



200807010055

Skagit County Auditor

7/1/2008 Page 1 of 13 11:37AM

AFTER RECORDING RETURN TO:

Richard J. Schroeder
Davis Wright Tremaine LLP
1201 Third Avenue
Seattle, WA 98101

CHICAGO TITLE CO.

1045003

SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT

Grantor(s):

1. Janicki Industries, Inc.

Grantee(s):

1. Wells Fargo Bank, National Association, Administrative Agent
2. Stanislaw Properties, L.L.C.

Trs 1-3, SK SP No 11-84, Ptn E/2 SW SE 18/35/5, Ptn S/2 SW
SW SE 18/35/5, Trs 1, 3 and 4, SK SP No. 93-019

Additional legal description is on Exhibit A of document

Assessor's Property Tax Parcel Account Number(s):

350518-4-029-0003 (P39412)
350518-4-031-0009 (P39415)
350518-4-024-0100 (P107869)
350518-4-024-0200 (P107872)
350518-4-024-0300 (P107870)

Reference Numbers of Documents Assigned or Released (if applicable):

200603280154, 20080701 0052, 20080701 0053

SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT

THIS SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT (this "Agreement") is made and entered into as of the 30th day of June, 2008, by and between Janicki Industries, Inc., a Washington corporation ("Tenant"), and Wells Fargo Bank, National Association, a national banking association, as Administrative Agent for Lenders a party to the Credit Agreement (defined below) ("Lender").

RECITALS

A. Lender and Tenant as borrower ("Borrower") as parties to that certain Credit Agreement dated June 30, 2008 (as amended, the "Credit Agreement").

B. Pursuant to the Credit Agreement, Lender is providing credit facilities in the aggregate amount of Fifty-Two Million Four Hundred Sixty Thousand Dollars (\$52,460,000) (collectively, the "Loan"), repayment of which is secured, *inter alia*, by a deed of trust or mortgage (herein referred to as the "Deed of Trust") under which Stanislaw Properties, L.L.C., a Washington limited liability company is grantor ("Grantor") on real estate known as 1476 Moore Street, Sedro-Woolley, Washington 98284 (the "Property") all as more fully described in Exhibit A attached hereto. The Deed of Trust has been recorded in Skagit County, Washington under Recording No. 200807010052.

C. The Loan is also secured by an Assignment of Rents and Leases (the "Assignment") in which Grantor assigns the leases affecting the Property and the rents accruing thereunder to Lender. The Assignment has been recorded in Skagit County, Washington under Recording No. 200807010053.

D. Tenant is the present lessee under a Commercial Lease Agreement dated April 1, 2001, as amended by First Amendment to Commercial Lease dated August 20, 2001, as further amended by Second Amendment to Commercial Lease dated November 1, 2005 (the lease and all amendments and modifications thereto are collectively referred to herein as the "Lease") between Tenant and Grantor, as Landlord, demising the Property.

E. As a condition precedent to Lender's consenting to the Lease, Lender has required that Tenant certify and confirm certain matters about the Lease and subordinate the Lease and its interest in the Property in all respects to the lien of the Deed of Trust.

F. It will be of substantial benefit to Tenant for Lender to consent to the Lease.

G. Lender is consenting to the Lease in reliance upon the agreements contained in this Agreement.



AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, the parties agree as follows:

1. Representations and Warranties of Tenant. Tenant represents and warrants to Lender, as of the date hereof, as follows:

1.1 A true and correct copy of the Lease is attached hereto as Exhibit B.

1.2 The Lease has not been amended in any respect except as shown in Exhibit B and is the only lease or agreement between Tenant and any person or entity affecting the Property.

1.3 Tenant has made no agreements with Grantor or its agents or employees concerning free rent, partial rent, rebate of rental payments or any other type of rental concession other than as described in the Lease.

1.4 The Lease is not in default and is in full force and effect. As of the date hereof, Tenant is entitled to no credit and no offset or deduction in rent, and the Tenant does not have any claims or defenses to enforcement of the Lease.

1.5 The Lease does not contain and the Tenant does not have an outstanding option to purchase the Property, except as follows (if none, state "none"): **None.**

1.6 No actions, whether voluntary or otherwise, are pending against the Tenant under the bankruptcy laws of the United States or any state thereof.

1.7 The Lease is for a term commencing on November 1, 2005, and expiring on October 30, 2015, with three options of 10-years.

1.8 The initial monthly rent payable pursuant to the Lease is:

<u>Parcel</u>	<u>Monthly Rent</u>
East Sedro-Woolley Properties	\$38,000.00
Sunset Properties	\$7,000.00
Total	<u>\$45,000.00</u>

Rent has been paid in advance through June, 2008.

1.9 Tenant does not know of any prior assignment, hypothecation or pledge of rents under the Lease.



1.10 The certifications contained herein are made and delivered to Lender by Tenant, knowing that Lender will rely upon the truth of the certifications in executing this Agreement.

2. Subordination. The Lease, the leasehold estate created thereby, and the rights of Tenant in, to or under the Lease and the Property, are hereby subjected and subordinated and shall remain in all respects and for all purposes subject, subordinate and junior to the lien of the Deed of Trust and the Assignment, as fully and with the same effect as if the Deed of Trust and the Assignment 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 Property by Tenant, or its predecessors in interest.

3. Reliance by Lender. The parties are executing this instrument in order to induce Lender to disburse the indebtedness secured by the Deed of Trust, and the parties further agree that the disbursement by Lender of all or any part of the indebtedness shall constitute conclusive reliance by Lender upon this instrument and the provisions hereof and the subordination effected hereby.

4. Tenant Not to Be Disturbed. So long as Tenant attorns to Lender and is not in default (beyond any period given Tenant to cure such default) in the payment of rent or additional rent or in the performance of any of the terms, covenants, or conditions of the Lease on Tenant's part to be performed, Tenant's rights under the Lease including but not limited to quiet enjoyment and possession of the Premises, shall not be diminished or interfered with by Lender.

5. Tenant Not to Be Joined in Foreclosure. So long as Tenant is not in default (beyond any period given Tenant to cure such default) in the payment of rent or additional rent or in the performance of any of the terms, covenants, or conditions of the Lease on Tenant's part to be performed, Lender will not join Tenant as a party defendant in any action or proceeding foreclosing the Deed of Trust unless such joinder is necessary to foreclose the Deed of Trust and then only for such purpose and not for the purpose of terminating the Lease.

6. Tenant to Attorn to Lender. If the interests of Grantor shall be transferred to and owned by Lender by reason of foreclosure or other proceedings brought by it in lieu of or pursuant to a foreclosure, or by any other manner, and Lender succeeds to the interest of the Grantor under the Lease, Tenant shall be bound to Lender 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 effected in accordance with any option therefor in the Lease, with the same force and effect as if Lender were the landlord under the Lease; and Tenant shall attorn to Lender, as its landlord, said attornment to be effective and self-operative immediately upon Lender succeeding to the interest of Grantor without the execution of any further instruments on the part of any of the parties hereto. Except in the event of default by Grantor under the Deed of Trust and notice thereof from Lender, and



without affecting Lender's security interest in rent due under the Lease, Tenant shall be under no obligation to pay rent to Lender until Tenant receives written notice from Lender that it has succeeded to the interest of Grantor under the Lease. The respective rights and obligations of Tenant and Lender 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 now 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.

7. Lender Not Bound by Certain Acts of Landlord. If Lender shall succeed to the interest of Landlord under the Lease, Lender shall not (a) be liable for any act or omission of any landlord (including Grantor) occurring prior to Lender's succession; (b) be subject to any offsets or defenses which Tenant might have against any landlord (including Grantor) arising prior to Lender's succession; (c) be bound by any security deposits or by any rent or additional rent which Tenant might have paid for more than the then current installment, unless the same shall have been paid to Lender; nor (d) be bound by any amendment or modification of the Lease or any release from liability of any party liable for the obligations of Tenant under the Lease made without Lender's consent.

8. Purchase Options. Any option or rights contained in said Lease to acquire title to the Property are hereby made subject and subordinate to the rights of Lender under the Deed of Trust and any acquisition of title to the Property made by Tenant during the term of the Deed of Trust shall be made subordinate and subject to the Deed of Trust.

9. Notice and Cure of Grantor's Default. No notice by Tenant to Grantor under the Lease will be binding on Lender unless a copy thereof is sent to Lender. Tenant agrees to send to Lender a copy of any notice relating to a breach of default under the Lease at the same time any such notice is sent to Grantor. Tenant agrees that if any such notice relates to the breach or default by Grantor under the Lease, then Lender, at its sole option and without any obligation so to do, may cure any such default within a reasonable period, but in no event less than any period of time as would be available to Grantor, but measured from the date that Tenant delivers a copy of such notice to Lender. Tenant additionally agrees to promptly give notice to Lender of any damage to or destruction of the Property by fire or other casualty requiring reconstruction of improvements.

10. No Modification. No modification, amendment or release of any provision of this Agreement, or of any right, obligation, claim, or cause of action arising hereunder shall be valid or binding for any purpose whatsoever unless in writing and executed by the party against whom the same is asserted.

11. Notices. Any notice under this Agreement shall be in writing and be delivered in person or by public or private courier service (including U.S. Postal Service Express Mail) or registered or certified mail or by facsimile. Any notice given by registered or certified mail shall be sent with return receipt requested. Any notice give by facsimile shall be verified by



telephone. All notices shall be addressed to the parties at the following addresses or at such other addresses as the parties may from time to time direct in writing.

Lender:

Tim P. Brown
Wells Fargo Bank, National Association,
Administrative Agent
MAC P6478-060
205 108th Ave NE, Suite 600
Bellevue, WA 98004
Telephone: 425/ 450-8056
Fax: 425/ 450-8069

With copy to:

Richard J. Schroeder
Davis Wright Tremaine LLP
1201 Third Avenue
Seattle, WA 98101
Telephone: 206/757-8139
Fax: 206/757-7139

Tenant:

Lisa Janicki
Chief Financial Officer
Janicki Industries, Inc.
1476 Moore St.
Sedro-Woolley, WA 98284
Attn: Lisa Janicki
Telephone: 360/856-5143
Fax: 360/856-0372

With copy to:

Kevin B. McGoffin, Esq.
Janicki Industries, Inc.
1476 Moore St.
Sedro-Woolley, WA 98284
Telephone: 360/856-5435
Fax: 360/856-0372

Any notice shall be deemed to have been given on (a) actual delivery or refusal, (b) three (3) days after mailing by registered or certified mail, or (c) the day facsimile delivery is verified.

12. Grantor's Consent. Grantor is joining herein solely for the purpose of consenting to the terms and conditions of this Agreement and agreeing that Tenant may rely upon any and all notices from Lender relating to the rights of Lender hereunder and under the Assignment.



13. Successors and Assigns. This Agreement and each and every covenant, agreement and other provisions hereof shall inure to the benefit of and bind the parties hereto and their successors and assigns, including without limitation each and every holder of the landlord's or the tenant's interest in the Lease, including purchasers at a foreclosure sale and any other person having an interest therein.

14. Choice of Law. This Agreement shall be governed and construed under the laws of the State of Washington.

15. 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.

[Signature Page Follows]



IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed as of the date first above.

TENANT:

JANICKI INDUSTRIES, INC.,
a Washington corporation

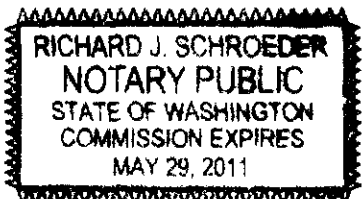
By *Lisa Janicki*
Lisa Janicki
Its Chief Financial Officer

STATE OF WASHINGTON

COUNTY OF SKAGIT } ss.

On this 30 day of June, 2008, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared LISA JANICKI, to me known to be the person who signed as Chief Financial Officer of JANICKI INDUSTRIES, INC., the corporation that executed the within and foregoing instrument, and acknowledged 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 was duly elected, qualified and acting as said Chief Financial Officer of the corporation, that she was authorized to execute said instrument for the purposes set forth therein.

IN WITNESS WHEREOF I have hereunto set my hand and official seal the day and year first above written.



Richard J. Schroeder
(Signature of Notary)

(Print or stamp name of Notary)


NOTARY PUBLIC in and for the State of Washington,
residing at SEATTLE
My appointment expires: _____



IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed as of the date first above.

LENDER:

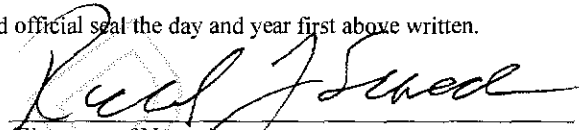
WELLS FARGO BANK, NATIONAL
ASSOCIATION, a national banking association,
Administrative Agent

By 
Tim P. Brown
Its Vice President

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this 30 day of June, 2008, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared TIM P. BROWN, to me known to be the person who signed as Vice President of WELLS FARGO BANK, NATIONAL ASSOCIATION, the national banking association that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said national association for the uses and purposes therein mentioned, and on oath stated that he was duly elected, qualified and acting as said Vice President of the national association, that he was authorized to execute said instrument for the purposes set forth therein.

IN WITNESS WHEREOF I have hereunto set my hand and official seal the day and year first above written.


(Signature of Notary)

(Print or stamp name of Notary)

NOTARY PUBLIC in and for the State of Washington,
residing at 524116
My appointment expires: _____

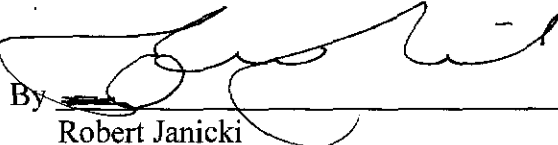


IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed as of the date first above.

The foregoing Agreement is hereby consented and agreed to by the undersigned as set forth in Paragraph 12 hereof.

GRANTOR:

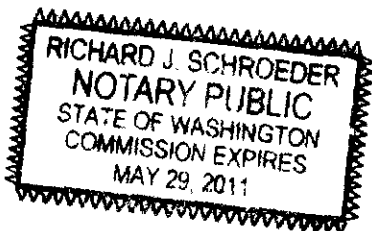
STANISLAW PROPERTIES, L.L.C.,
a Washington limited liability company

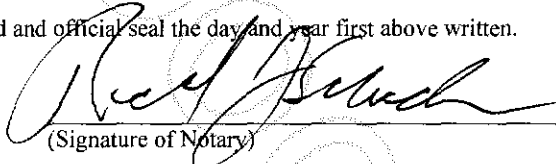
By 
Robert Janicki
Its Member

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this 30 day of June, 2008, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared ROBERT JANICKI, to me known to be the person who signed as Member of STANISLAW PROPERTIES, L.L.C., the limited liability company that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said company for the uses and purposes therein mentioned, and on oath stated that he was duly elected, qualified and acting as said Member of the company, that he was authorized to execute said instrument for the purposes set forth therein.

IN WITNESS WHEREOF I have hereunto set my hand and official seal the day and year first above written.




(Signature of Notary)

(Print or stamp name of Notary)

NOTARY PUBLIC in and for the State of Washington,
residing at 5011 E. 1st Ave
My appointment expires: _____

EXHIBITS:

- A Legal Description of Property
- B Lease and All Amendments and Modification

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

EXHIBIT "A"

PARCEL A:

Tracts 1, 2 and 3, SKAGIT COUNTY SHORT PLAT NO. 11-84, approved May 23, 1984 and recorded October 17, 1984 in Volume 6 of Short Plats, pages 179 and 180, under Auditor's File No. 8410170004, records of Skagit County, Washington; being a portion of the Southwest Quarter of the Southeast Quarter in Section 18, Township 35 North, Range 5 East of the Willamette Meridian.

Situated in Skagit County, Washington.

PARCEL B:

That portion of the East Half of the Southwest Quarter of the Southeast Quarter of Section 18, Township 35 North, Range 5 East of the Willamette Meridian, lying Northerly of the Great Northern Railway Company right-of-way;

EXCEPT the West 30 feet thereof;

AND EXCEPT the North 60 feet thereof;

AND ALSO EXCEPT that portion thereof lying Southerly of a sewer line as the same existed on May 1, 1970 and was referred to in Real Estate Contract recorded May 18, 1970, under Auditor's File No. 739080, records of Skagit County, Washington; and which runs in a Westerly direction from a point on the West line of the county road along the East line of said subdivision which is 351 feet, more or less, North of the centerline of the State Highway 20;

AND ALSO EXCEPT the East 20 feet for a road conveyed to Skagit County by Deed recorded under Auditor's File No. 57468, records of Skagit County, Washington;

AND FURTHER EXCEPTING any portion lying within the boundaries of Short Plat 92-019 recorded August 30, 1995 under Auditor's File No. 9508300056, records of Skagit County, Washington.

Situated in Skagit County, Washington.

A-1

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200807010055
Skagit County Auditor

7/1/2008 Page 11 of 13 11:37AM

PARCEL C:

INTENTIONALLY DELETED

PARCEL D:

The South Half of the Southwest Quarter of the Southwest Quarter of the Southeast Quarter of Section 18, Township 35 North, Range 5 East of the Willamette Meridian;

EXCEPT county road, State Highway and railway right of way;

AND EXCEPT the West 396 feet thereof.

Situated in Skagit County, Washington.

PARCEL E:

Tracts 1, 3 and 4 of SKAGIT COUNTY SHORT PLAT NO. 93-019, approved August 25, 1925, and recorded August 30, 1995, in Volume 12 of Short Plats, page 25, under Auditor's File No. 9508300056, records of Skagit County, Washington; being a portion of the Southwest Quarter of the Southeast Quarter of Section 18, Township 35 North, Range 5 East of the Willamette Meridian.

Situated in Skagit County, Washington.



**EXHIBIT B
LEASE AND ALL AMENDMENTS AND MODIFICATIONS**

[Commercial Lease Agreement 04/01/2001]

[First Amendment to Lease Agreement 08/20/2001]

[Second Amendment to Lease Agreement 11/01/2005]

B-1

DWT 11036109v5 0023482-000038



200807010055

Skagit County Auditor

7/1/2008 Page 13 of 13 11:37AM