



201002220167

Skagit County Auditor

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After recording return to:  
Bendich, Stobaugh & Strong  
701 Fifth Avenue, #6550  
Seattle, WA 98104

CHICAGO TITLE CO.

620007998

Reference No: 201001140083

## CREDITORS' AGREEMENT

Grantor: Skagit State Bank  
Grantee: Evergreen Business Capital  
Legal description: Ptn GVL 1-2, 19/35/5  
Tax Parcel ID #: 350519-0-022-0007

The attached creditors' agreement, also referred to as Third Party Lender Agreement ("Agreement"), is between Skagit State Bank and Evergreen Business Capital. The agreement affects Skagit State Bank's rights under the deed of trust executed by Chander Hans and Harjit Kaur and recorded at Skagit County Auditor's No. 201001140083 and its rights under the note and obligations secured by that deed of trust.

THIS THIRD PARTY LENDER AGREEMENT (Agreement) is dated this 22<sup>nd</sup> day of February, 2010, by and between Skagit State Bank (Third Party Lender), whose address is 1408 Commercial Ave, Anacortes WA 98221 and Evergreen Business Capital, (CDC), whose address is 13925 Interurban Avenue South, Suite 100, Seattle WA 98168.

### RECITALS

1. As described in the "Authorization for Debenture Guarantee (SBA 504 Loan)," as amended (Authorization), and as detailed below, the Third Party Lender will provide term financing (Third Party Lender Loan), and the CDC will provide a loan (the 504 Loan) funded by a debenture issued by the CDC and guaranteed by the U.S. Small Business Administration (SBA), to Borrower and Operating Company, if any, (collectively "Borrower") for purposes of financing the Project described in the Authorization, which involves the acquisition and/or improvement of the real and/or personal property described below, and in Exhibit A attached hereto and incorporated by reference herein (Project Property):

SBA Loan #: 38104650-06

SBA Loan Name: North Cascade Food Mart

Borrower: Chander Hans and Harjit Kaur

Operating Company (if any): VERMA INTERNATIONAL L.L.C

Third Party Lender Loan Amount: \$ 416,600

Term of Third Party Lender Loan: 10 years

Project Property Address: 1121 Moore St, Sedro Woolley WA 98284

Legal description attached as Exhibit A.

Project Personal Property: All equipment and fixtures located on real property described at Exhibit A.

2. The parties have required the Borrower to grant liens or security interests in the Project Property to secure the separate loans advanced by the parties (Common Collateral), and the lien or security interest held by CDC (CDC Lien) will be junior and subordinate to the lien or security interest held by the Third Party Lender (Third Party Lender Lien), unless CDC and SBA agree otherwise in writing.

### TERMS AND CONDITIONS

In consideration of the above factual recitals, the mutual agreements set forth below, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

- 1) Amount of Third Party Lender Loan. Third Party Lender represents that the Third Party Lender Loan is fully advanced and will not exceed the amount allowed in the Authorization.
- 2) Subordination of 504 Loan. CDC agrees to make the 504 Loan to the Borrower, subject to SBA's approval, and accept a junior and subordinate position in the Common Collateral upon the condition that Third Party Lender executes this Agreement and makes the Third Party Loan.



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3) Accurate Information. The Third Party Lender warrants and represents that all information provided to CDC, including, without limitation, all information regarding the Borrower's financial condition, is accurate to the best of its knowledge and that Third Party Lender has not withheld any material information. Third Party Lender acknowledges that for purpose of this transaction, CDC is acting on behalf of the SBA, an agency in the United States Government, except that SBA accepts no liability or responsibility for any wrongful act or omission by CDC. Third Party Lender further acknowledges that any false statements to CDC can be considered a false statement to the SBA, and that CDC and the SBA are relying upon the information submitted by the Third Party Lender.

4) Waiver of Provision Not to Encumber Common Collateral. If any of the Third Party Lender's documents evidencing the Third Party Lender Loan and/or Third Party Lender Lien contain provisions that prohibit further encumbrances on the Common Collateral or subordinate debt by the Borrower or which restrict Borrower's ability to assign its lease on, or rents, income or profits from, the Common Collateral, then Third Party Lender waives its right to enforce such provisions as they may apply to the 504 Loan and the CDC Lien.

5) Compliance with 504 Loan Program Requirements. Third Party Lender agrees that all documents evidencing the Third Party Lender Loan and the Third Party Lender Lien will comply with the 504 Loan Program requirements as established by the SBA and including those identified in the following subparagraphs, and in the event that it is determined that one or more provisions in such documents do not comply with any of these 504 Loan Program requirements, Third Party Lender agrees to waive the right to enforce all such provisions:

a. No Open-Ended Features and No Future Advances. The Third Party Lender Loan must not be open-ended. After completion of the project, the Third Party Lender may not make any future advances to Borrower under the Third Party Loan except expenditures to collect the amounts due Third Party Lender notes, maintain collateral and protect the Third Party Lender's lien position on the Third Party Lender Loan.

b. No Early Call or Demand Provisions. Third Party Lender agrees that Third Party Lender's documents must not contain any early call feature or permit the Lender to make demand prior to maturity unless the loan is in default.

c. No Cross-Collateralization. Third Party Lender agrees that the Common Collateral is not now, and will not be in the future, security for any other financing provided by Third Party Lender to Borrower other than the Third Party Loan in a superior position to that of the CDC lien unless authorized in writing by CDC and SBA.

d. No Cross-Default. During the term of the Third Party Lender Loan, Third Party Lender will not exercise any cross-default, "deem at-risk," or any other provisions in documents evidencing the Third Party Lender Loan or Third Party Lender Lien which allow Third Party Lender to make demand prior to maturity unless the loan is in default.

e. Maturity and Balloon Payments. The Third Party Lender Loan has a term of at least 7 years when the 504 loan is for a term of 10 years and 10 years when the 504 loan is for 20 years. If there is more than one Third Party Loan, an overall loan maturity must be calculated, taking into account the maturities and amounts of each loan. If there is a balloon payment, it must be clearly identified in the Authorization.

f. Reasonable Interest Rate. The Third Party Lender Loan has a reasonable interest rate which does not and will not exceed the maximum interest rate for Third Party Lender Loans from commercial financial institutions as published periodically by SBA in the Federal Register and in effect as of the date of this Agreement.



6) No Preference. No Third Party Lender shall establish a preference beyond its rights as a senior lender on the Third Party Loan without prior written consent of CDC/SBA. See 13 C.F.R. Section 120.10 for a definition of preference.

7) Notice of Default under the Third Party Lender Loan. In the event of a default under the Third Party Loan or Third Party Lien, Third Party Lender must give CDC and SBA written notice, referencing the loan number for the 504 loan, of such default within thirty (30) days of the event of default and at least sixty (60) days prior to Third Party Lender's foreclosure upon the Common Collateral.

8) Certification as to Default Interest Rate as Against Borrower. Third Party Lender may not escalate the rate of interest upon default to a rate greater than the maximum rate published by SBA in the Federal Register from commercial financial institutions in effect as of the date of this Agreement. SBA will only pay the interest rate on the note in effect before the Borrower's default.

9) Subordination to 504 Loan and CDC Lien, of Amounts Attributable to Default Provisions.

a. The term "Default Charges" used in this paragraph includes, but is not limited to, prepayment penalties, late fees, other default charges, and escalated interest after default due under the Third Party Loan.

b. To the extent the Third Party Lender Lien secures any amounts attributable to Default Charges, which may exist in the Third Party Lender Loan and Third Party Lender Lien, Third Party Lender Lien is and will be subordinate to the 504 Loan and the CDC Lien. This subordination applies only to CDC and SBA and their successors and assigns, and in no event shall be applicable to Borrower or any guarantor of the Third Party Loan.

c. In the event of default under the Third Party Lender Loan, CDC or SBA may bring the Third Party Lender Loan current or may acquire the Third Party Lender Loan secured by the Third Party Lender Lien. Third Party Lender agrees that in either of these circumstances, the amount to bring the Third Party Lender Loan current or the purchase price of that loan will be net of all amounts attributable to the Default Charges so subordinated to the 504 Loan and the CDC Lien. Third Party Lender further agrees that if it receives from CDC/SBA any amounts attributable to such Default Charges, Third Party Lender holds such funds in trust for SBA and will remit such funds to SBA as soon as possible. Should CDC or SBA not purchase the Third Party Loan but rather bring the Third Party Loan current, Default Charges on the Third Party Loan may remain due and owing from the Borrower.

xx 10) Liquidation. In the event that either the Third Party Lender Loan or the 504 Loan is declared in default, Third Party Lender and CDC and SBA agree to cooperate in liquidating and/or selling the Collateral. Third Party Lender agrees to (a) accept a U.S. Treasury check(s) in connection with any purchase of Third Party Lender's note or any foreclosure or liquidation bid by CDC or SBA; (b) to provide CDC and SBA with the loan payment status, loan payment history, and an itemized payoff statement of the Third Party Lender Loan; (c) to provide CDC and SBA with copies of any appraisals, environmental investigations, or title examinations or searches of the Collateral conducted by or for Third Party Lender; and (d) to provide any other information about Borrower or the Third Party Lender Loan requested by CDC and SBA in writing.

11) Waiver of Right to Indemnification by SBA or CDC. If Third Party Lender's documents contain provisions granting Third Party Lender the right to indemnification by subsequent owners of the Project Property, then Third Party Lender waives its right to enforce such provisions against SBA or CDC in the event SBA or CDC acquires title to the Project Property through foreclosure of the CDC Lien, acceptance of a deed in lieu of foreclosure, or otherwise.



12) Bank Regulatory Issues. If Third Party Lender is regulated by one of the Federal functional regulators (Comptroller of the Currency, Federal Deposit Insurance Corporation, Office of Thrift Supervision, or National Credit Union Administration), Third Party Lender represents that it is subject to the Joint Final Rule on Customer Identification Programs (CIP) in 31 C.F.R. 103.121 and that it or its agent will perform with respect to the Borrower the specified requirements of its CIP.

13) No Implied Third Party Beneficiaries. To the extent there is a conflict between this Agreement and any provision in any agreement either Party may have with a third party, including but not limited to, Borrower, the terms and conditions in this Agreement shall supersede any such provision. The parties agree that SBA may enforce this agreement as a third party beneficiary, and further agree that this Agreement shall not grant any right, benefit, priority, or interest to any other third party, including but not limited to, Borrower and Guarantor(s).

14) Successors and Assigns. This Agreement will inure to the benefit of and bind the respective parties to this Agreement, and their successors and assigns, including any party acquiring the Third Party Lender Loan and Third Party Lender Lien by sale, assignment, or other transfer from Third Party Lender. Third Party Lender agrees that CDC may assign this Agreement to the SBA, and waives all rights to contest such assignment.

15) Federal Law. When SBA is the holder of the loan instruments evidencing the 504 Loan and any security for that loan (including but not limited to the CDC Lien on the Common Collateral), this Agreement and all such instruments will be construed in accordance with Federal law. CDC or SBA may use local or state procedures for purposes such as filing papers, recording documents, giving notice, foreclosing liens, and other purposes, but by using these procedures, SBA does not waive any federal immunity from local or state control, penalty, tax, or liability. The Third Party Lender may not 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 the 504 Loan.

16) Termination. This document will be released and terminated upon the payment in full of either the Third Party Loan or the 504 loan and all costs related thereto.

17) Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, and all of which together constitute one and the same instrument.

18) Validity of Provisions. In the event that any provision of this Agreement is deemed invalid by a court of competent jurisdiction, all other provisions of this Agreement shall remain valid and enforceable.

19) Revision of this Agreement. Both Third Party Lender and CDC agree that this Agreement is a standard SBA Form, and, as such, neither party has authority to modify or delete any provision in this Agreement, or add any additional provisions, without prior written authorization from the SBA.



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By:

State of Washington )  
 ) ss.  
County of King )

Dated

**ASSIGNMENT TO SBA:** GDC assigns this Third Party Agreement to SBA.

By:

Date:

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**EXHIBIT "A"**

That portion of the following described property lying Southerly of the State Highway No. 20 (Formerly State Highway No. 17-A) as conveyed to the State of Washington by Deed dated January 27, 1948 and recorded February 24, 1948 under Auditor's File No. 414777;

That portion of Government Lots 1 and 2, Section 19, Township 35 North, Range 5 East of the Willamette Meridian, described as follows:

Beginning at a point 1457.7 feet North and 30 feet East of the West Quarter corner of said Section 19;

Thence North  $86^{\circ}11'$  East 662.7 feet;

Thence Southerly 9 feet;

Thence South  $88^{\circ}45'$  East 140 feet;

Thence South  $2^{\circ}53'$  West 317 feet to the North line of Great Northern Railway right of way;

Thence South  $53^{\circ}31'$  West along the North side of said right of way 250.8 feet;

Thence North  $2^{\circ}35'$  East 332.4 feet;

Thence East 24 feet;

Thence North 70 feet;

Thence South  $86^{\circ}11'$  West 624 feet to the highway;

Thence Northerly along said highway 70 feet to the point of beginning.

EXCEPT from the above described premises that portion thereof which may lie within the boundaries of those certain tracts conveyed to the State of Washington by deeds recorded January 15, 1948 and January 27, 1948, under Auditor's File Nos. 414776 and 417815, respectively.

Situated in Skagit County, Washington.



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