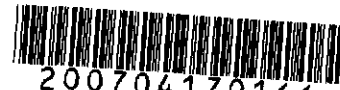


Return Address:

Washington Mutual Bank, a federal association
CML Closing
National Commercial Operations Center
PO Box 9011
Coppell, TX 75019



200704170166

Skagit County Auditor

4/17/2007 Page 1 of 10 3:31PM

LAND TITLE OF SKAGIT COUNTY 124805-T

Document Title(s) (or transactions contained therein):

1. Lease Subordination Agreement

Reference Number(s) of Documents assigned or released:

(on Page of documents(s)) unrecorded lease 200704170165

Grantor(s)

1. No 1 Corporation

2. Walker Property, LLC

3.

4.

5. Additional names on page of document

Grantees(s)

1. WASHINGTON MUTUAL BANK, a federal association (LENDER)

2. Walker Property LLC, a Washington Limited Liability Company

3.

4.

5. Additional names on page of document

Legal description (abbreviated: i.e. lot, block, plat or section, township, range)

LEGAL DESCRIPTION ATTACHED HERETO AND MADE A PART HEREOF

A ptn of Lot 1, BU SP-1-00 in NE 1/4 of NW 1/4, 7-34-4 E

W.M.

Additional Legal(s) on Exhibit A

Additional legal is on of document

Assessor's Property Tax Parcel/Account Number

P116414

Additional legal is on page of document

The Auditor/Recorder will rely on the information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.

Washington State County Auditor/Recorder's
Indexing Form (Cover Sheet)



Commercial Group
Lease Subordination Agreement

After recording return to:

Washington Mutual Bank
Attn. POST CLOSING – 3545RMTX
c/o Royal Ridge Operations Center
P.O. Box 9011
Coppell, TX 75019-9011
Loan No. 626003321

Lease Subordination Agreement

THIS LEASE SUBORDINATION AGREEMENT ("Agreement") is made as of February 28, 2007,
by and between WASHINGTON MUTUAL BANK, a federal association (together with its successors and assigns,
("Lender"), Walker Property, LLC ("Borrower"), and No. 1 Corporation
("Tenant").

Borrower is or expects to become the landlord and Tenant is the tenant under a lease dated February 28, 2007,
(as amended, the "Lease"). The Lease covers all or a portion (such leased premises, the "Leased Premises") of the real
property described on the attached Exhibit A and the improvements thereon (the "Property"). Borrower has obtained or
applied for a loan (the "Loan"), payment of which is to be secured by a mortgage, deed of trust or other security
instrument (any of the foregoing, "Security Instrument") encumbering the Property. (All documents evidencing or securing
the Loan, including the Security Instrument, are referred to as the "Loan Documents.") Tenant has agreed to subordinate
the Lease to the Security Instrument, all in accordance with the terms and conditions set forth below. The parties agree
as follows:

1. **Subordination.** The Lease, and all other rights and interests of Tenant in the Property (including any
purchase options and rights of first refusal) are and at all times will be subordinate to the Loan Documents and the lien of
the Security Instrument, to all advances made or to be made thereunder, and to any and all renewals, extensions,
modifications, or replacements thereof. Tenant acknowledges and agrees that no right of first refusal held by Tenant will
be exercisable in connection with any transfer pursuant to a Foreclosure Event (as defined below).

2. **Attornment.** After any transfer of the Property pursuant to a Foreclosure Event, if Lender elects in its sole
discretion not to foreclose out the Lease, Tenant shall attorn to Successor Landlord as its landlord, such attornment to be
effective and self-operative without the execution of any further instrument immediately upon such Foreclosure Event.
Notwithstanding any other provision of this Agreement, Successor Landlord will not be liable for or bound by any of the
following:

- (a) any act, omission, breach of the Lease, representation or warranty of Borrower or any other prior
landlord;
- (b) any offset or credit Tenant may have against Borrower or any other prior landlord;
- (c) any obligation with respect to any prepaid rent for greater than one (1) month, unless such payment is
required under the Lease;
- (d) any obligation to return or give credit for any security deposit under the Lease, unless such security
deposit has actually been delivered to Successor Landlord;
- (e) unless previously approved in writing by Lender, any modification or waiver of any provision of the
Lease;
- (f) any payment of rent by Tenant to Borrower in violation of Section 4 below;



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of 5

(g) termination, sublease or assignment of the Lease occurring after the date of this Agreement, unless expressly approved in writing by Lender; or

(h) any purchase option or right of first refusal with respect to the Property granted under the Lease or otherwise held by Tenant.

"Foreclosure Event" means: (i) foreclosure under the Security Instrument; (ii) any other exercise by Lender of rights and remedies as a result of which a Successor Landlord becomes the owner of the Property; or (iii) delivery to Lender (or its designee or nominee) of a deed or other conveyance of the Property in lieu of (i) or (ii) above.

"Successor Landlord" means Lender or any other person or entity that becomes the owner of the Property as the result of, or after, a Foreclosure Event.

3. Notice and Opportunity To Cure Defaults. Tenant shall notify Lender of any default by Borrower under the Lease and offer Lender the opportunity (without the obligation to) to cure such default and not terminate (or otherwise exercise any remedies with respect to) the Lease for a period of thirty (30) days following Lender's actual receipt of such notice; or such longer period as reasonably necessary to cure such default, provided Lender commences such cure within the initial 30-day period and prosecutes the same with reasonable diligence (which, if such cure requires possession of the Property, shall include the foreclosure of the Security Instrument).

4. Other Acknowledgments and Agreements. Tenant acknowledges and agrees that: (a) the Lease will be assigned to Lender under the Security Instrument; (b) upon and after Lender's written request and written notice that an event of default has occurred under any of the Loan Documents, Tenant will (and Borrower authorizes Tenant to) pay all rent and other amounts due and owing to Borrower under the Lease directly to Lender; (c) Lender has no obligation to Tenant regarding Borrower's application of the proceeds of the Loan; (d) Tenant shall at the request of Lender certify promptly in writing to Lender and any proposed assignee of the Loan whether or not any default on the part of Borrower then exists under the Lease; (e) notwithstanding Section 1 above, Lender may in its sole discretion at any time record (or otherwise provide in accordance with applicable law) notice that it elects the Security Instrument to become subordinate to the Lease, which recorded or other notice need only be executed by Lender; and upon such recording (or the giving of such other notice), the Security Instrument shall be subordinate to the Lease; and (f) if Lender becomes the Successor Landlord, Lender shall have no liability to Tenant with respect to the Lease after Lender no longer has any ownership interest in the Property, except to the extent such liability arises solely by acts or omissions of Lender during the period of Lender's ownership of the Property.

5. Miscellaneous.

(a) **Binding Effect.** This Agreement will inure to the benefit of and be binding upon the parties hereto, their successors and assigns and the holder from time to time of the Note.

(b) **Entire Agreement.** This Agreement constitutes the final expression of the entire agreement of the parties with respect to the subordination of the Lease to the lien of the Security Instrument. If there are any conflicts between the Security Instrument and the Lease, the Security Instrument shall control. This Agreement may not be modified other than by an agreement in writing, signed by the parties hereto or their respective successors in interest.

(c) **Effect on Lease.** Except as modified by this Agreement, all of the terms and provisions of the Lease will remain in full force and effect. If there are any conflicts between the Lease and this Agreement, the terms and provisions of this Agreement will control.

(d) **Counterparts.** This Agreement may be executed in any number of identical counterparts and by each party on a separate counterpart. If so executed, all of such counterparts will collectively constitute one agreement.

(e) **Waiver of Jury Trial.** BORROWER, TENANT AND LENDER HEREBY IRREVOCABLY WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATED TO THIS AGREEMENT.

(f) **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the state where the Property is located, without regard to its conflicts of law principles.





**Commercial Group
Lease Subordination Agreement**

(g) **Legal Costs.** In the event of any litigation to enforce the terms of this Agreement or to recover damages for the breach thereof, the prevailing party or parties will be entitled to recover from the nonprevailing party or parties all attorneys' fees and other costs and expenses incurred in connection therewith.

(h) **Notices.** All notices under this Agreement will be in writing and mailed or delivered by recognized overnight delivery service (such as Federal Express) at the following addresses:

If to Lender: Washington Mutual Bank
Royal Ridge Operations Center
3929 W. John Carpenter Freeway
Portfolio Administration – Transactions
3545 PMTX
Irving, TX 75063
Loan No. 626003321

If to Borrower: Walker Property
4108 Hunnegan Rd.
Bellingham, WA 98226

If to Tenant: Same as Above.

All such notices will: (a) if mailed, be effective three (3) business days following deposit in the United States mail with postage prepaid and return receipt requested; and (b) if delivered as provided above, be effective upon delivery. Any party to this Agreement may change the address for notices to that party by written notice to the other parties to this Agreement.

DATED as of the day and year first above written.

Lender WASHINGTON MUTUAL BANK, a federal association
By Janice Hix
Its Assistant Vice President

Borrower Robert A. Walker

Tenant Robert A. Walker



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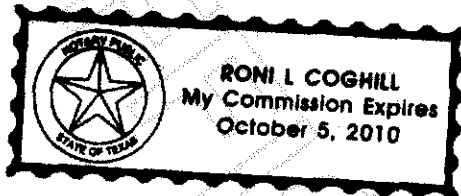
State of Texas
County of Dallas

) ss.
)

On the 2nd day of April, in the year 2007, before me, Roni L. Coghill, a Notary Public in and for said state, personally appeared

Janice Hix, Assistant Vice President

personally known to me or proved to me on the basis of satisfactory evidence to be the individual(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 capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument, and that such individual made such appearance before the undersigned in the city of Irving and the state of Texas.




Roni L. Coghill
Commission Expires October 5, 2010



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[GUARANTOR'S CONSENT AND AGREEMENT**

Each of the undersigned, a guarantor of Tenant's obligations under the Lease (a "Guarantor") consents and agrees to the terms of the above Agreement, ratifies Guarantor's guaranty of the Lease (the "Guaranty") and confirms that: (i) all provisions of the Guaranty remain in full force and effect and (ii) Guarantor presently has no offset, defense, claim or counterclaim with respect to Guarantor's obligations under the Guaranty.

Guarantor _____

****]**

[INSERT APPROPRIATE ACKNOWLEDGMENT FORMS FOR EACH OF THE ABOVE SIGNATORIES]



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WaMu

**Commercial Group
Lease Subordination Agreement**

Exhibit A

Legal Description



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Skagit County Auditor

EXHIBIT "A"
LEGAL DESCRIPTION

The South 281.0 feet of the West 156.50 feet of Lot 1, Short Plat No. BURL-1-00, approved February 11, 2000, recorded February 11, 2000, under Skagit County Auditor's File No. 200002110110, being a portion of the Northeast $\frac{1}{4}$ of the Northwest $\frac{1}{4}$, Section 7, Township 34 North, Range 4 East, W.M.

Situate in the City of Burlington, County of Skagit, State of Washington.



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Skagit County Auditor

Washington Acknowledgment

For Entity

STATE OF WASHINGTON

COUNTY OF WHATCOM

ss.

I certify that I know or have satisfactory evidence that Robert Walker is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the President of No. 1 Corporation, a corporation [general/limited partnership] [limited liability company], to be the free and voluntary act of such corporation for the uses and purposes mentioned in the instrument.

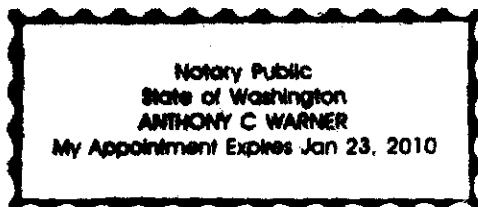
Dated this 28 day of February, 2007.



(Signature of Notary)

ANTHONY C. WARNER

(Legibly Print or Stamp Name of Notary)



Notary public in and for the state of Washington,
residing at Bellingham

My appointment expires Jan 23, 2010



200704170166

Skagit County Auditor

Washington Acknowledgment

For Entity

STATE OF WASHINGTON

ss.

COUNTY OF WHATCOM

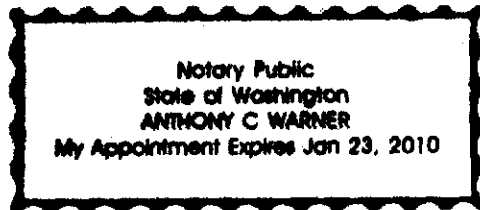
I certify that I know or have satisfactory evidence that Robert Walker is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the Manager of Walker Property, LLC, a [corporation] [general/limited partnership] limited liability company to be the free and voluntary act of such corporation for the uses and purposes mentioned in the instrument.

Dated this 28 day of February, 2007.


(Signature of Notary)

ANTHONY C. WARNER

(Legibly Print or Stamp Name of Notary)



Notary public in and for the state of Washington,
residing at Bellingham

My appointment expires Jan. 23, 2010