

Return Address:

Washington Community Reinvestment Association
1215 Fourth Avenue, Suite 605
Seattle, WA 98161-1001
Loan No.



200005250019

Kathy Hill, Skagit County Auditor
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**SUBORDINATION, NONDISTURBANCE
AND ATTORNMENT AGREEMENT**

FIRST AMERICAN TITLE CO.

B61129E-5

Reference numbers of related documents:

on page 1 of document

199910060057

5 = AF 2000 0525 0015

Grantor(s):

1. Blackbourn Service, Inc.
2. Salem Village Limited Partnership
- 3.

etc. additional names on page ____ of document

Grantee(s):

1. Washington Community Reinvestment Association
- 2.
- 3.

etc. additional names on page ____ of document

Legal Description:

1. Section 8, Township 34, Range 4; Ptn. SE - SE aka Lot 2 and Ptn. Lot 3, Short Plat #MV-8-94
2. Additional legal description is on page 6 of document

Assessor's Property Tax Parcel Account Number(s): 340408-0-013-0003 (R24136)

**SUBORDINATION, NONDISTURBANCE
AND ATTORNMENT AGREEMENT**

This SUBORDINATION, NONDISTURBANCE, AND ATTORNMENT AGREEMENT ("Agreement") is made as of May 25, 2000, among BLACKBOURN SERVICES, INC., a Washington corporation ("Tenant"), WASHINGTON COMMUNITY REINVESTMENT CORPORATION, a Washington nonprofit corporation ("Lender"), and SALEM VILLAGE LIMITED PARTNERSHIP, a Washington limited partnership ("Landlord").

WITNESSETH:

WHEREAS, Tenant has entered into a lease dated October 1, 1999, with Owner, a memorandum of which was recorded October 6, 1999, under Skagit County, Washington, Recording No. 199910060057, (the "Lease") with Landlord covering premises (the "Premises") described in Exhibit A attached hereto and incorporated herein by this reference;

WHEREAS, Lender has agreed to make a loan of \$747,000.00 to Landlord secured by a multifamily deed of trust, assignment of rents and security agreement encumbering the Premises (together with riders, the "Deed of Trust"); and

DT # AF 200005250015

WHEREAS, Lender has been requested by Tenant and by Landlord to enter into a nondisturbance agreement with Tenant;

NOW, THEREFORE, in consideration of the premises and mutual covenants hereinafter contained, the parties hereto mutually covenant and agree as follows:

1. The Lease and any extensions, renewals, replacements or modifications thereof, and all of the right, title and interest of Tenant in and to the Premises are and shall be subject and subordinate to the Deed of Trust and to all of the terms and conditions contained therein, and to any renewals, modifications, replacements, consolidations and extensions thereof.
2. Lender consents to the Lease and, in the event of foreclosure of the Deed of Trust, or in the event Lender comes into possession or acquires title to the Premises as a result of the enforcement of foreclosure of the Deed of Trust or the note secured thereby, or as a result of any other means, Lender agrees to recognize Tenant and further agrees that Tenant shall not be disturbed in its possession of the Premises for any reason other than one which would entitle Landlord to terminate the Lease under its terms or would cause, without further action by Landlord, the termination of the Lease or would entitle Landlord to dispossess Tenant from the Premises.
3. Tenant agrees with Lender that if the interests of Landlord in the Premises shall be transferred to and owned by Lender by reason of foreclosure or other proceedings brought by it, or by any other manner, Tenant shall be bound to Lender 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 Lender were the landlord under the Lease, and Tenant does hereby attorn to Lender as its landlord, such attornment to be effective and self-operative without the execution of any further instruments on the part of any of the parties hereto immediately upon Lender succeeding to the interest of Landlord in the Premises. Tenant agrees, however, upon the election of and

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written demand by Lender within 20 days after Lender receives title to the Premises, to execute an instrument in confirmation of the foregoing provisions, satisfactory to Lender, in which Tenant shall acknowledge such attornment and shall set forth the terms and conditions of its tenancy.

4. Tenant agrees with Lender that if Lender shall succeed to the interest of Landlord under the Lease, Lender shall not be (a) liable for any action or omission of any prior landlord under the Lease, or (b) subject to any offsets or defenses which Tenant might have against any prior landlord, or (c) bound by any rent or additional rent which Tenant might have paid for more than the current month to any prior landlord, or (d) bound by any security deposit which Tenant may have paid to any prior landlord, unless such deposit is in an escrow fund available to Lender, or (e) bound by any amendment or modification of the Lease made without Lender's consent, or (f) bound by any provision in the Lease that obligates Landlord to erect or complete any building or to perform any construction work or to make any improvements to the Premises. Tenant further agrees with Lender that Tenant will not voluntarily subordinate the Lease to any lien or encumbrance without Lender's consent.

5. 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 Lender and Lender 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, without limitation, any action in order to terminate, rescind or avoid the Lease or to withhold any rental thereunder, for a period of 10 days after receipt of such written notice thereof by Lender with respect to any such default capable of being cured by the payment of money and for a period of 30 days after receipt of which written notice thereof by Lender with respect to any other such default; provided that in the case of any default that cannot be cured by the payment of money and cannot with diligence be cured within such 30-day period because of the nature of such default or because Lender requires time to obtain possession of the Premises in order to cure the default, if Lender 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. Tenant agrees with Lender that Tenant's estate in the Premises shall not be conveyed or encumbered without the prior written consent of Lender so long as the Lease is in effect.

7. This Agreement shall bind and inure to the benefit of the parties hereto, their successors and assigns. As used herein, the term "Tenant" shall include Tenant and its successors and assigns; the words "foreclosure" and "foreclosure sale" as used herein shall be deemed to include the acquisition of Landlord's estate in the Premises by voluntary deed (or assignment) in lieu of foreclosure; and the word "Lender" shall include Lender herein specifically named and any of its successors and assigns, including anyone who shall have succeeded to Landlord's interest in the Premises by, through or under foreclosure of the Deed of Trust.

8. This Agreement shall not be modified or amended except in writing signed by all parties hereto.

9. In the event of any suit, action, or other proceeding to interpret or enforce this Agreement, the prevailing party, at trial, on appeal, or in any bankruptcy proceeding, shall be entitled to recover reasonable attorneys' fees.

10. The use of the neuter gender in this Agreement shall be deemed to include any other gender, and words in the singular number shall be held to include the plural, when the sense requires.

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

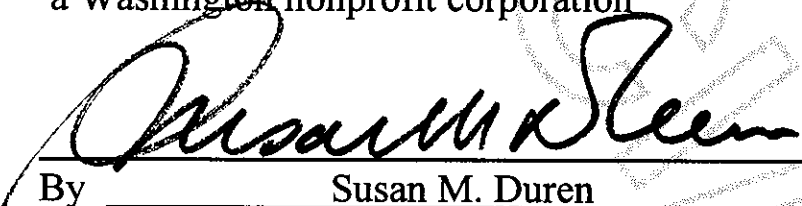
TENANT:

BLACKBOURN SERVICES, INC.,
a Washington corporation

By: _____
Name: _____
Title: _____

LENDER:

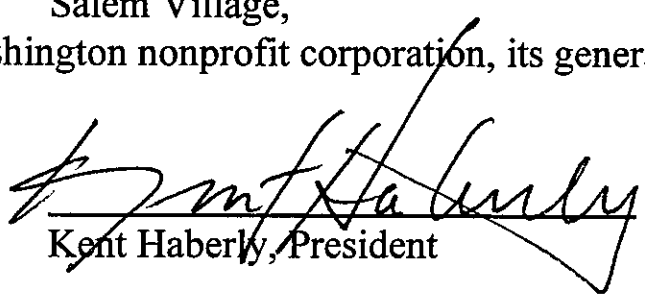
WASHINGTON COMMUNITY REINVESTMENT ASSOCIATION,
a Washington nonprofit corporation

By  _____
Susan M. Duren
Title _____ Vice President

LANDLORD:

SALEM VILLAGE LIMITED PARTNERSHIP,
a Washington limited partnership

BY: Salem Village,
a Washington nonprofit corporation, its general partner

By:  _____
Kent Haberly, President

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

TENANT:

BLACKBOURN SERVICES, INC.,
a Washington corporation

By: James R. Anton
Name: JAMES R. ANTON
Title: BRANCH MANAGER

LENDER:

WASHINGTON COMMUNITY REINVESTMENT ASSOCIATION,
a Washington nonprofit corporation

By: Susan M. Duren
Title: Vice President

LANDLORD:

SALEM VILLAGE LIMITED PARTNERSHIP,
a Washington limited partnership

BY: Salem Village,
a Washington nonprofit corporation, its general partner

By: _____
Kent Haberly, President

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NOTARY

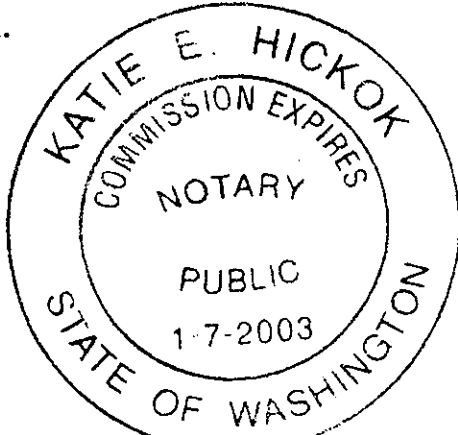
STATE OF WASHINGTON)

COUNTY OF Skagit)

) ss.

On this 18th day of May, 2000, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Kent Haberly, to me known to be the person who signed as President of SALEM VILLAGE, a Washington nonprofit corporation the corporation acting as general partner of SALEM VILLAGE LIMITED PARTNERSHIP, the limited partnership that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of the corporation as general partner and of the limited partnership for the uses and purposes therein mentioned; and on oath stated that he was duly elected, qualified and acting as said officer of the corporation and that he was authorized to execute the said instrument on behalf of the corporation and that the seal affixed, if any, is the corporate seal of the corporation, and that the corporation was authorized to execute said instrument on behalf of the limited partnership.

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



Katie E. Hickok
(Signature of Notary)

Katie E. Hickok
(Print or stamp name of Notary)

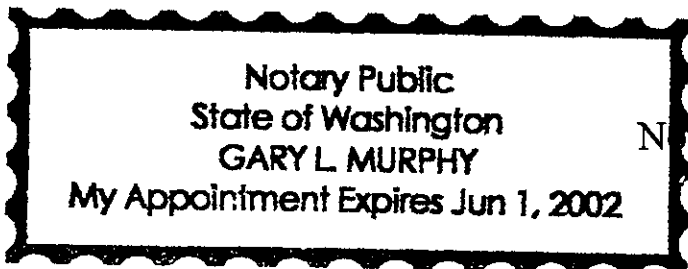
NOTARY PUBLIC in and for the State of Washington,
residing at Mt. Vernon
My appointment expires: 1-7-2003

STATE OF WASHINGTON)

COUNTY OF KING)

) ss.

On this 17th day of May, 2000 before me a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared SUSAN M. DUREN, known to me to be the Vice President of WASHINGTON COMMUNITY REINVESTMENT ASSOCIATION, a Washington non-profit corporation, the corporation named in and which executed the foregoing instrument, and stated on oath that she is authorized to execute the foregoing instrument on behalf of said corporation and signed the same as the free and voluntary act and deed of said corporation for the use and purposes therein mentioned.



Signature: Gary L. Murphy
Printed Name: Gary L. Murphy
Notary Public in and for the State of Washington,
residing at Seattle
My Commission expires: 6-1-02

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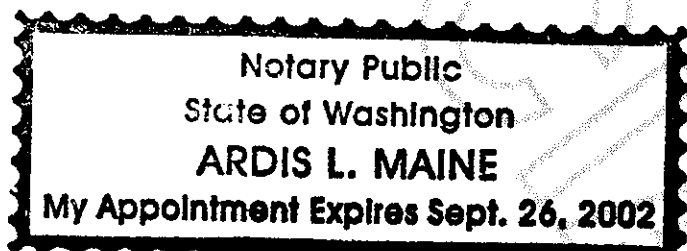
STATE OF WASHINGTON)

COUNTY OF) ss.

King

On this 18th day of May, 2000, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared James R. Anton, to me known to be the person who signed as Br. Mgr. of BLACKBOURN SERVICES, INC., a Washington corporation, the corporation that executed the within and foregoing instrument, and acknowledged 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 was duly elected, qualified and acting as said officer of the corporation, that was authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said corporation.

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



Ardis L. Maine
(Signature of Notary)
ARDIS L. MAINE
(Print or stamp name of Notary)

NOTARY PUBLIC in and for the State of Washington,
residing at Shoreline
My appointment expires: 9-26-02

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EXHIBIT "A"

LEGAL DESCRIPTION

Located in the County of Skagit, State of Washington, and described as follows:

Lot 2 of Mount Vernon Short Plat No. MV-8-94, approved July 1, 1997 and recorded July 1, 1997 under Auditor's File No. 9707010107 in Volume 13 of Short Plats, page 18, records of Skagit County, Washington;

TOGETHER WITH that portion of Lot 3 of said Mount Vernon Short Plat No. MV-8-94, described as follows:

Beginning at the Northwest corner of said Lot 2; thence South 0 degrees 11'21" West along the West line of said Lot 2, also being the East line of said Lot 3, a distance of 229.71 feet to the Southwest corner of said Lot 2; thence North 87 degrees 57'29" West, along the North line of a 60 foot wide utility and access easement as shown on said Short Plat, 53.64 feet; thence North 0 degrees 11'21" East 64.17 feet to the beginning of a curve to the right, having a radius of 88.00 feet; thence Northeasterly along the arc of said curve to the right, through a central angle of 21 degrees 40'05", an arc distance of 33.28 feet; thence North 21 degrees 51'26" East, 117.03 feet to the beginning of a curve to the left, having a radius of 50.00 feet; thence Northerly along the arc of said curve to the left, through a central angle of 21 degrees 40'05", and arc distance of 18.91 feet; thence North 0 degrees 11'21" East, 4.11 feet to a point which lies North 87 degrees 57'29" West from said Northwest corner of Lot 2; thence South 87 degrees 57'29" East, 0.64 feet to the point of beginning.

End of Exhibit "A"

