclosure during the term of the Lease.

5. **Tenant Not to Be Joined in Foreclosure.** So long as Tenant is not in default (beyond any written notice and period given Tenant to cure such default under the Lease) in the payment of rent or additional rent or in the performance of any of the terms, covenants, or conditions of the Lease on Tenant's part to be performed, Lender will not join Tenant as party defendant in any action or proceeding foreclosing any of the Security Documents unless such joinder is necessary to foreclose such Security Documents.

6. **Lease Assigned to Lender.** Landlord hereby assigns the Lease, together with all guaranties thereof, to Lender, as collateral security for the Loan. Landlord and Tenant shall not modify, terminate or accept surrender of the Lease or reduce, abate or accept prepayment of any rent under the Lease more than one calendar month in advance of its due date, unless Landlord and Tenant shall have first obtained the prior written consent of Lender, which consent shall not be unreasonably withheld, conditioned or delayed. Upon any notice from Lender that Landlord is in default of the Loan, Tenant agrees to pay all amounts thereafter coming due under the Lease to the order of Lender.

7. **Attornment.** If the interests of Landlord shall be transferred to and owned by any party (herein, "**Successor Landlord**"), including Lender, by reason of foreclosure or a deed-in-lieu of foreclosure, and Successor Landlord succeeds to the interest of Landlord under the Lease, Tenant shall be bound to Successor Landlord under all of the terms, covenants, and conditions of the Lease for the balance of the term thereof remaining and any extensions or renewals thereof which may be effected in accordance with any option therefor in the Lease, with the same force and effect as if Successor Landlord were the landlord under the Lease.

8. **Successor Landlord Not Bound by Certain Acts of Landlord.** If Successor Landlord shall succeed to the interest of Landlord under the Lease, Successor Landlord shall not be (a) liable for any act or omission of Landlord, other than acts or omissions that are continuing in nature or for which Tenant has notified Lender and given Lender an opportunity to cure as provided for in this Agreement; (b) subject to any offsets or defenses which Tenant might have against Landlord except for offsets or defenses arising under the Lease for which Tenant has

notified Lender and given Lender an opportunity to cure as provided for in this Agreement; (c) nor be bound by any rent or additional rent which Tenant might have paid for more than one month in advance; (d) obligated for repayment of any security deposit which has not been previously paid to Landlord; or (e) bound by any amendment or modification of the Lease made without Lender's written consent. Nothing contained herein shall obligate Lender to perform Landlord's obligations unless and until such time as Lender shall become the owner of the Property.

9. Cure Periods; Notice to Lender. Notwithstanding anything herein or in the Lease to the contrary and so long as Lender has any interest in the Property, Landlord shall not be in default under any provision of the Lease unless written notice specifying such default is mailed to Landlord and to Lender. Tenant agrees that Lender shall have the same period of time provided Landlord under the Lease within which to cure such default, provided that Lender has designated in writing to Tenant the address to which notice is to be sent, if different from the address sent forth in Section 12. Lender's cure period shall commence to run upon receipt of Tenant's notice and may run simultaneously with Landlord's cure period. Tenant further agrees not to invoke any of its remedies under the Lease, including, but not limited to, termination or abatement of rent, until said period has elapsed, or during any period that Lender is proceeding to cure such default with due diligence or proceeding to obtain the legal right to enter the Property and cure the default.

10. Successors and Assigns. This Agreement and each and every covenant, agreement and other provision hereof shall be binding upon the parties hereto and their heirs, administrators, representatives, successors and assigns, including without limitation each and every holder from time to time of the Lease or any other person having an interest therein and shall inure to the benefit of Lender and its successors and assigns. Without limiting the foregoing, any party who purchases the Property in connection with a foreclosure of the Security Documents and any party who purchases the Property from Lender shall be entitled to the benefits granted Lender hereunder.

11. Governing Law. This Agreement will be governed by the laws of the State of Washington without regard to its conflicts of law provisions.

12. Notices. Subject to applicable law, and except for notice required or allowed by law to be given in another manner, any notice required to be given under this shall be in writing, shall be personally delivered, delivered by a nationally recognized overnight courier, or sent by United States certified mail, return receipt requested, postage prepaid, shall be deemed given when actually delivered or when delivery is refused, and shall be addressed as follows:

Landlord:

SKAGIT VALLEY, L.L.C.
P.O. Box 109
LaConner, WA 98257
Attn: Kevin Kok

Lender:

PEOPLES BANK
MOUNT VERNON OFFICE
1801 Riverside Drive
Mount Vernon, WA 98273

Tenant:

TAL HOLDINGS, LLC
201 NW Park Plaza Drive, Suite 240
Vancouver, WA 98684
Attn: Chief Executive Officer

13. **Captions.** Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

14. **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute and be construed as one and the same instrument.

[INTENTIONALLY LEFT BLANK – SIGNATURE PAGE NEXT FOLLOWS]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date and year first written above.

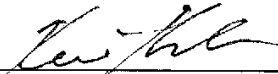
TENANT:

TAL HOLDINGS, LLC,
a Washington limited liability company

By: Martin David Dittmer
Its: Chief Executive Officer

LANDLORD:

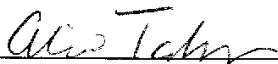
SKAGIT VALLEY, L.L.C.
a Washington limited liability company



By: Kevin Kok
Its: member / manager

LENDER:

PEOPLES BANK



By: Alice Takehara
Its: Sr. Vice President

STATE OF WASHINGTON)

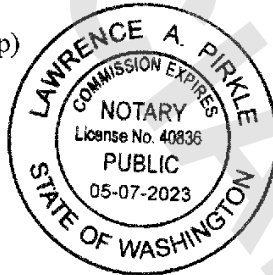
) ss:

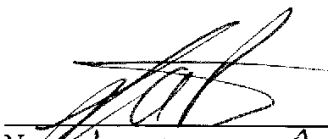
COUNTY OF Skagit)

On this 15th day of April, 2021, before me personally appeared Kevin Kok, to me known to be the member/manager of SKAGIT VALLEY, L.L.C., the limited liability company that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said company, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument on behalf of said company.

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

(Seal or stamp)




Name Lawrence A. Pirkle
Notary Public for the State of Washington
My Commission Expires 05/07/2023

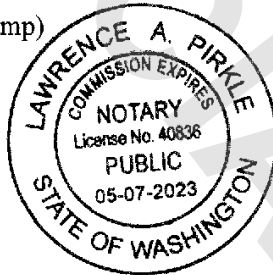
STATE OF WASHINGTON

COUNTY OF Skagit)
) ss.
)

On this 15th day of April, 2021, before me personally appeared Alice Takehara, personally known to me or proved to me on the basis of satisfactory evidence to be the senior Vice-Pres. of **PEOPLES BANK**, that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said company, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument on behalf of the company.

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

(Seal or stamp)




Lawrence A. Pirkle
Notary Public for the State of Washington
My Commission Expires 05/07/2023

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date and year first written above.

TENANT:

TAL HOLDINGS, LLC,
a Washington limited liability company


By: Martin David Dittmer
Its: Chief Executive Officer

LANDLORD:

SKAGIT VALLEY, L.L.C.
a Washington limited liability company

By:
Its:

LENDER:

PEOPLES BANK

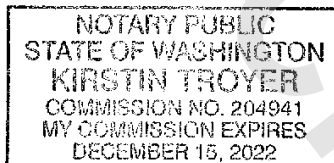
By:
Its:

STATE OF Washington)
) ss:
COUNTY OF Clark)

On this 11th day of April, 2021, before me personally appeared Martin David Dittmer, to me known to be the Chief Executive Officer of **TAL HOLDINGS, LLC**, the limited liability company that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said company, for the uses and purposes therein mentioned, and on oath stated that he or she was authorized to execute said instrument on behalf of said company.

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

(Seal or stamp)



Kirstin Troyer
Name Kirstin Troyer
Notary Public for the State of Washington
My Commission Expires 12-15-2022

EXHIBIT A

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

LOT 4 OF SHORT PLAT NO. MV-06-95, APPROVED OCTOBER 11, 1995 IN VOLUME 12 OF SHORT PLATS, PAGES 34 AND 35, UNDER AUDITOR'S FILE NO. 9510110093, AND BEING A PORTION OF THE SOUTHWEST 1/4 OF SECTION 17, TOWNSHIP 34 NORTH, RANGE 4 EAST, W.M.

(Assessor's Tax Parcel Number(s): 340417-3-024-000 / P109236 - 2.28 acres)

LOT 3 OF SHORT PLAT NO. MV-06-95, APPROVED OCTOBER 11, 1995 IN VOLUME 12 OF SHORT PLATS, PAGES 34 AND 35, UNDER AUDITOR'S FILE NO. 9510110093, AND BEING A PORTION OF THE SOUTHWEST 1/4 OF SECTION 17, TOWNSHIP 34 NORTH, RANGE 4 EAST, W.M.

(Assessor's Tax Parcel Number(s): 340417-3-023-000 / P109234 - 0.96 acres)