



201011300096

Skagit County Auditor

11/30/2010 Page

1 of

11

1:45PM

Return Address

U.S. BANK NATIONAL ASSOCIATION
PD-WA-T11S
1420 Fifth Avenue, 11th Floor
Seattle, Washington 98101
Attn: Noah G. Stockton

Document Title(s) (or transactions contained therein):	GUARDIAN NORTHWEST TITLE CO.
1. MEMORANDUM OF LEASE AND SUBORDINATION AGREEMENT	100872-2
Reference Number(s) of Documents assigned or released: (on page ___ of documents(s))	
Grantor(s) (Last name first, then first name and initials): 1. BBC Biochemical Corporation, a Washington corporation 2. Biesecker Holdings, LLC, a Washington limited liability company	
Grantee(s) (Last name first, then first name and initials): 1. U.S. Bank national Association, a national banking association 2. 3. <input type="checkbox"/> Additional names on page ___ of document.	
Legal description (abbreviated: i.e. lot, block, plat or section, township, range) Lot 4 "PLAT OF REO FAMILY PROPERTIES, LLC" <input checked="" type="checkbox"/> Full legal is on Exhibit A of document.	
Assessor's Property Tax Parcel/Account Number 4899-000-004-0000; APN: P124756	

105
#462053

MEMORANDUM OF LEASE AND SUBORDINATION AGREEMENT

Date: November 23, 2010

Lease Parties: BBC Biochemical Corporation, a Washington corporation ("Tenant")
Biesecker Holdings, LLC, a Washington limited liability company ("Landlord")

Lender: U.S. BANK NATIONAL ASSOCIATION ("Lender")
Commercial Real Estate Loan Administration
1420 Fifth Avenue, 8th Floor
Seattle, Washington 98101

Lease Dated: November 3, 2009

Initial Lease Term: 10 years

RECITALS

WHEREAS, Tenant and Landlord entered into that certain Lease Agreement dated as of November 3, 2009 (the "Lease") covering premises (the "Premises") described more particularly on attached Exhibit A. The Lease was amended by that certain Amendment to Lease and Assignment and Assumption of Lease and Consent dated as of September 13, 2010. Tenant and Landlord desire to record a Memorandum of Lease in the records of Skagit County, Washington with respect to the Lease;

WHEREAS, Lender has made a loan of \$6,080,000 to Landlord which shall be secured by a Deed of Trust, hereinafter referred to as "mortgage" (which mortgage also secures any future advances made by Lender); provided, however, that said Lease is subordinate to the lien of the mortgage. The Deed of Trust was recorded on November ____, 2010 under Skagit County Recorder's file No. 201011300095; and

WHEREAS, Lender has been requested by Tenant and by Landlord to enter into a subordination agreement with Tenant;

NOW, THEREFORE, in consideration of the promises and mutual covenants hereinafter contained, the parties hereto mutually covenant and agree as follows:



MEMORANDUM OF LEASE

1. The initial term of the Lease shall commence on the Commencement Date, as defined in the Lease, and shall expire at midnight on February 28, 2027, unless sooner terminated as provided in the Lease.
2. This Memorandum is prepared for the purpose of recordation to give notice of the Lease and amendment. It shall not constitute an amendment or modification of the Lease or later amendment.
3. This Memorandum is subject to all of the terms, conditions and understandings set forth in the Lease. In the event of a conflict between the terms and conditions of this Memorandum and the terms and conditions of the Lease, the terms and conditions of the Lease shall prevail.

SUBORDINATION AGREEMENT

1. The Lease and any extensions, renewals, replacements or modifications thereof, and all of the right, title and interest of the Tenant in and to said Premises, including but not limited to any option or right of first refusal to purchase Premises, or any acquisition of title to the Premises by Tenant during the term of the mortgage and to advances made or to be made thereunder, are and shall be subject and subordinate to the mortgage and to all of the terms and conditions contained therein, and to any renewals, modifications, increases, replacements, consolidations and extensions of the indebtedness secured thereby.
2. Tenant agrees with Lender that if the interests of Landlord in the Premises shall be transferred to and owned by Lender by reason of foreclosure or other proceedings brought by it, or by any other manner, 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 affected 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 does hereby attorn to Lender as its Landlord, said attornment to be effective and self-operative without the execution of any further instruments on the part of any of the parties hereto immediately upon Lender succeeding to the interest of the Landlord in the Premises. Tenant agrees, however, upon the election of and written demand by Lender after Lender receives title to the Premises, to promptly execute an instrument in confirmation of the foregoing provisions, satisfactory to Lender, in which Tenant shall acknowledge such attornment and shall set forth the terms and conditions of its tenancy.
3. Tenant agrees with Lender that if Lender shall succeed to the interest of Landlord under the Lease, Lender shall not be (a) liable for any action or omission of any prior landlord under the Lease, or (b) subject to any offsets or defenses which Tenant might have against any prior landlord, or (c) bound by any rent or additional rent which Tenant might



have paid for more than the current month to any prior landlord, or (d) bound by any security deposit which Tenant may have paid to any prior landlord, unless such deposit is in an escrow fund available to Lender, or (e) bound by any amendment or modification of the Lease made without Lender's consent, or (f) bound by any provision in the Lease which obligates the Landlord to erect or complete any building or to perform any construction work or to make any improvements to the Premises, or (g) liable for or incur any obligation with respect to any breach of warranties or representations of any nature under the Lease or otherwise, including, without limitation, any warranties, or representations respecting use, compliance with zoning, landlord's title, landlord's authority, habitability and/or fitness for any purpose or possession, or (h) liable for consequential damages. Tenant further agrees with Lender that Tenant will not voluntarily subordinate the Lease to any lien or encumbrance without Lender's consent.

4. In the event that the Landlord shall default in the performance or observance of any of the terms, conditions or agreements in the Lease, Tenant shall give written notice thereof to the Lender and the Lender shall have the right (but not the obligation) to cure such default. Tenant shall not take any action with respect to such default under the Lease, including and without limitation, any action in order to terminate, rescind or void the Lease or to withhold any rental thereunder for a period of 10 days after receipt of such written notice thereof by the Lender with respect to any such default capable of being cured by the payment of money and for a period of 30 days after receipt of such written notice thereof by the Lender with respect to any other such default; provided, that in the case of any default which cannot be cured by the payment of money and cannot with diligence be cured within such thirty 30-day period because of the nature of such default or because Lender requires time to obtain possession of the Premises in order to cure the default, if Lender shall proceed promptly to attempt to obtain possession of the Premises, where possession is required, and to cure the same and thereafter shall prosecute the curing of such default with diligence and continuity, then the time within which such default may be cured shall be extended for such period as may be necessary to complete the curing of the same with diligence and continuity.

5. Tenant agrees with Lender that Tenant's estate in the Premises shall not be conveyed or encumbered without the written consent of the Lender so long as the Lease is in effect.

6. Landlord and Tenant hereby covenant and agree with Lender as follows:

(a) The Lease has been properly executed and delivered by Tenant, is valid and binding upon Tenant, has not been modified, and is in full force and effect;

(b) There exist no defaults under the terms of the Lease by Landlord or Tenant;

(c) Tenant has not paid any rental to Landlord more than one month in advance and Landlord holds no security deposit for Tenant except \$ _____;



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(d) Tenant has no defense, claim of lien or offset, under the Lease or against the rental payable thereunder; and

(e) Tenant has no claims to or interest in the Premises, legal or equitable, or any contract or option therefore, other than as a tenant under the Lease.

Tenant hereby agrees that it will promptly notify Lender in writing of and when any of the above conditions should become untrue or incorrect in any material respect.

7. This Agreement shall bind and inure to the benefit of all parties hereto, their successors and assigns. As used herein the term "Tenant" shall include the Tenant, its successors and assigns; the words "foreclosure" and "foreclosure sale" as used herein shall be deemed to include the acquisition of Landlord's estate in the Premises by voluntary deed (or assignment) in lieu of foreclosure, and the word "Lender" shall include the Lender herein specifically named and any of its successors and assigns, including anyone who shall succeed to Landlord's interest in the Premises by, through or under foreclosure of the mortgage.

8. This Agreement shall not be modified or amended except in writing signed by the parties hereto.

9. The use of the neuter gender in this Agreement shall be deemed to include any other gender, and words in the singular number shall be held to include the plural, when the sense requires.

10. Notwithstanding any of the other provisions hereof, this Agreement is not intended to create and shall not be deemed to create any personal liability on the part of tenant for repayment of the loan secured by the mortgage.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the parties hereto have placed their hands and seals the day and year first above written.

Tenant:

BBC BIOCHEMICAL CORPORATION, a
Washington corporation

By: [Signature]
Name: Adrian Biesecker
Title: President

Landlord:

BIESECKER HOLDINGS, LLC

By: Biesecker Living Trust, its Managing
Member

By: [Signature]
James L. Biesecker, Trustee

By: [Signature]
Catharina J. Biesecker, Trustee

Lender:

U.S. BANK NATIONAL ASSOCIATION

By: [Signature]
Name: VICE PRESIDENT J.K. JOHN K. BIRLAND
Title: VICE PRESIDENT

[SIGNATURE PAGE TO MEMORANDUM OF LEASE AND SUBORDINATION AGREEMENT]



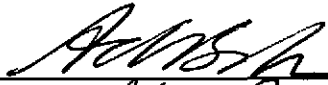
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IN WITNESS WHEREOF the parties hereto have placed their hands and seals the day and year first above written.

Tenant:


BBC BIOCHEMICAL CORPORATION, a
Washington corporation


By: 
Name: Adrian B. Biesecker
Title: President

Landlord:

BIESECKER HOLDINGS, LLC

By: Biesecker Living Trust, its Managing
Member

By: 
James L. Biesecker, Trustee

By: 
Catharina J. Biesecker, Trustee

Lender:

U.S. BANK NATIONAL ASSOCIATION

By: _____
Name: _____
Title: _____

[SIGNATURE PAGE TO MEMORANDUM OF LEASE AND SUBORDINATION AGREEMENT]

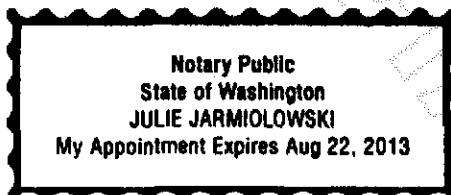


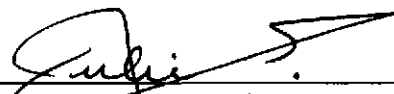
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STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that James A. (Adrian) Biesecker is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument, and acknowledged it as the President of BBC BIOCHEMICAL CORPORATION, a Washington corporation, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 11/23, 2010.




(Signature of Notary)

(Print or stamp name of Notary)

NOTARY PUBLIC in and for the State of
Washington, residing at: SNODHOMISH COUNTY
My appointment expires: 8/22/13

[SIGNATURE PAGE TO MEMORANDUM OF LEASE AND SUBORDINATION AGREEMENT]

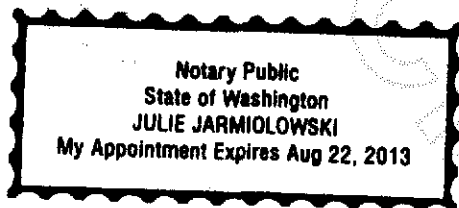


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STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that James L. Biesecker is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument, and acknowledged it as the Trustee of the Biesecker Living Trust, the managing member of BIESECKER HOLDINGS, LLC, a Delaware corporation, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 11/23, 2010.



Julie Jarmiolowski
(Signature of Notary)

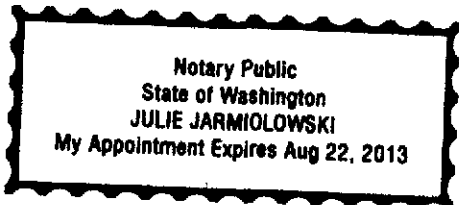
(Print or stamp name of Notary)

NOTARY PUBLIC in and for the State of
Washington, residing at: SNOHOMISH COUNTY
My appointment expires: 8/22/13

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that Catharina J. Biesecker is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument, and acknowledged it as the Trustee of the Biesecker Living Trust, the managing member of of BIESECKER HOLDINGS, LLC, a Delaware corporation, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 11/23, 2010.



Julie Jarmiolowski
(Signature of Notary)

(Print or stamp name of Notary)

NOTARY PUBLIC in and for the State of
Washington, residing at: SNOHOMISH COUNTY
My appointment expires: 8/22/13

[SIGNATURE PAGE TO MEMORANDUM OF LEASE AND SUBORDINATION AGREEMENT]




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STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that JOHN BORLAND is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument, and acknowledged it as the PRESIDENT of U.S. BANK NATIONAL ASSOCIATION, a national banking association, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 11/11, 2010.


(Signature of Notary)
Notary Public
State of Washington
(Print or stamp name of Notary)
Julie JARMOLOWSKI
NOTARY PUBLIC, State of Washington
residing at: SPRINGMISH County
My appointment expires: 8/22/13

[SIGNATURE PAGE TO MEMORANDUM OF LEASE AND SUBORDINATION AGREEMENT]



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EXHIBIT A
to Memorandum of Lease and Subordination Agreement

LEGAL DESCRIPTION

The Land is located in Skagit County, Washington and is legally described as follows:

LOT 4 "PLAT OF REO FAMILY PROPERTIES, LLC", RECORDED JULY
7, 2006, UNDER AUDITOR'S FILE NO.

200607070069, RECORDS OF SKAGIT COUNTY, WASHINGTON.

