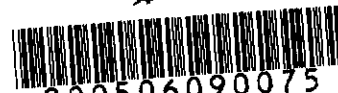


Return Address  
DAVID F. GUMAER  
9 S. Washington, Suite 215  
Spokane, WA 99201



200506090075  
Skagit County Auditor

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116163-S

LAND TITLE OF SKAGIT COUNTY

SUBORDINATION AGREEMENT

Reference #: 200506090070 Additional \_\_\_\_\_  
Grantor: PACIFIC PARTY CANOPIES, INC., a Washington  
Corporation  
Additional on page \_\_\_\_\_  
Grantee: Northwest Business Development Association  
Additional on page \_\_\_\_\_

Legal description:

ptn SW ¼ of SW ¼, 5-34-4 E.W.M.

FOR A COMPLETE LEGAL DESCRIPTION, SEE EXHIBIT "C" ATTACHED  
HERETO AND INCORPORATED HEREIN BY REFERENCE.

Assessor's Tax Parcel ID No.: 340405-3-001-0004

THIS AGREEMENT is made and entered into as of the 31st day of  
May, 2005, by GREGORY R. GREENFIELD, and DAWN D. GREENFIELD,  
husband and wife, ("Landlord"), whose address is 465 Pease  
Road, Burlington, Washington 98233; and PACIFIC PARTY CANOPIES,  
INC., a Washington corporation, ("Tenant"), whose address is  
465 Pease Road, Burlington, Washington 98233.

**WITNESSETH:**

WHEREAS, NORTHWEST BUSINESS DEVELOPMENT ASSOCIATION, a  
Washington nonprofit corporation, ("Mortgagee"), whose address  
is 9 S. Washington, Suite 215, Spokane, Washington 99201 has  
agreed to make a mortgage loan in the amount of Three Hundred  
Thirteen Thousand Dollars and no/100 cents (\$313,000.00) to  
Landlord, repayment of which is to be secured by a Deed of  
Trust or Mortgage 200506090070 (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, Tenants are the present lessees under a Lease, dated April 1, 2005, as amended from time to time, initially made by GREGORY R. GREENFIELD, and DAWN D. GREENFIELD, husband and wife, 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 Tenants 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 Tenants 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 Tenants 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 Tenants, 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, Tenants 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 therefore in the Lease, with the same force and effect as if Mortgagee were the landlord under the Lease. Tenants do 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, Tenants shall be under no obligation to pay rent to Mortgagee until Tenants receives written notice from Mortgagee that it has succeeded to the interests of the landlord under the Lease. The respective rights and obligations of Tenants 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 Tenants under the Lease and the rights of Tenants 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 Tenants might have against any prior landlord (including Landlord herein); nor bound by any rent or additional rent which Tenants 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, Tenants shall give written notice



thereof to Mortgagee, and Mortgagee shall have the right (but not the obligation) to cure such default. Tenants 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 Tenants 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: GREGORY R. GREENFIELD,  
and DAWN D. GREENFIELD, husband  
and wife,

  
\_\_\_\_\_  
GREGORY R. GREENFIELD

  
\_\_\_\_\_  
DAWN D. GREENFIELD

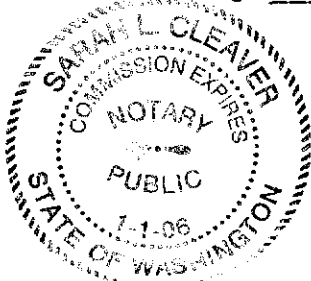
Tenant: PACIFIC PARTY CANOPIES, INC.,  
a Washington Corporation

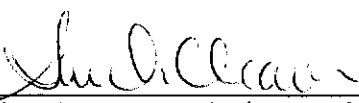
  
\_\_\_\_\_  
GREGORY R. GREENFIELD, President

STATE OF WASHINGTON                    )  
  ) ss.  
County of Skagit                        )

I certify that I know or have satisfactory evidence that Gregory R. Greenfield and Dawn D. Greenfield, husband and wife, signed this instrument, on oath stated it to be their free and voluntary act for the uses and purposes mentioned in the instrument.

DATED: May 31, 2005.



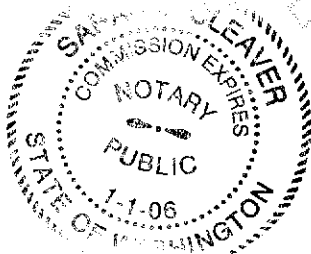
  
\_\_\_\_\_  
NOTARY PUBLIC in and for the State  
of Washington, residing at Burlington  
My appointment expires: 1-1-06



STATE OF WASHINGTON                    )  
  ) ss.  
County of Skagit                        )

I certify that I know or have satisfactory evidence that Gregory R. Greenfield signed this instrument and acknowledged it as President of Pacific Party Canopies, Inc., a Washington corporation, to be the free and voluntary act, of such corporation, for the uses and purposes mentioned in the instrument.

DATED: May 31, 2005.



Sarah A. Cleaver  
NOTARY PUBLIC in and for the State  
Of Washington, residing at Burlington  
My appointment expires: 1-1-06



200506090075  
Skagit County Auditor

EXHIBIT "C"

PARCEL "A":

The East 264 feet of the South 825 feet of the Southwest  $\frac{1}{4}$  of the Southwest  $\frac{1}{4}$  of Section 5, Township 34 North, Range 4 East, W.M., EXCEPT the following described tract:

Beginning at the Southeast corner of the Southwest  $\frac{1}{4}$  of the Southwest  $\frac{1}{4}$  of said Section 5;  
thence West 264 feet;  
thence North 530 feet;  
thence East 280 feet;  
thence South 530 feet;  
thence West 16 feet to the point of beginning,

ALSO EXCEPT the following described tract:

Beginning at the Northeast corner of said East 264.00 feet of the South 825.00 feet;  
thence South  $0^{\circ}30'59''$  East along the East line of said Southwest  $\frac{1}{4}$  of the Southwest  $\frac{1}{4}$  for a distance of 152.35 feet;  
thence North  $18^{\circ}35'55''$  West for a distance of 36.19 feet to a point of curvature;  
thence along the arc of said curve to the right, concave to the Northeast, having a radius of 380.00 feet, through a central angle of  $18^{\circ}04'56''$  an arc distance of 119.93 feet to a point of tangency;  
thence North  $0^{\circ}30'59''$  West for a distance of 0.63 feet, more or less, to the North line of said South 825.00 feet of the Southwest  $\frac{1}{4}$  of the Southwest  $\frac{1}{4}$  at a point bearing North  $89^{\circ}18'30''$  West from the point of beginning;  
thence South  $89^{\circ}18'30''$  East along said North line for a distance of 30.01 feet, more or less, to the point of beginning.

Situate in the County of Skagit, State of Washington.

PARCEL "B":

That portion of an unnamed dedicated road adjoining the West line of Tract 85, "PLAT OF THE BURLINGTON ACREAGE PROPERTY," as per plat recorded in Volume 1 of Plats, page 49, records of Skagit County, Washington, all as described in Skagit County Superior Court Cause No. 81-2-00071-4, that lies within the following described tract:

Beginning at the Northwest corner of the above described Tract;  
thence South  $89^{\circ}23'26''$  East along the North line of said Tract for a distance of 4.87 feet to the proposed Westerly margin of South Spruce Street;  
thence South  $18^{\circ}35'55''$  East along said proposed Westerly margin for a distance of 31.13 feet, to a point of curvature;  
thence along the arc of said curve to the right, having a radius of 320.00 feet, through a central angle of  $18^{\circ}04'56''$  for a distance of 100.99 feet to a point of tangency;  
thence North  $87^{\circ}27'42''$  West to the Northeast corner of the West 16.00 feet of the South 530.00 feet of the Southeast  $\frac{1}{4}$  of the Southwest  $\frac{1}{4}$  of Section 5, Township 34 North, Range 4 East, W.M.;  
thence North  $89^{\circ}18'30''$  West along said North line of the South 530 feet for a distance of 16.00 feet to the Northwest corner thereof at a point bearing South  $0^{\circ}30'59''$  East from the point of beginning;



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EXHIBIT "C" CONTINUED

DESCRIPTION CONTINUED:

PARCEL "B" continued:

thence North 0°30'59" West along the West line of said subdivision, also being the West line of the above described unnamed dedicated road right of way for a distance of 127.91 feet, more or less, to the point of beginning,

EXCEPT that portion, if any, lying within a Tract of land conveyed to Thad L. Bingham, et ux, by Deed recorded December 10, 1943, under Auditor's File No. 367953.

Situate in the County of Skagit, State of Washington.

PARCEL "C":

A non-exclusive easement for ingress, egress and utilities over, across and under the following described property as more fully provided for in document recorded September 30, 2004, under Auditor's File No. 200409300160:

The West 35 feet of that portion of Tract 85, "PLAT OF THE BURLINGTON ACREAGE PROPERTY," as per plat recorded in Volume 1 of Plats, page 49, records of Skagit County, Washington, lying West of the following described line:

Beginning at a point on the South line of said Tract 85, which is North 88°55' West 1,212.4 feet and 30 feet North of the South ¼ corner of Section 5, Township 34 North, Range 4 East, W.M., said point being the Southwest corner of that tract conveyed to Joseph Pauli and Ethel Pauli, husband and wife, by deed dated December 26, 1958, and recorded December 29, 1958, under Auditor's File No. 574035; thence North along the West line of the Pauli Tract, 629.3 feet, more or less, to the North line of said Tract 85 and the terminal point of said line being hereby described.

Situate in the County of Skagit, State of Washington.



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