

Record and Return to:

Attn: TIM COULTER

Frontier Bank  
332 SW Everett Mall Way  
Everett, WA 98204



200305090153  
Skagit County Auditor

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**CHICAGO TITLE CO.**

C 26663

**SUBORDINATION, NONDISTURBANCE AND  
ATTORNMMENT AGREEMENT**

9<sup>th</sup> THIS AGREEMENT is made and entered into as of the  
day of May, 2003, by and among **Frontier Bank**,  
a Washington banking corporation ("Lender"), with an  
address at 332 SW Everett Mall Way, Everett, WA, and  
**MADRONA REAL ESTATE INVESTORS ONE, LLC** ("Landlord"), with  
an address at 500 UNION STREET, SUITE 900, SEATTLE, WA  
98101, and **JOSH ROWLEY AND MISHAL ROWLEY, DBA PAPA  
MURPHY'S TAKE 'N' BAKE PIZZA** ("Tenant"), with an address  
at 31595 STATE ROUTE 20 OAK HARBOR, WA 98277. Lender,  
Landlord and Tenant are sometimes singularly referred to  
as a "Party" and collectively referred to as the  
"Parties".

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RECITALS:

A. Tenant has a lease (herein the "Lease") with its  
Landlord, **MADRONA REAL ESTATE INVESTORS ONE, LLC.**,  
(herein "Borrower") dated 6/19/99. Under that  
Lease, Tenant is leasing a portion of the real property  
located in Skagit County, Washington, commonly known as  
**1710 COMMERCIAL AVENUE ANACORTES, WA 98221** (herein the  
"Property") and legally described on Exhibit "A" which is  
attached hereto and incorporated herein by this reference  
and briefly described as follows:

**PARCEL A: LOTS 1-8, E 24 FT OF LOT 17, ALL OF LOTS 18-20,  
BLK 46, VOL 2, PAGES 4-7, PARCEL B: LOT 17, EXCEPT E 24  
FT & ALL OF LOT 16, BLK 46, VOL 2, PAGES 4-7 SKAGIT CO,  
WA**  
P55158, P55163

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

3772-046-004-009, and -006-007, and -008-005 and -020-0009

B. A loan (herein "Loan") has been made or is about to be made by Lender to Borrower and the loan documents require that Tenant acknowledge that its Lease is in full force and effect and subordinate the Lease to the lien of Lender's Deed of Trust.

C. Tenant believes it will benefit from this Agreement and is willing to give such subordination and make such acknowledgement on the terms and conditions hereinafter set forth.

NOW, THEREFORE, the parties agree as follows:

1. Tenant hereby agrees that the Lease and all rights, options, liens and charges created thereby, are subordinate to the lien of Lender's Deed of Trust in the principal amount of \$2,272,500.00 dated MAY 9, 2003 and recorded MAY 9, 2003 under SKAGIT County Auditor's File No. 200305090150, and any and all instruments held by Lender as security for the Loan. Tenant further agrees that the Lease shall be subordinate to the Lien of any renewal, modification, extension, substitution, replacement or consolidation of said Deed of Trust and other security instruments.

2. So long as Tenant is not in default under the Lease, Lender hereby agrees that it will not disturb Tenant's quiet possession of the leased premises, nor deprive Tenant of any of its rights under the Lease.

3. If Lender becomes the owner of the Property or if the Property shall be sold by reason of foreclosure or other proceedings brought to enforce the Deed of Trust, or if the Property is transferred by deed in lieu of foreclosure, the Lease shall continue in full force and effect as a direct lease between the then owner of the Property (including the Lender or other grantee under a deed in lieu of foreclosure) and Tenant for the balance of the term of the Lease and Tenant agrees to attorn unto the then owner as its landlord. From and after said owner's acquisition of title, Tenant shall have the same remedies for breach of a covenant under the Lease that Tenant might have against its present landlord except



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that said owner shall not be: (a) liable for any act or omission of any prior landlord (including Borrower); (b) subject to any offsets or defenses which Tenant might have against any prior landlord (including Borrower); (c) bound by any payment of rent or which Tenant might have paid for more than one (1) month in advance; (d) bound by any amendment or modification of the Lease or by any waiver or forbearance on the part of an prior landlord (including Borrower) made or given without the written consent of Lender; (e) bound by a guarantee of work performed by or for the landlord or any warranty of workmanship or materials or of any other personal guaranty of the landlord; or (f) bound for return of any security deposit unless the same has been specifically transferred to said owner. This leasing arrangement shall be effective and self-operative without the execution of any further instruments. Tenant, however, shall be under no obligation to pay rent to Lender until Tenant receives written notice from Lender or the new owners that it has succeeded to Borrower's interest under the Lease.

4. Tenant agrees that Borrower shall not be in default under the Lease unless written notice specifying such default is given to Lender. Tenant agrees that Lender shall have the right to cure such default on behalf of Borrower within thirty (30) days after the receipt of such notice. Tenant further agrees not to invoke any of its remedies under the Lease until said thirty (30) days have elapsed, or during any period that Lender is proceeding to cure such default with due diligence, or is diligently taking steps to obtain the right to enter the lease premises and cure the default, whichever is later.

5. Tenant acknowledges that the interest of Borrower in the Lease has been assigned to Lender as security under the Deed of Trust described in Paragraph 1 above and that until Lender obtains title to the Property, Lender assumes no duty, liability or obligation under the Lease or any extension or renewal of the Lease, either by virtue of said assignment or by any subsequent receipt or collection of rents under the assignment.

6. This Agreement may not be modified except in writing and executed by the parties hereto or their successors in interest. This Agreement shall inure to the benefit of and be binding upon the parties hereto, and their successors and assigns.



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7. This Agreement shall inure to the benefit of and be binding upon the parties, hereto, their successors in interest, heirs and assigns and any subsequent owner of the Property.

8. Should any action or proceeding be commenced to enforce any of the provisions of this Agreement or in connection with its meaning, the prevailing party in such action shall be awarded, in addition to any other relief it may obtain, its reasonable costs and expenses, not limited to taxable costs, and reasonable attorneys' fees.

DATED as of the date first above written.

Lender:  
FRONTIER BANK

By: [Signature]  
Tim Coulter  
Its: Vice President and Commercial Loan Officer

Tenant: **JOSH ROWLEY AND MISHAL ROWLEY, DBA  
PAPA MURPHY'S TAKE 'N' BAKE PIZZA**

By: [Signature]  
Joshua B. Rowley  
Its: OWNER/GUARANTOR

Landlord: **MADRONA REAL ESTATE INVESTORS ONE, LLC**

By: [Signature]



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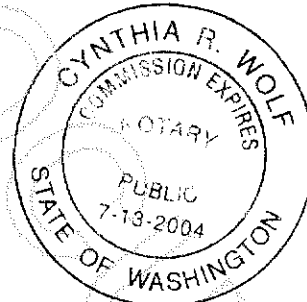
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STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF SNOHOMISH )

I, the undersigned, a notary public in and for the State of Washington, hereby certify that on this 9<sup>th</sup> day of May, 2003, personally appeared before me Jim Conter, to me known to be the SVP/Commercial Lender of **FRONTIER BANK**, the 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/she is authorized to execute the said instrument.

9<sup>th</sup> day of May, 2003. GIVEN UNDER MY HAND and official seal this

Cynthia R. Wolf  
(Name Cynthia R. Wolf)  
NOTARY PUBLIC in and for the State  
Washington, residing at \_\_\_\_\_  
My commission expires: \_\_\_\_\_



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**ACKNOWLEDGMENTS.**

STATE OF WASHINGTON )

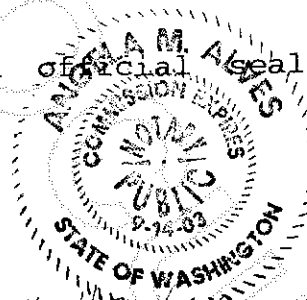
COUNTY OF ISLAND )

I, the undersigned, a notary public in and for the state of Washington, hereby certify that on this 25 day of APRIL, 2003 personally appeared before me JOSH ROWLEY, to me known to be the OWNER/OPERATOR of PPA MURPHY'S, AND COGS, the entity 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/she is authorized to execute the said instrument.

GIVEN UNDER MY HAND and official seal this 25th day of April, 2003.

Angela M. Alve  
(Name ANGELA M ALVE)

NOTARY PUBLIC in and for the  
State of Washington, residing at Oak Harbor  
My commission expires: 7/14/03



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ACKNOWLEDGMENTS

STATE OF WASHINGTON

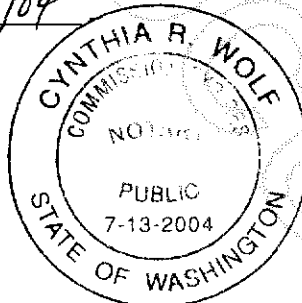
COUNTY OF Snohomish

I, the undersigned, a notary public in and for the state of Washington, hereby certify that on this 9<sup>th</sup> day of May, 2003 personally appeared before me Bruce H. Augustine to me known to be the Manager of Madrona RE Services, LLC who is the manager of member of Madrona RE Services, LLC, the entity 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/she is authorized to execute the said instrument.

9<sup>th</sup> GIVEN UNDER MY HAND and official seal this day of May, 2003.

Cynthia R. Wolf  
(name Cynthia R. Wolf)

NOTARY PUBLIC in and for the state of Washington, residing at Oredev  
My commission expires: 7/13/04



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**EXHIBIT A**

**PARCEL A:**

LOTS 1 THROUGH 8, INCLUSIVE, THE EAST 24 FEET OF LOT 17, AND ALL OF LOTS 18 THROUGH 20, INCLUSIVE BLOCK 46, MAP OF THE CITY OF ANACORTES, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 2 OF PLATS PAGES 4 THROUGH 7, RECORDS OF SKAGIT COUNTY, WASHINGTON;

**PARCEL B:**

LOT 17, EXCEPT THE EAST 24 FEET THEREOF, AND ALL OF LOT 1, BLOCK 46, MAP OF THE CITY OF ANACORTES, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 2 OF PLATS, PAGES 4 THROUGH 7, RECORDS OF SKAGIT COUNTY, WASHINGTON

SITUATED IN SKAGIT COUNTY, WASHINGTON.



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