

When recorded, return to:

Gordon Thomas Honeywell
600 University St., Suite 2101
Seattle, WA 98101
Attn: Donald Hanford

P114854

Lot 9 W, Amend. to
Red Hawk Estates

ESTOPPEL, SUBORDINATION AND ATTORNMENMENT AGREEMENT



200512060128

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THIS AGREEMENT ("Agreement") made as of the 11 day of November, 2005, between WESTERN HYDRO CORPORATION, a corporation ("Lessee"), whose address is 3449 Enterprise Avenue, Hayward, CA 94545, and FARM BUREAU LIFE INSURANCE COMPANY OF MICHIGAN, a Michigan Insurance Corporation ("Lender"), whose address is P.O. Box 30400, 7373 West Saginaw Highway, Lansing, Michigan, 48909.

FIRST AMERICAN TITLE CO.

Recitals

85935-12

SKAGIT I-5 BUSINESS PARK, LLC, a Washington limited liability company ("Lessor") is the lessor and Lessee is the lessee under a lease ("Lease") dated December 15, 2004, relating to certain real property described therein ("Premises").

Lessor desires to borrow funds from Lender ("Loan") to be secured by a Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing ("Deed of Trust") encumbering the real property ("Property") described on Schedule A attached hereto and made a part hereof, part or all of which includes the Premises.

Lender requires certain assurances and agreements relative to the leasehold interest of Lessee.

Lessee desires to facilitate the Lessor's ability to borrow the funds from Lender and has agreed to unconditionally subordinate the Lease and all of its rights and interests in and to Premises, under the Lease and otherwise, to the Deed of Trust and to the interests of Lender under the Deed of Trust, as more fully set forth below.

NOW, THEREFORE, in consideration of the Lease and the Loan by Lender and for One Dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Lessee Certification.** Lessee hereby warrants, represents, covenants and certifies that (a) the Lease is in full force and effect; (b) there are no rental offsets, claims, or defenses to enforcement of the Lease; (c) Lessee has accepted the Premises and commenced the Lease term; (d) Lessee is in occupancy and paying rent on a current basis; (e) no default has occurred and is

continuing under any of the terms or conditions of the Lease; (f) the Lease has not been changed or modified in any respect; (g) any modification of the Lease on or after the date of this Agreement shall be null and void unless the modification is approved in writing by Lender; (h) no bankruptcy action is pending or anticipated against Lessee; and (i) Lessee has been advised that the interest of the Lessor is being duly assigned to Lender and that all rental payments shall continue to be paid to Lessor in accordance with the terms of the Lease, unless and until otherwise notified in writing by Lender, at which time Lessee agrees to make rental payments only as directed by Lender.

2. **Subordination.** The Lease and all of the right, title and interest of Lessee in and to the Premises hereby are and shall at all times continue to be subject to and subordinate in each and every respect (including, but not limited to any rights to insurance proceeds and condemnation awards and options to purchase) to the lien and all rights and remedies created and provided in the Deed of Trust and to any and all increases, renewals, modifications, extensions, substitutions, replacements and/or consolidations of the Deed of Trust to the full extent of the principal sum thereof and all other sums secured thereby, including interest, and to any future mortgage or deed of trust affecting the Premises held by the holder of the Deed of Trust or its successor in interest to the same full extent

3. **Attornment.** If the interests of the Lessor under the Lease shall be transferred by reason of foreclosure, deed in lieu of foreclosure or other proceedings for enforcement of the Deed of Trust, and Lender has notified Tenant in writing prior to such action or proceeding of Lender's election not to terminate the Lease or if the Lease is not terminated in connection with such action or proceeding for any other reason, then Lessee shall be bound to the person who acquires the interests of Lessor as a result of any such action or proceeding ("Purchaser", including Lender if it would be Purchaser and any successor purchaser) 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 in effect in accordance with any option therefor in the Lease, with the same force and effect as if Purchaser were the original landlord under the Lease, and Lessee does hereby attorn to Purchaser (including Lender if it is Purchaser) as its landlord, said attornment to be effective and self-operative without the execution of any further instruments upon Purchaser's succeeding to the interests of the landlord under the Lease.

4. **Non-Liability of Purchaser/Lender.** Purchaser (including Lender if it is Purchaser) shall not be (a) liable for any act or omission of any prior landlord; (b) subject to any claims, offsets or defenses which Lessee might have against any prior landlord; (c) bound by any rent or additional rent which Lessee might have paid for more than the then current month or the next succeeding month to any prior landlord or any security deposit not remitted to Purchaser; (d) bound by any amendment or modification of the Lease after the date of this Agreement made without Lender's written consent or be bound by any covenant to undertake or complete construction of the premises or any portion thereof demised by the Lease. If Purchaser is Lender, upon any future sale by Lender to another purchaser, Lender will at such time be forever released from any and all duties and obligations incurred under the Lease which arise after the date of any such sale.



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5. **Notice to Lender of Default.** Lessee agrees not to terminate the Lease on account of a default by the Lessor or other landlord without giving Lender a written notice and, upon receipt of said notice, Lender shall have the opportunity for ninety (90) days to remedy and cure, or cause to be remedied and cured, said default before Lessee is entitled, if at all, to terminate the Lease on account of any said default. Any notices given pursuant to this Agreement shall be by certified mail, return receipt requested, and addressed to the parties at the addresses set forth above.

6. **Modification of Deed of Trust.** Lender is authorized and empowered from time to time without notice to Lessee, and without consideration, to give and make such extensions, renewals, modifications, indulgences, settlements and compromises as Lender may deem proper with respect to the Deed of Trust and all other documents executed in connection with the issuance and sale, and purchasing of the Deed of Trust, without in any manner affecting or impairing its rights under this Agreement.

7. **Modifications of this Agreement.** This Agreement may not be changed, terminated or modified orally or in any manner other than by an agreement in writing signed by the parties hereto.

8. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors, assigns and legal representatives.

9. **Governing Law.** This Agreement shall be governed by the laws of the State of Washington.

10. **Waiver.** Lessee hereby waives the provisions of any statute or rule of law now or hereafter in effect which may give or purport to give it any right or election to terminate or otherwise adversely affect its said Lease and the obligations of Lessee thereunder by reason of foreclosure of the Deed of Trust.

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the day and year first above written.



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**Lessor Signature/Acknowledgment Page
to Estoppel, Subordination and
Attornment Agreement**

Address:

18697 Hickox Road
Mount Vernon, WA 98273

**SKAGIT I-5 BUSINESS PARK, LLC, a
Washington limited liability company**

By: *William J. Youngsman*

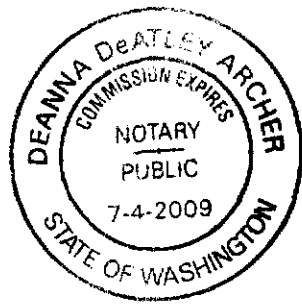
Name: William J. Youngsman

Title: Managing Member

STATE OF WASHINGTON)
) ss.
County of SKAGIT)

I certify that I know or have satisfactory evidence that **WILLIAM J. YOUNGSMAN** is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Managing Member of **SKAGIT I-5 BUSINESS PARK, LLC**, a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument

DATED this 14th day of NOVEMBER, 2005.



Deanna DeAtley Archer
Notary Public in and for the State of Washington
residing at MOUNT VERNON
Name (printed): Deanna DeAtley Archer
My appointment expires: 7-4-2009



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Lessee Signature/Acknowledgment Page
to Estoppel, Subordination and
Attornment Agreement

Address:

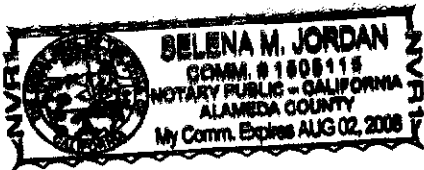
3449 Enterprise Avenue
Hayward, CA 94545

WESTERN HYDRO CORPORATION,
a corporation

By *[Signature]*
Name: Richard A. HADDERER
Title: President / CEO

I certify that I know or have satisfactory evidence that Richard A. Haderer is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the President / CEO of **WESTERN HYDRO CORPORATION, a corporation**, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED this 11 day of November, 2005.



[Signature]
Notary Public in and for the State of CA
residing at Hayward
Name (printed): Belena M. Jordan
My appointment expires: 8-2-08



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**Lender Signature/Acknowledgment Page
to Estoppel, Subordination and
Attornment Agreement**

Address:

7373 West Saginaw Highway
Lansing, Michigan 48917
(Delivery)

P.O. Box 30400
Lansing, Michigan 48909
(Mail)

Farm Bureau Life Insurance Company
of Michigan, a Michigan corporation

By *David D. Baker*

Name: DAVID D. BAKER

Title: CHIEF INVESTMENT OFFICER

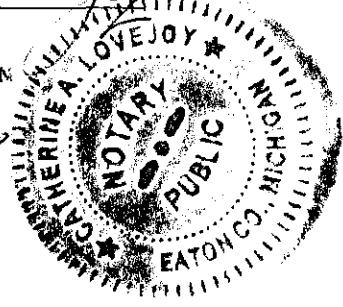
STATE OF MICHIGAN)
) ss.
County of Eaton)

The foregoing was acknowledged before me this 22nd day of November, 2005, by
David D. Baker, the Chief Investment Officer of Farm Bureau Life Insurance Company of
Michigan, a Michigan corporation, on behalf of the corporation.

My Commission Expires:
4/22/2007

Catherine A. Lovejoy
Notary Public

CATHERINE A. LOVEJOY
NOTARY PUBLIC - STATE OF MICHIGAN
COUNTY OF EATON
My Commission Expires April 22, 2007
Acting in the County of Eaton



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Skagit County Auditor

EXHIBIT "A" – Legal Description

LOT 9W, "AMENDMENT TO RED HAWK ESTATES", AS RECORDED JULY 26, 2005,
UNDER SKAGIT COUNTY AUDITOR'S FILE NO. 200507260199.



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Skagit County Auditor