

Return Address
Northwest Business Development Assoc.
9019 E. Appleway Blvd., Suite 200
Spokane Valley, WA 99212

FIRSTAM

NCS-1103272

(9)

SUBORDINATION AGREEMENT

Reference #: 2022 01120046 Memo: 202201120100
Additional on page _____
Grantor: LEGACY HOSPITALITY SERVICES, LLC, a Washington limited
liability company
Additional on page _____
Grantee: Northwest Business Development Association
Additional on page _____

Abbreviated Legal Description:

Lot 1, Blk 7, Calhoun Add. to La Conner and Lots 6-12, Blk M,
Map of La Conner

For a full legal description please see Exhibit "C" attached
hereto and made a part herein by reference.

Assessor's Tax Parcel Numbers: 4123-013-012-0102/P74009 & 4124-007-
001-0007/P74136

THIS AGREEMENT is made and entered into as of this 5th day
of January, 2022 by LEGACY INVESTMENT GROUP, LLC,
a Washington limited liability company, ("Landlord"), whose address
is 107 South Second Street, La Conner, WA 98257; and LEGACY
HOSPITALITY SERVICES, LLC a Washington limited liability company,
("Tenant"), whose address is 107 South Second Street, La Conner, WA
98257.

WITNESSETH:

WHEREAS, NORTHWEST BUSINESS DEVELOPMENT ASSOCIATION, a
Washington nonprofit corporation, ("Mortgagee"), whose address is
9019 E. Appleway Blvd., Suite 200 Spokane Valley, WA 99212, has
agreed to make a mortgage loan in the amount of Nine Hundred Sixty
Three Thousand Dollars and No Cents (\$963,000.00) to Landlord,
repayment of which is to be secured by a Deed of Trust or Mortgage

(herein referred to as "Mortgage") on real estate (the "Premises") all as fully described in the legal description above; and

WHEREAS, the Mortgage is to be recorded in the county where the Premises are situate; and

WHEREAS, Tenant is the present lessee under a Lease commencing December 1, 2021 as amended from time to time, initially made by LEGACY INVESTMENT GROUP, LLC, a Washington limited liability company, as landlord, demising all or a portion of the Premises (said Lease and all amendments thereto are hereafter referred to as the "Lease"); and

WHEREAS, as a condition precedent to Mortgagee's disbursement of loan proceeds, Mortgagee has required that Tenant subordinate the Lease and its interest in the Premises in all respects to the lien of the Mortgage; and

WHEREAS, it will be of substantial benefit to Tenant for Mortgagee to disburse the loan proceeds; and

WHEREAS, Mortgagee is disbursing the loan proceeds in reliance upon the agreements contained in this Agreement.

NOW, THEREFORE, in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party hereto, it is hereby agreed as follows:

1. **SUBORDINATION.** The Lease, and the rights of Tenant in, to or under the Lease and the Premises, are hereby subjected and subordinated and shall remain in all respects and for all purposes subject, subordinate and junior to the lien of the Mortgage, and to the rights and interest of the from time to time holder of the Mortgage, as fully and with the same effect as if the Mortgage had been duly executed, acknowledged and recorded, and the indebtedness secured thereby had been fully disbursed prior to the execution of the Lease or possession of the Premises by Tenant, or its predecessors in interest.

2. **RELIANCE BY MORTGAGEE.** The parties are executing this instrument in order to induce Mortgagee to disburse the indebtedness secured by the Mortgage, and the parties further agree that the disbursement by Mortgagee of all or any part of the indebtedness shall constitute conclusive reliance by Mortgagee upon this Agreement and the provisions hereof and the subordination effected hereby.

3. **ATTORNMEN AT MORTGAGEE'S OPTION.** At Mortgagee's sole option, if the interest of Landlord shall be transferred to and owned by Mortgagee by reason of foreclosure or other proceedings brought by it in lieu of or pursuant to a foreclosure, or by any other manner, Mortgagee succeeds to the interest of the landlord under the Lease, Tenant shall be bound to Mortgagee 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 affected in accordance with any option therefor in the Lease, with the same force and effect as if Mortgagee were the landlord under the Lease. Tenant does hereby agree to attorn to Mortgagee as its landlord, said attornment to be effective and self-operative immediately upon Mortgagee succeeding to the interest of the landlord under the Lease without the execution of any further instruments on the part of any of the parties hereto. Except as required under any Assignment of Leases and/or Rents, Tenant shall be under no obligation to pay rent to Mortgagee until Tenant receives written notice from Mortgagee that it has succeeded to the interests of the landlord under the Lease. The respective rights and obligations of Tenant to Mortgagee upon such attornment, to the extent of the then remaining balance of the term of the Lease and any such extensions and renewals, shall be and are the same as those set forth therein, it being the intention of the parties hereto for this purpose to incorporate the Lease in this Agreement by reference with the same force and effect as if set forth at length herein.

However, Mortgagee, or any subsequent purchaser, shall not be required to recognize the rights of Tenant under the Lease and the rights of Tenant thereunder, including any options thereunder, shall, at the sole election of and upon notice by Mortgagee, cease and terminate upon acquisition of title to or upon possession of the Premises by Mortgagee, or its successors and assigns, including any purchaser at a foreclosure sale.

4. **MORTGAGEE NOT BOUND BY CERTAIN ACTS OF LANDLORD.** If Mortgagee shall succeed to the interest of landlord under the Lease, Mortgagee shall not be liable for any act or omission of any prior landlord (including Landlord herein) nor be subject to any offsets or defenses which Tenant might have against any prior landlord (including Landlord herein); nor bound by any rent or additional rent which Tenant might have paid for more than the then current installment nor be bound by any amendment or modification of the Lease made without its consent.

5. **NOTICE.** In the event that Landlord shall default in the performance or observance of any of the terms, conditions or agreements in the Lease, Tenant shall give written notice thereof to Mortgagee, and Mortgagee shall have the right (but not the

obligation) to cure such default. Tenant shall not take any action with respect to such default under the Lease, including and without limitation, any action in order to terminate, rescind or avoid the Lease or to withhold any rental thereunder, for a period of ten (10) days after receipt of such written notice thereof by Mortgagee with respect to any such default capable to being cured by the payment of money and for a period of thirty (30) days after receipt of which written notice thereof by Mortgagee with respect to any other such default (provided, that in the case of any default which cannot be cured by the payment of money and cannot with diligence be cured within such thirty (30)-day period because of the nature of such default or because Mortgagee requires time to obtain possession of the Premises in order to cure the default, if Mortgagee shall proceed promptly to attempt to obtain possession of the Premises, where possession is required, and to cure the same and thereafter shall prosecute the curing of such default with diligence and continuity, then the time within which such default may be cured shall be extended for such period as may be necessary to complete the curing of the same with diligence and continuity).

6. **PURCHASE OPTIONS.** Any option or rights contained in the Lease to acquire title to the Premises are hereby made subject and subordinate to the rights of Mortgagee under the Mortgage and any acquisition of title to the Premises made by Tenant during the term of the Mortgage shall be made subordinate and subject to the Mortgage.

7. **SUCCESSORS AND ASSIGNS.** This Agreement and each and every covenant, agreement and other provisions hereof shall be binding upon the parties hereto and their heirs, administrators, representatives, successors and assigns, including without limitation each and every from time to time holder of the Lease or any other person having an interest therein and shall inure to the benefit of Mortgagee and its successors and assigns.

8. **CHOICE OF LAW.** This Agreement is made and executed under and in all respects is to be governed and construed by the laws of the state where the Premises are situate.

9. **CAPTIONS AND HEADINGS.** The captions and headings of the various sections of this Agreement are for convenience only and are not to be construed as confining or limiting in any way the scope or intent of the provisions hereof. Whenever the context requires or permits, the singular shall include the plural, the plural shall include the singular and the masculine, feminine and neuter shall be freely interchangeable.

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed as of the date first above.

LANDLORD: LEGACY INVESTMENT GROUP, LLC,
a Washington limited liability company

Kathleen E. Hayton
KATHLEEN E. HAYTON, Member

Amy K. Schwab
AMY K. SCHWAB, Member

TENANT: LEGACY HOSPITALITY SERVICES, LLC,
a Washington limited liability company

Kathleen E. Hayton
KATHLEEN E. HAYTON, Member

Amy K. Schwab
AMY K. SCHWAB, Member

STATE OF WASHINGTON)
) ss.
County of SKAGU)

I certify that I know or have satisfactory evidence that KATHLEEN E. HAYTON and AMY K. SCHWAB signed this instrument, on oath stated that they were authorized to execute the instrument and acknowledged it each as a Member of LEGACY INVESTMENT GROUP, LLC, a Washington limited liability company, to be the free and voluntary act of such company, for the uses and purposes mentioned in the instrument.

DATED: 1-5-2022

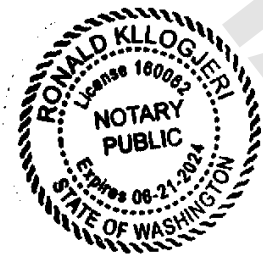


RONALD KLOGJER
Notary Public in and for the
State of Washington, residing at
BURLINGTON.
My appointment expires 6-21-2024.

STATE OF WASHINGTON)
) ss.
County of SKAGIT)

I certify that I know or have satisfactory evidence that KATHLEEN E. HAYTON and AMY K. SCHWAB signed this instrument, on oath stated that they were authorized to execute the instrument and acknowledged it each as a Member of LEGACY HOSPITALITY SERVICES, LLC, a Washington limited liability company, to be the free and voluntary act of such company, for the uses and purposes mentioned in the instrument.

DATED: 1-5-2022



RONALD KLOGJERI
Notary Public in and for the
State of Washington, residing at
BURLINGTON.
My appointment expires 6-21-2024.

EXHIBIT "C"

PARCEL "A":

LOT 1, BLOCK 7, "CALHOUN ADDITION TO THE TOWN OF LA CONNER", AS PER PLAT RECORDED IN VOLUME 1 OF PLATS, PAGE 14, RECORDS OF SKAGIT COUNTY, WASHINGTON.

PARCEL "B":

LOTS 6, 7, 8, 9, 10, 11 AND 12, BLOCK M, "MAP OF LACONNER, WHATCOM COUNTY, WASHN. TERRY., 1872", AS PER PLAT RECORDED IN VOLUME 2 OF PLATS, PAGE 49, RECORDS OF SKAGIT COUNTY, WASHINGTON;

EXCEPT THAT PORTION OF LOT 12 CONVEYED TO THE TOWN OF LACONNER BY DEED RECORDED UNDER AUDITOR'S FILE NO. 85530, RECORDS OF SKAGIT COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT 12, BLOCK M, "MAP OF LACONNER"; THENCE NORTH 30°56'00" EAST ALONG THE WEST LINE OF SAID LOT 12, A DISTANCE OF 15.00 FEET; THENCE SOUTH 78°38'06" EAST A DISTANCE OF 63.53 FEET TO A POINT ON THE SOUTH LINE OF SAID LOT 12, WHICH POINT BEARS NORTH 89°43'00" EAST A DISTANCE OF 70.00 FEET FROM THE SAID SOUTHWEST CORNER OF LOT 12; THENCE SOUTH 89°43'00" WEST ALONG THE SOUTH LINE OF SAID LOT 12, A DISTANCE OF 70.00 FEET TO THE POINT OF BEGINNING.

PARCEL "C":

THOSE PORTIONS OF THE VACATED ALLEYS LOCATED IN BLOCK M, OF THE PLAT OF THE "MAP OF LACONNER, WHATCOM COUNTY, WASHN. TERRY., 1872", AS PER PLAT RECORDED IN VOLUME 2 OF PLATS, PAGE 49, RECORDS OF SKAGIT COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

1) THAT PORTION OF THE VACATED ALLEY LYING BETWEEN BLOCK 7 OF CALHOUN ADDITION TO THE TOWN OF LACONNER AND BLOCK M OF THE PLAT OF THE MAP OF LACONNER CONSISTING OF AN AREA COMMENCING ON THE SOUTHWEST CORNER OF LOT 1, BLOCK 7, CALHOUN ADDITION TO THE TOWN OF LACONNER AND THENCE EAST A DISTANCE OF 98 FEET, MORE OR LESS, TO THE SOUTHEAST CORNER OF LOT 2 OF BLOCK 7 AND THENCE SOUTHERLY IN A LINE THAT IS AN EXTENSION OF THE COMMON BOUNDARY BETWEEN LOTS 2 AND 3 OF BLOCK 7, A DISTANCE OF APPROXIMATELY 29 FEET, MORE OR LESS,

TO THE NORTH BOUNDARY OF LOT 6 OF BLOCK M ABOVE DESCRIBED, AND THENCE WESTERLY ALONG THE NORTH LINE OF LOT 6 A DISTANCE OF 98 FEET, MORE OR LESS, TO THE NORTHWEST CORNER OF BLOCK 6, AND THENCE NORTH TO THE SOUTHWEST CORNER OF LOT 1, BLOCK 7, CALHOUN ADDITION, WHICH IS THE TRUE POINT OF BEGINNING.

2) THE WESTERLY 1/2 OF THE VACATED ALLEY RUNNING NORTHERLY AND SOUTHERLY ADJOINING LOTS 6 THROUGH 12, INCLUSIVE, OF SAID BLOCK M AND THE EASTERLY 1/2 OF THE VACATED ALLEY RUNNING NORTHERLY AND SOUTHERLY ADJOINING LOTS 1 AND 2 OF SAID BLOCK M; EXCEPT FROM SAID VACATED ALLEY RUNNING NORTHERLY AND SOUTHERLY THROUGH SAID BLOCK M THAT PORTION LYING WITHIN THE FOLLOWING DESCRIBED TRACT:

BEGIN AT THE SOUTHWESTERLY CORNER OF SAID LOT 1, BEING THE INTERSECTION OF THE EAST RIGHT-OF-WAY LINE OF THE VACATED ALLEY AND THE NORTHERLY RIGHT-OF-WAY LINE OF WASHINGTON AVENUE; THENCE NORTH ALONG THE EAST RIGHT-OF-WAY LINE OF SAID ALLEY A DISTANCE OF 6.00 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTHWESTERLY, ON A LINE PERPENDICULAR TO THE NORTH RIGHT-OF-WAY LINE OF WASHINGTON AVENUE, A DISTANCE OF 28.88 FEET TO THE INTERSECTION OF A LINE WHICH IS 5.00 FEET WESTERLY OF THE CENTER LINE OF SAID ALLEY; THENCE NORTH, ALONG A LINE WHICH IS 5.00 FEET WESTERLY OF THE CENTER LINE OF SAID ALLEY, A DISTANCE OF 40.20 FEET TO AN INTERSECTION WITH THE SOUTHWESTERLY EXTENSION OF THE NORTHWESTERLY LINE OF SAID LOT 2; THENCE NORTHEASTERLY, ALONG SAID LINE, TO THE NORTHWESTERLY CORNER OF SAID LOT 2; THENCE SOUTHWESTERLY, ALONG THE EASTERLY RIGHT-OF-WAY LINE OF SAID ALLEY TO THE TRUE POINT OF BEGINNING.