

RETURN ADDRESS:

Wilshire State Bank
Attn: Note Department
3200 Wilshire Blvd.
Los Angeles, CA 90010



200611030159

Skagit County Auditor

11/3/2006 Page 1 of 7 4:01PM

LAND TITLE OF SKAGIT COUNTY

1226898

NOTICE: THIS SUBORDINATION AGREEMENT - LEASE RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

SUBORDINATION AGREEMENT - LEASE

Reference # (if applicable): 1217111 200611030154

Additional on page ____

Grantor(s):

1. CHIN, HO POM
2. CHIN, HWA SUK

Grantee(s)

1. Wilshire State Bank

Legal Description: PTN LOT 5, ALL OF LOTS 6-9, AND PTN 10, BLK. 6, KNUTZEN'S TO BURL

Additional on page ____

Assessor's Tax Parcel ID#: 4089-006-010-0001

THIS SUBORDINATION AGREEMENT - LEASE dated October 27, 2006, is made and executed among HO POM CHIN and HWA SUK CHIN ("Lessor"); HO POM CHIN, HWA SUK CHIN and CHIN'S CORPORATION ("Borrower"); and Wilshire State Bank ("Lender").

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

NOV 03 2006

Amount Paid \$
By Skagit Co. Treasurer
Deputy

[Signature]

**SUBORDINATION AGREEMENT - LEASE
(Continued)**

Loan No: 1217111

Page 2

LEASE. Lessor has executed a lease dated October 27, 2006 of the property described herein which was recorded as follows: A CERTAIN LEASE DATED OCTOBER 27, 2006, EXECUTED BY HO POM CHIN AND HWA SUK CHIN, AS LESSOR, AND CHIN'S CORPORATION, AS LESSEE, SUBJECT TO ALL THE TERMS AND CONDITIONS CONTAINED IN LEASE AGREEMENT (the "Subordinated Lease"). The following information is the summary of the basic terms and conditions of the Subordinated Lease: THE TERM OF LEASE SHALL BE TWENTY-FIVE (25) YEARS AND FOUR (4) MONTHS, COMMENCING OCTOBER 27, 2006 AND ENDING FEBRUARY 27, 2032. THE RENTAL FOR 25 YEARS AND FOUR (4) MONTHS SHALL BE THE SUM OF ELEVEN THOUSAND FIVE HUNDRED TWENTY NINE AND NO/100 DOLLARS (\$11,529.00)..

REAL PROPERTY DESCRIPTION. The Lease covers a portion of the following described real property located in SKAGIT County, State of Washington:

LOT 5, EXCEPT THE NORTH 35 FEET THEREOF, AND ALL OF LOTS 6, 7, 8, 9 AND 10, BLOCK 6, "KNUTZEN'S ADDITION TO THE TOWN OF BURLINGTON", AS PER PLAT RECORDED IN VOLUME 3 OF PLATS, PAGE 80, RECORDS OF SKAGIT COUNTY, WASHINGTON,

EXCEPT THE SOUTH 12.4 FEET OF LOT 10,

EXCEPT THAT PORTION THEREOF LYING WESTERLY OF A LINE 40 FEET EAST OF AND PARALLEL WITH THE WEST LINE OF THE NORTHWEST 1/4 OF SECTION 5, TOWNSHIP 34 NORTH, RANGE 4 EAST, W.M.

SITUATE IN THE CITY OF BURLINGTON, COUNTY OF SKAGIT, STATE OF WASHINGTON.

The Real Property or its address is commonly known as: 854-886 SOUTH BURLINGTON BLVD, BURLINGTON, WA 98233.

REQUESTED FINANCIAL ACCOMMODATIONS. Lessor and Borrower each want Lender to provide financial accommodations to Borrower in the form of (A) new credit or loan advances, (B) an extension of time to pay or other compromises regarding all or part of Borrower's present indebtedness to Lender, or (C) other benefits to Borrower. Borrower and Lessor each represent and acknowledge to Lender that Lessor will benefit as a result of these financial accommodations from Lender to Borrower, and Lessor acknowledges receipt of valuable consideration for entering into this Subordination.

LENDER'S LIEN. As a condition to the granting of the requested financial accommodations, Lender has required that its lien on the Real Property ("Lender's Lien") be and remain superior to the Subordinated Lease.

NOW THEREFORE THE PARTIES TO THIS SUBORDINATION HEREBY AGREE AS FOLLOWS:

SUBORDINATION. All of Lessor's right, title, and interest in and to the Subordinated Lease is and shall be subordinated in all respects to Lender's Lien and the Superior Indebtedness, and it is agreed that Lender's Lien shall be and remain, at all times, prior and superior to Lessor's interests in the Subordinated Lease. Lessor also subordinates to Lender's Lien all other Security Interests in the Real Property held by Lessor, whether now existing or hereafter acquired. The words "Security Interest" mean and include without limitation any type of collateral security, whether in the form of a lien, charge, mortgage, deed of trust, assignment, pledge, chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise. Deed of Trust

LESSOR'S REPRESENTATIONS AND WARRANTIES. Lessor hereby represents and warrants to Lender that Lessor has heretofore delivered to Lender a true, correct and complete copy of the Lease, which constitutes the entire agreement between the parties thereto and Lessor further acknowledges that the Lease is in full force and effect and that no default by Lessor or, to Lessor's knowledge, by other party under the terms and provisions of the Lease exists as of the date hereof.

LESSOR WAIVERS. Lessor waives any right to require Lender: (A) to make, extend, renew, or modify any loan to Borrower or to grant any other financial accommodations to Borrower whatsoever; (B) to make any presentment, protest, demand, or notice of any kind, including notice of any nonpayment of any Superior Indebtedness secured by Lender's Lien, or notice of any action or nonaction on the part of Borrower, Lender, any surety, endorser, or other guarantor in connection with the Superior Indebtedness, or in connection with the creation of new or additional indebtedness; (C) to resort for payment or to proceed directly or at once against any person, including Borrower; (D) to proceed directly against or exhaust any collateral held by Lender from Borrower, any other guarantor, or any other person; (E) to pursue any other remedy within Lender's power; or (F) to commit any act or omission of any kind, at any time, with respect to any matter whatsoever.

LENDER'S RIGHTS. Lender may take or omit any and all actions with respect to Lender's Lien without affecting whatsoever any of Lender's rights under this Subordination. In particular, without limitation, Lender may (A) make one or more additional secured or unsecured loans to Borrower; (B) repeatedly alter, compromise, renew, extend,



200611030159

Skagit County Auditor

**SUBORDINATION AGREEMENT - LEASE
(Continued)**

Loan No: 1217111

Page 3

accelerate, or otherwise change the time for payment or other terms of the Superior Indebtedness or any part of it, including increases and decreases of the rate of interest on the Superior Indebtedness; extensions may be repeated and may be for longer than the original loan term; (C) take and hold collateral for the payment of the Superior Indebtedness, and exchange, enforce, waive, and release any such collateral, with or without the substitution of new collateral; (D) release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or guarantors on any terms or manner Lender chooses; (E) determine how, when and what application of payments and credits, shall be made on the Superior Indebtedness; (F) apply such security and direct the order or manner of sale of the security, as Lender in its discretion may determine; and (G) transfer this Subordination to another party.

DEFAULT BY BORROWER. If Borrower becomes insolvent or bankrupt, this Subordination shall remain in full force and effect. Any default by Borrower under the terms of the Subordinated Indebtedness also shall constitute an event of default under the terms of the Superior Indebtedness in favor of Lender.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Subordination:

Amendments. This Subordination, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Subordination. No alteration of or amendment to this Subordination shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Subordination, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees and title insurance, to the extent permitted by applicable law. Lender also will pay any court costs, in addition to all other sums provided by law.

Authority. The person who signs this Subordination as or on behalf of Lessor represents and warrants that he or she has authority to execute this Subordination and to subordinate the Subordinated Indebtedness and the Lessor's security interests in Lessor's property, if any.

Caption Headings. Caption headings in this Subordination are for convenience purposes only and are not to be used to interpret or define the provisions of this Subordination.

Applicable Law. The Loan secured by this lien was made under a United States Small Business Administration (SBA) nationwide program which uses tax dollars to assist small business owners. If the United States is seeking to enforce this document, then under SBA regulations: (a) When SBA is the holder of the Note, this document and all documents evidencing or securing this Loan will be construed in accordance with federal law. (b) Lender or SBA may use local or state procedures for purposes such as filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using these procedures, SBA does not waive any federal immunity from local or state control, penalty, tax or liability. No Borrower or Guarantor may claim or assert against SBA any local or state law to deny any obligation of Borrower, or defeat any claim of SBA with respect to this Loan. Any clause in this document requiring arbitration is not enforceable when SBA is the holder of the Note secured by this instrument.

Choice of Venue. If there is a lawsuit, Lessor agrees upon Lender's request to submit to the jurisdiction of the courts of Los Angeles County, State of California.

Successors. This Subordination shall extend to and bind the respective heirs, personal representatives, successors and assigns of the parties to this Subordination, and the covenants of Lessor herein in favor of Lender shall extend to, include, and be enforceable by any transferee or endorsee to whom Lender may transfer any or all of the Superior Indebtedness.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Subordination unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Subordination shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Subordination. No prior waiver by Lender, nor any course of dealing between Lender and Lessor, shall constitute a waiver of any of Lender's rights or of any of Lessor's obligations as to any future transactions. Whenever the consent of Lender is required under this Subordination, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.



200611030159
Skagit County Auditor

SUBORDINATION AGREEMENT - LEASE
(Continued)

Loan No: 1217111

Page 4

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN, A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND.

EACH PARTY TO THIS SUBORDINATION ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS SUBORDINATION, AND EACH PARTY AGREES TO ITS TERMS. THIS SUBORDINATION IS DATED OCTOBER 27, 2006.

BORROWER:

x Ho Pom Chin
HO POM CHIN, Individually

x Hwa Suk Chin
HWA SUK CHIN, Individually

CHIN'S CORPORATION

By: Ho Pom Chin
HO POM CHIN, President of CHIN'S CORPORATION

By: Hwa Suk Chin
HWA SUK CHIN, Secretary of CHIN'S CORPORATION

LESSOR:

x Ho Pom Chin
HO POM CHIN, Individually

x Hwa Suk Chin
HWA SUK CHIN, Individually

LENDER:

WILSHIRE STATE BANK

x [Signature]
Authorized Officer



200611030159

Skagit County Auditor

**SUBORDINATION AGREEMENT - LEASE
(Continued)**

Loan No: 1217111

Page 5

INDIVIDUAL ACKNOWLEDGMENT

STATE OF WASHINGTON)
) SS
COUNTY OF SNOHOMISH)

On this day before me, the undersigned Notary Public, personally appeared **HO POM CHIN and HWA SUK CHIN**, personally known to me or proved to me on the basis of satisfactory evidence to be the individuals described in and who executed the Subordination Agreement - Lease, and acknowledged that they signed the Subordination as their free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 31st day of OCTOBER, 2006
By Chloe Cerutti
Notary Public in and for the State of WA

CHLOE CERUTTI
STATE OF WASHINGTON
Residing at EDMONDS
NOTARY — — PUBLIC
My commission expires 7/10/09
MY COMMISSION EXPIRES 02-10-09

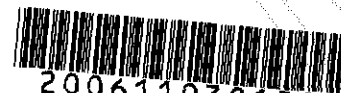
CORPORATE ACKNOWLEDGMENT

STATE OF WASHINGTON)
) SS
COUNTY OF SNOHOMISH)

On this 31st day of OCTOBER, 2006, before me, the undersigned Notary Public, personally appeared **HO POM CHIN, President of CHIN'S CORPORATION; HWA SUK CHIN, Secretary of CHIN'S CORPORATION**, and personally known to me or proved to me on the basis of satisfactory evidence to be authorized agents of the corporation that executed the Subordination Agreement - Lease and acknowledged the Subordination to be the free and voluntary act and deed of the corporation, by authority of its Bylaws or by resolution of its board of directors, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute this Subordination and in fact executed the Subordination on behalf of the corporation.

By Chloe Cerutti
Notary Public in and for the State of WA

CHLOE CERUTTI
STATE OF WASHINGTON
Residing at EDMONDS
NOTARY — — PUBLIC
My commission expires 7/10/09
MY COMMISSION EXPIRES 02-10-09



200611030159

Skagit County Auditor

11/3/2006 Page

5 of

7 4:01PM

**SUBORDINATION AGREEMENT - LEASE
(Continued)**

Loan No: 1217111

Page 6

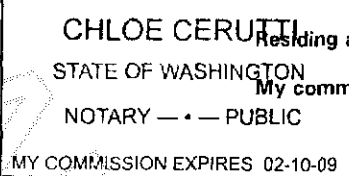
INDIVIDUAL ACKNOWLEDGMENT

STATE OF WASHINGTON)
) SS
COUNTY OF SNOHOMISH)

On this day before me, the undersigned Notary Public, personally appeared **HO POM CHIN and HWA SUK CHIN**, personally known to me or proved to me on the basis of satisfactory evidence to be the individuals described in and who executed the Subordination Agreement - Lease, and acknowledged that they signed the Subordination as their free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 31ST day of OCTOBER, 2006

By Chloe Cerutti
Notary Public in and for the State of WA.



Residing at EDMONDS
My commission expires 2/10/09

LENDER ACKNOWLEDGMENT

STATE OF _____)
) SS
COUNTY OF _____)

See Attached

On this _____ day of _____, 20____, before me, the undersigned Notary Public, personally appeared _____ and personally known to me or proved to me on the basis of satisfactory evidence to be the _____, authorized agent for the Lender that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of the said Lender, duly authorized by the Lender through its board of directors or otherwise, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this said instrument and that the seal affixed is the corporate seal of said Lender.

By _____ Residing at _____
Notary Public in and for the State of _____ My commission expires _____

LASER PRO Lending, Ver. 5.28.00.004 Copr. Harland Financial Solutions, Inc. 1997, 2006. All Rights Reserved. WA/CA C:\CIAPPLIC\FIL\PLIG214.FC TR-10926 PR-25



Skagit County Auditor

11/3/2006 Page 6 of 7 4:01PM

ALL-PURPOSE CALIFORNIA ACKNOWLEDGEMENT

State of California

County of Los Angeles

SS.

On Oct. 27th, 2006 before me, Chunyu P. Ramirez

(DATE)

(NOTARY)

personally appeared Tommy Kim

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature

[Handwritten Signature]

(seal)



OPTIONAL INFORMATION

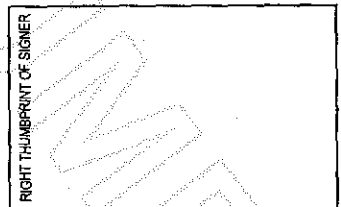
The following information is not required by law, however it may be helpful in preventing fraudulent use of this acknowledgement.

Subordination Agreement - lease

DOCUMENT TITLE OR DESCRIPTION

DOCUMENT DATE: 10/27/2006 NUMBER OF PAGES: 6

COMMENTS:



200611030159

Skagit County Auditor