

AFTER RECORDING MAIL TO:

Hanmi Bank
3327 Wilshire Blvd.
Los Angeles, CA 90010



200702220130

Skagit County Auditor

2/22/2007 Page 1 of 4 3:15PM

CHICAGO TITLE CO. 1641379

APN: P48989

ACCOMMODATION RECORDING

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SUBORDINATION AGREEMENT

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

THIS AGREEMENT, made this 31ST day of JANUARY, 2007, by Y & SK, INC., A WASHINGTON CORPORATION, owner of the land hereinafter described and hereinafter referred to as "Owner," and RYAN BLACKWELL and ANGELA BLACKWELL, present owner and holder of the leasehold estate created by the lease hereinafter described and hereinafter referred to as "Lessee"; covering: See Attached Exhibit "A."

WITNESSETH

WHEREAS, Y & SK, Inc. is an Assignee of the Lessor's interest in a certain lease dated January 31, 2000, recorded on February 3, 2000, under the recording number 200002030041, records of Skagit County, Washington, originally by and between Skagit M.M.1 LLC, a Washington limited liability company as Lessor, and Shekinah Aven dba Blanchard Mountain Coffee Company, as Lessee, concerning a espresso stand located on the premises of 1454 Lake Samish Road, Bellingham, WA 98229. The Lessor's interest has been since assigned from Skagit M.M.1 LLC to Alger Texaco Real Estate, LLC, a Washington limited liability company on July 20, 2001 then to Johnny T. Yu and Young Sill Yu on _____. The Lessor's interest is now being assigned from Johnny T. Yu and Young Sill Yu to current purchaser of land, Y & SK, Inc., by an Assignment and Assumption of Lessor's Interest in Lease dated January 31, 2007 to be recorded concurrently with this Agreement; and

WHEREAS, RYAN BLACKWELL and ANGELA BLACKWELL are an Assignee of the Lessee's interest from Shekinah Aven and Tina Aven by an Assignment of Lease dated August 16, 2006; and

WHEREAS, Owner has executed, or is about to execute, a Deed of Trust and note in the sum of \$2,360,000.00 dated 1/30/2007, in favor of HANMI BANK, hereinafter referred to as "Lender," payable with interest and upon the terms and conditions described therein, which Deed of Trust is ~~to be~~ recorded ~~concurrently herewith~~, and *under Auditor's File No. 200702010111.

WHEREAS, it is a condition precedent to obtaining said loan that said Deed of Trust last above mentioned shall unconditionally be and remain at all times a lien or charge upon the land hereinbefore described, prior and superior to the lease above described and to the leasehold estate created thereby; and

WHEREAS, Lender is willing to make said loan provided the Deed of Trust securing the same is a lien or charge upon said land prior and superior to the lease above described and to the leasehold estate created thereby and provided that Lessee will specifically and unconditionally subordinate and subject the lease above described, the leasehold estate created thereby together with all rights and privileges of Lessee thereunder, to the lien or charge of the Deed of Trust in favor of Lender; and

WHEREAS, it is to the mutual benefit of the parties hereto that Lender make such loan to Owner; and Lessee is willing that the Deed of Trust securing the same shall, when recorded, constitute a lien or charge upon said land which is unconditionally prior and superior to the lease above described and to the leasehold estate created thereby.

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, and in order to induce Lender to make the loan above referred to, it is hereby declared, understood and agreed as follows:

- (1) That said Deed of Trust securing said note in favor of Lender, and any renewals and extensions thereof, shall unconditionally be and remain at all times a lien or charge on the land described therein, prior and superior to the lease above described, to the leasehold estate created thereby and to all rights and privileges of Lessee thereunder, and said lease, the leasehold estate created thereby together with all rights and privileges of Lessee thereunder is hereby subjected, and made subordinate, to the lien or charge of the Deed of Trust in favor of Lender.
- (2) That Lender would not make its loan above described without this subordination agreement.
- (3) That this agreement shall be the whole and only agreement with regard to the subjection and subordination of the lease above described and the leasehold estate created thereby together with all rights and privileges of Lessee thereunder to the lien or charge of the Deed of Trust in favor of Lender above referred to and shall supersede and cancel, but only insofar as would affect the priority between the lease and the Deed of Trust hereinbefore specifically described, any prior agreements as to such subjection or subordination, including, but not limited to, those provisions, if any, contained in the lease above described, which provide for the subjection or subordination of said lease and the leasehold estate created thereby to a deed or deeds of trust or to a mortgage or mortgages.

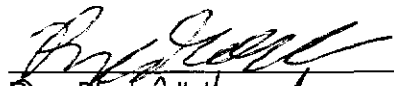
Lessee declares, agrees and acknowledges that

a) He consents to and approved (i) all provisions of the note and Deed of Trust in favor of Lender above referred to, and (ii) all agreements, including but not limited to any loan or escrow agreements, between Owner and Lender for the disbursement of the proceeds of Lender's loan;

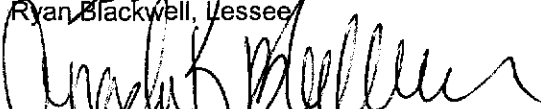
b) Lender in making disbursements pursuant to any such agreement is under no obligation or duty to, nor has Lender represented that it will, see to the application of such proceeds by the person or persons to whom Lender disburses such proceeds and any application or use of such proceeds for purposes other than those provided for in such agreement or agreements shall not defeat the subordination herein made in whole or in part; and

c) He intentionally and unconditionally waives, relinquishes, subject and subordinates the lease above described, the leasehold estate created thereby together with all rights and privileges of Lessee thereunder in favor of the lien or charge upon said land of the Deed of Trust in favor of Lender above referred to and understands that in reliance upon, and in consideration of, this waiver, relinquishment, subjection and subordination specific loans and advances are being and will be made and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for said reliance upon this waiver, relinquishment, subjection, and subordination.

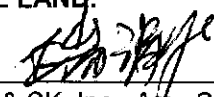
NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE LESSOR UNDER YOUR LEASE TO OBTAIN A LOAN A PORTION OF WHICH MAY BE EXPENDED FOR PURPOSES OTHER THAN IMPROVEMENT OF THE LAND.



Ryan Blackwell, Lessee



Angela Blackwell, Lessee



Y & SK, Inc., Amy Seo Yeon Yoon aka Seo
Yeon Yoon, President & Secretary, Owner

Subordination Agreement



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Skagit County Auditor

STATE OF WASHINGTON

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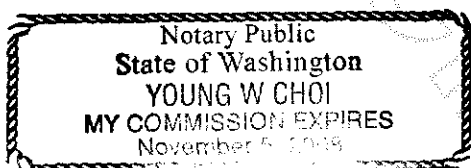
} ss.


COUNTY OF KING

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On this day personally appeared before me Ryan Blackwell and Angela Blackwell to me known to be the individual(s) described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 2ND day of February 2007.




Young W. Choi

Notary Public in and for the State of Washington,
residing at Seattle, Washington.

My appointment expires: 11-05-08

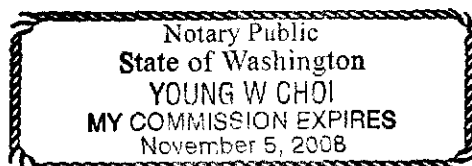
STATE OF WASHINGTON)

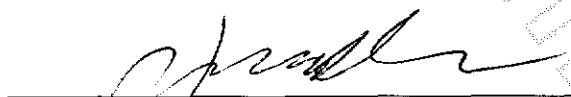
) ss.

COUNTY OF KING)

On this day personally appeared before me Amy Seo Yeon Yoon to me known to be the President of Y & SK, Inc., a Washington corporation, 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 she is authorized to execute the said instrument and that the seal affixed is the corporation seal of said corporation.

WITNESS my hand and official seal hereto affixed this 2ND day of February 2007.




Young W. Choi

Notary Public in and for the State of Washington,
residing at Seattle, Washington.

My appointment expires 11-05-08



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EXHIBIT "A"

That portion of Government Lots 3 and 4, Section 7, Township 36 North, Range 4 East of the Willamette Meridian, described as follows:

Beginning at the Southwest corner of said Government Lot 4;
Thence South 89°01'34" East 1,451.78 feet to the Southeast corner of said Government Lot 4, being the Southeast corner of Skagit County Short Plat No. 11-85, under Auditor's File No. 8603110018, records of Skagit County, Washington;
Thence North 00°18'56" West along the East line of said Government Lot and said Short Plat a distance of 1,201.82 feet to the Southerly line of Alger-Lake Samish Road;
Thence North 70°55'30" West along said Southerly line a distance of 261.41 feet to the centerline of Patrick Lane as shown upon said Short Plat;
Thence South 03°20'47" East along said centerline a distance of 22.10 feet;
Thence South 25°41'33" West along said centerline a distance of 215.99 feet;
Thence South 03°03'26" West along said centerline a distance of 123.31 feet;
Thence North 89°01'34" West 290.00 feet;
Thence North 17°57'08" East 104.49 feet;
Thence North 43°30'13" East 68.00 feet to the point of beginning;
Thence continuing North 43°30'13" East 62.86 feet;
Thence North 06°09'34" West 165.90 feet;
Thence North 39°24'04" East 95.90 feet to the said Southerly line of Alger-Lake Samish Road;
Thence North 70°55'30" West along said Southerly line a distance of 26.01 feet;
Thence South 19°04'30" West along said Southerly line a distance of 15.00 feet;
Thence North 70°55'30" West along said Southerly line a distance of 299.97 feet to the Easterly line of Interstate Hwy. No. 5;
Thence South 19°04'31" West along said Easterly line a distance of 95.97 feet;
Thence South 12°27'14" West along said Easterly line a distance of 235.83 feet;
Thence departing therefrom South 79°43'15" East 313.91 feet to the point of beginning.

Situated in Skagit County, Washington.

- END OF EXHIBIT "A" -



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Skagit County Auditor