



201101190179

Skagit County Auditor

1/19/2011 Page 1 of 10 1:23PM

Return Address

U.S. Bank National Association
10800 N.E. Eighth Street, Suite 550
Bellevue, WA 98004
Attention: Jocelyn Stockton

CHICAGO TITLE 620012085

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

1. Tenant Subordination Agreement

Reference Number(s) of Documents assigned or released: unrecorded lease and
(on page ___ of documents(s))

201101190177

Grantor(s) (Last name first, then first name and initials):

1. T Bailey Inc.
2. Quattro Properties, L.L.C.
3. Additional names on page ___ of document.

Grantee(s) (Last name first, then first name and initials):

1. U.S. Bank National Association
2. Additional names on page ___ of document.

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

PTN NE, 03-34-02

Full legal is on Exhibit A of document.

Assessor's Property Tax Parcel/Account Number

P19712, P19675, P19677, P19687, 340203-0-041-0006, 340203-0-001-0004, 340203-0-002-0003 and 340203-0-011-0002

TENANT SUBORDINATION AGREEMENT

This TENANT SUBORDINATION AGREEMENT ("Agreement") is made as of January 6, 2011 among T BAILEY, INC., a Washington corporation ("Tenant"), U.S. BANK NATIONAL ASSOCIATION ("Lender"), and QUATTRO PROPERTIES, L.L.C., a Washington limited liability company ("Landlord").

WITNESSETH:

WHEREAS, Tenant is leasing from Landlord the premises (the "Premises") described in Exhibit A attached hereto and incorporated herein by this reference pursuant to an unwritten lease ("Lease");

WHEREAS, Lender has agreed to make certain loans to Landlord, which are or will be secured by a Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing encumbering the Premises (the "Deed of Trust"); and

WHEREAS, Lender and Landlord have requested that Tenant enter into a subordination agreement with Lender.

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

1. The Lease and any extensions, renewals, replacements or modifications thereof, and all of the right, title and interest of Tenant in and to the Premises are and shall be subject and subordinate to the Deed of Trust and to all of the terms and conditions contained therein, and to any renewals, modifications, replacements, consolidations and extensions thereof.

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, and if the lease is not thereby terminated, 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 was the landlord under the Lease, and Tenant does hereby attorn to Lender as its landlord, such 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 Landlord in the Premises. Tenant agrees, however, upon the election of and written demand by Lender within 20 days after Lender acquires title to the Premises, to 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 that obligates Landlord to erect or complete any building or to perform any construction work or to make any improvements to the Premises. 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 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 Lender and 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, without limitation, any action in order to terminate, rescind or avoid the Lease or to withhold any rental thereunder, for a period of 10 days after receipt of such written notice thereof by 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 which written notice thereof by Lender with respect to any other such default; provided that in the case of any default that cannot be cured by the payment of money and cannot with diligence be cured within such 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 prior written consent of Lender so long as the Lease is in effect.

6. This Agreement shall bind and inure to the benefit of the parties hereto, their successors and assigns. As used herein, the term "Tenant" shall include Tenant and 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 Lender herein specifically named and any of its successors and assigns.



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

8. In the event of any suit, action, or other proceeding to interpret or enforce this Agreement, the prevailing party, at trial, on appeal, or in any bankruptcy proceeding, shall be entitled to recover reasonable attorneys' fees.

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.

[SIGNATURE PAGE FOLLOWS]



IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

TENANT:

T BAILEY, INC., a Washington corporation

By

Name:

Title:

MOE ISRAEL

VP - Chief Financial Officer

LENDER:

U.S. BANK NATIONAL ASSOCIATION

By

Name:

Title:

JENNIFER DAVIZ

SENIOR VICE PRESIDENT

LANDLORD:

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

By

Gene Tanaka, Member

SIGNATURE PAGE TO TENANT SUBORDINATION AGREEMENT



201101190179

Skagit County Auditor

STATE OF WASHINGTON)
) ss.
COUNTY OF Skagit)

On this 11 day of January, 2011, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Moe ISRAEL to me known to be the person who signed as Moe ISRAEL of T Bailey, Inc., a Washington corporation, that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation body for the uses and purposes therein mentioned, and on oath stated that he was duly qualified and acting as said officer of the corporation, that he was authorized to execute said instrument and that the seal affixed, if any, is the seal of said corporation.

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

Amber Lind
(Signature of Notary)

AMBER G LIND
COMMISSION EXPIRES 10/11/11
(Print or Stamp Name of Notary)

PUBLIC
NOTARY PUBLIC in and for the State
of Washington residing at Mt Vernon WA
My appointment expires: 10/11/11

NOTARY PAGE TO TENANT SUBORDINATION AGREEMENT



201101190179
Skagit County Auditor

STATE OF WASHINGTON)
) ss.
COUNTY OF _____)

On this _____ day of January, 2011, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____, to me known to be the person who signed as a _____ of U.S. 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 banking association for the uses and purposes therein mentioned, and on oath stated that he/she was duly elected, qualified and acting as said officer of the national banking association and that he/she was authorized to execute said instrument.

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 _____
My appointment expires: _____

NOTARY PAGE TO TENANT SUBORDINATION AGREEMENT



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Skagit County Auditor

EXHIBIT A
Tenant Subordination Agreement

LEGAL DESCRIPTION

PARCEL A:

That portion of government Lots 1 and 2 in Section 3, Township 34 North, Range 2 East of the Willamette Meridian, lying Southerly of a line which is equidistant 300 feet Southerly of and parallel to or concentric with the centerline of the right of way of the Great Northern Railway Company (formerly Seattle and Northern Railway Co.), as said centerline of said railroad existed on June 4, 1902, and lying Southwesterly of the Old Anacortes - Mount Vernon Highway more commonly referred to as March Point Road, and lying Easterly of that Boundary Line Adjustment between Lloyd E. Sanderson and Anita P. Sanderson, husband and wife and Keith D. Sanderson and Caroline N. Sanderson, husband and wife; and A.R. Kinney and Vera M. Kinney, husband and wife by those instruments recorded under Auditor's File Nos. 9302260002 and 9302260003, records of Skagit County, Washington; and lying Northeasterly of the Primary State Highway No. 1;

TOGETHER WITH that portion of the East 40 rods of the North 45 rods of the Northwest Quarter of the Southeast Quarter of said Section 3, Township 34 North, Range 2 East of the Willamette Meridian, lying Northeast of the State Highway;

EXCEPT that portion of said Government Lot 1 in Section 3, Township 34 North, Range 2 East of the Willamette Meridian, lying Southerly of the Southwesterly right of way line of that 60 foot wide County road commonly referred to as March Point Road, and lying Southerly of the approximate top of the bank to that hill above the gravel pit excavation site as same existed in February 1993 and being more particularly described as follows:

Beginning at a point at the intersection of the West line of said Government Lot 1 and that line described herein as being said top of the bank and the Northerly line of this property description, which point bears North 1°51'35" East, a distance of 264.10 feet, more or less, from the Southwest corner of said subdivision; thence along said top of bank in a Northerly and Easterly direction along the following described courses and distances:
North 88°34'17" East, a distance of 83.84 feet; North 72°19'44" East, a distance of 134.88 feet; North 28°40'26" East, a distance of 68.65 feet to a point which bears South 55°30'39" West along a line perpendicular to the Southwesterly right of way line of said County road, a distance of 55.19 feet, more or less; thence North 55°30'39" East along said perpendicular line, a distance of 55.19 feet, more or less, to the Southwesterly right of way line of said County road and the terminus of this property line description;

AND EXCEPT that portion of the above described tract of land lying within the following description or described as follows:

Beginning at a point on the East line of said Section 3 which is 2,158.2 feet North of the Southeast corner of said Section;
thence North 143.4 feet to the Westerly line of the E. Kasch Road;
thence North 35°22' West along the Westerly line of said road, 396.7 feet;
thence North 76°07' West 482 feet;
thence South 582.6 feet;
thence East 697.6 feet to the point of beginning;

Situated in Skagit County, Washington



PARCEL B:

That portion of the following described tract of land lying and being Southerly of the State Highway as same existed on November 10, 1933 to-wit:

A strip of land 250 feet wide in Government Lots 1 and 2, of Section 3, Township 34 North, Range 2 East of the Willamette Meridian, being all that part of said Lots 1 and 2, lying between two lines parallel to and distance, respectively, 50 feet and 300 feet Southerly measured at right angles, from the centerline of the main tract of the Great Northern Railway as now located and constructed;

EXCEPTING THEREFROM all that part thereof lying Southwest of the following described line:

Beginning at a point in said Lot 2, a distance of 300 feet Southeasterly from the said centerline of main tract, as measured at right angles to said centerline from a point therein, 565.4 feet distant, Northeasterly, measured along said centerline, from the West line of said Lot 2;

Thence Northwesterly at right angles to said centerline 165 feet to a point 135 feet distant Southeasterly from said centerline;

Thence Northwesterly in a straight line to a point 50 feet distant Southeasterly from said centerline, as measured at right angles, thereto, from a point therein 430.4 feet distant Northeasterly measured along said centerline from the West line of said Lot 2;

AND EXCEPT Puget Sound and Baker River Railway;

Situated in Skagit County, Washington.

