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KATHY HILL
SKAGIT COUNTY AUDITOR

'98 DEC 14 AM 11:42

RECORDED _____ FILED _____
INDEXED _____

When Recorded Return to:
CASCADE BANK
Attn: Jerry L. Goos
2828 Colby Ave.
Everett, WA 98201

9812140083

FIRST AMERICAN TITLE CO.

56202

SUBORDINATION, NONDISTURBANCE AND ATTORNMENMENT AGREEMENT

Lessor/Landlord: AMY SCHREIBER, BERTRAM M. SCHREIBER and WILLIAM M. SCHREIBER d/b/a MOUNT
VERNON CENTER ASSOCIATES, a Co-Partnership
Lender: CASCADE BANK DT# 9812040030
Lessee: BROWNS BEAUTY & BARBER SUPPLY, INC., a Washington corporation
Legal Description (abbreviated): Plat of Mount Vernon Acreage, Skagit County, WA, as per lot recorded in Vol. 3 of
Plats, Page 102, (complete legal description attached as Exhibit A) X LOTS 5-11
Assessor's Tax Parcel No: 3746-000-011-0000

THIS AGREEMENT ("Agreement") made this 27th day of October, 1998, between
CASCADE BANK ("Lender"), AMY SCHREIBER, BERTRAM M. SCHREIBER and
WILLIAM M. SCHREIBER d/b/a MOUNT VERNON CENTER ASSOCIATES, a Co-
Partnership ("Lessors" or "Landlords" as applicable), and BROWNS BEAUTY & BARBER
SUPPLY, INC., a Washington corporation ("Lessee" or "Tenant" as applicable).

RECITALS

1. Lender will be making a loan to Lessors relating to real property located at the
property commonly known as Mount Vernon Center, Mount Vernon, Washington (hereinafter
referred to as the "Property" and/or the "Premises"). Said loan will be evidenced by a promissory
note, secured by a Deed of Trust and Assignment of Rents and Security Agreement (hereinafter
collectively referred to as the "Deed of Trust"), which will convey an interest, for security purposes,

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to Lender in the Property. The legal description for said Property is attached hereto as Exhibit A and incorporated herein by this reference.

2. Lessors are or will be the owner in fee simple of the Property, subject to the Deed of Trust.

3. Tenant entered into a lease with Lessors' predecessor in interests and rents a portion of the Property ("Leased Premises"), which is located at the property commonly known as: Mount Vernon Center, 525 E. College Way, Suite F, Mount Vernon, Washington. Tenant's commercial lease ("Lease") for the Leased Premises was signed on May 6, 1993, effective February 1, 1993.

4. Lender desires that Tenant attorn to Lender and Lender's assigns, and Tenant is willing to attorn to Lender and its assigns provided Lender and its assigns agree not to disturb Tenant's right of possession and quiet enjoyment provided Tenant is fully in compliance with the Lease.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, Tenant, Lessors and Lender agree as follows:

1. Subordination. The Deed of Trust, Subject to the terms of this Agreement, as to all obligations recited as being secured thereby, and any renewals, modifications or extensions thereof, shall be and remain at all times a lien or charge on the Property, prior and superior to the lien or charge of the Lease.

2. Nondisturbance. Lender agrees with Tenant that, so long as conditions do not exist entitling Lessors to declare the lease at end and/or terminated, Tenant's possession or enjoyment of the Premises shall not be interfered with by Lender in a foreclosure action, sale or other action or proceeding instituted under or in connection with the Deed of Trust. It is expressly the intent of the parties that Tenant shall not be disturbed in its possession and use of the Property under the Lease for any reason other than expiration or termination of the Lease in accordance with its terms or other eviction of Tenant in accordance with the Lease and applicable law.

3. Foreclosure. In the event Lender forecloses under the terms of any loan documents or the Deed of Trust with the current or future Landlords of the Premises, Lender shall give Tenant written Notice of such action simultaneously with the giving of any notice to Landlords in regards thereto.

4. Attornment. In the event of foreclosure, exercise of any power of sale or exercise of any other remedy under any loan document encumbering the Property, Tenant agrees to accept and attorn to Lender or Lender's assigns or any purchaser from Lender or any purchaser at foreclosure or trustee's sale as the new owner of the Premises. So long as Tenant is not in default under the

Lease, said Lease shall, with regard to the Property, continue in full force and effect as a direct lease between Lender or its successors and assigns and Tenant.

5. Security Deposits and Prepaid Rents. Tenant acknowledges that Lender shall not be liable or responsible for the return of any security deposit or prepaid rents which may have been paid to the present or future Landlords. Tenant agrees it will not prepay Landlords' rent more than one month in advance under the terms of the Lease. If Lender or any other person acquires fee title to the Property, Lender or such other person will be entitled to the next month's rent regardless of any prepayment of Tenant to Landlords for more than one month in advance. Tenant and Landlords shall not modify the Lease without Lender's advance written consent, which such consent shall not be unreasonably withheld and shall be deemed given unless Lender gives written notice to Tenant and describes with particularity the basis therefore within ten (10) days of Lender's receipt of a request for modification.

6. Transfer of Premises. In the event of the transfer of the property through foreclosure, exercise of any power of sale, exercise of rights under any loan document encumbering the Property or any transfer or assignment of Lender's interest therein, the purchaser or assignee shall take such interest free and clear of any prior or existing default of the Landlords under the terms of the Lease. Lender or the new owner will assume and perform the obligations of the landlords as of the date Lender or the new owner obtains title, so long as Tenant is in full compliance with the Lease.

7. Right to Receive Rent. If Lender, prior to its acquisition of Landlords' title to the Property, shall at any time exercise the right to receive the rent from Tenant as granted under the Note or Deed of Trust, Lender shall not thereby become obligated to Tenant for the performance of any of the terms, covenants or conditions under the Lease except as contained in this Agreement. Landlords and Tenant agree with Lender that Tenant shall pay the rent directly to the Lender upon Tenant's receipt of written notice from Lender of the exercise of such rights and Landlords hereby authorize and direct Tenant to make all such payments to Lender. Notwithstanding any such exercise, Landlords shall remain liable to Tenant for the performance of Landlords' obligations under the Lease. Landlords hereby acknowledge and agree that payment of the rent by Tenant to Lender pursuant to the preceding provisions shall satisfy Tenant's rent obligations under the Lease to the extent of any such payment. Tenant shall not be required to pay rent to Lender to the extent that Tenant would not be required to pay rent to Landlords under the terms of the Lease.

8. Landlords Default. Notwithstanding anything in the Lease, Tenant hereby agrees that Tenant will notify the Lender, so long as the Lender is the holder of the Deed of Trust, in writing, of any default of the Landlords under the Lease which would entitle Tenant to cancel the Lease or abate the rent payable thereunder. No notice of cancellation or abatement under the Lease shall be effective unless:

(a) Lender has received notice at their office address as set forth below (or at such other place hereafter designated to tenant from time to time in writing) and

(b) Lender has been afforded an opportunity to cure Landlords' default under the Lease within the applicable grace period provided by the Lease.

Tenant agrees that performance by Lender or its respective nominee, designee or assignee of any provision of the Lease shall satisfy any conditions of Tenant requiring performance by the Landlords and if there is a default which is not capable of being cured by Lender and Lender has instituted legal proceedings to foreclose the Deed of Trust, Tenant agrees to waive such past defaults as to Lender or their respective nominee, designee or assignee. Nothing contained herein shall obligate Lender to perform the Landlords' obligations under the Lease until such time as Lender shall become the owner of the mortgage premises.

9. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the parties hereto and cannot be changed or terminated orally.

10. Addresses. The parties to this agreement shall receive notice at the following addresses, unless informed otherwise, in writing, prior to the issuance of said notice by the party who is intended to receive said notice:

- A. Lender: Cascade Bank
c/o Jerry L. Goos
2828 Colby Avenue
Everett, Washington 98201
- B. Lessors: Mount Vernon Center Associates
2425 Circle Dr.
Bothell, WA 98012-6528
- C. Lessee: Browns Beauty & Barber Supply, Inc.
Attn: Burrell Hardan, ~~President~~ SFC/TREAS.
525 E. College Way Suite E
Mount Vernon, WA 98273

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

LENDER:

CASCADE BANK

By


Jerry L. Goos
Its Vice-President

LESSOR(S):

Amy Schreiber, Partner of Mount Vernon
Center Associates, a Co-Partnership



William M. Schreiber, Partner of Mount Vernon
Center Associates, a Co-Partnership

Bertram M. Schreiber, Partner of Mount Vernon
Center Associates, a Co-Partnership

LESSEE:

BROWNS BEAUTY & BARBER SUPPLY, INC.



By: Burrell Hardan, President

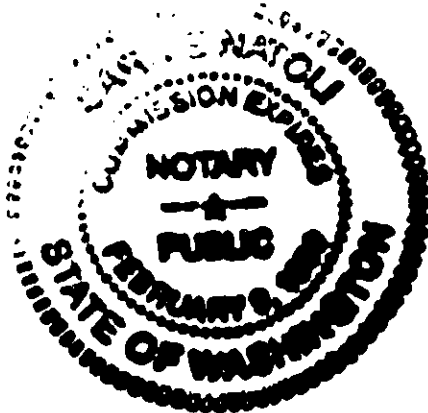
SEA/TRES.

LENDER ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss.
COUNTY OF SNOHOMISH)

On this day personally appeared before me Jerry L. Goos, to me known to be the Vice President of Cascade Bank, the national banking association that executed the within and foregoing instrument, and acknowledged to me the said instrument was the free and voluntary act and deed of said banking association for the uses and purposes therein mentioned, and on oath stated that Jerry L. Goos was authorized to execute the said instrument for and on its behalf, and that the seal affixed is the official seal of said banking association.

SUBSCRIBED AND SWORN to before me by Jerry L. Goos on this 11^e day of November, 1998.



Carrie Natoli
PRINTED NAME: Carrie Natoli
NOTARY PUBLIC
in and for the State of Washington.
My commission expires: 2/9/99

LESSOR ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss.
COUNTY OF _____)

On this day personally appeared before me Amy Schreiber, to me known to be a Partner of Mount Vernon Center Associates, the co-partnership that executed the within and foregoing instrument, and acknowledged to me the said instrument was the free and voluntary act and deed of said partnership for the uses and purposes therein mentioned, and on oath stated that she was authorized to execute the said instrument for and on its behalf.

SUBSCRIBED AND SWORN to before me on this _____ day of _____, 1998.

PRINTED NAME: _____
NOTARY PUBLIC
in and for the State of Washington.
My commission expires: _____

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STATE OF WASHINGTON)
) ss.
COUNTY OF _____)

On this day personally appeared before me Bertram M. Schreiber, to me known to be a Partner of Mount Vernon Center Associates, the co-partnership that executed the within and foregoing instrument, and acknowledged to me the said instrument was the free and voluntary act and deed of said partnership for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument for and on its behalf.

SUBSCRIBED AND SWORN to before me on this _____ day of _____, 1998.

PRINTED NAME: _____
NOTARY PUBLIC
in and for the State of Washington.
My commission expires: _____

New York
STATE OF ~~WASHINGTON~~)
) ss.
COUNTY OF *Richmond*)

On this day personally appeared before me William M. Schreiber, to me known to be a Partner of Mount Vernon Center Associates, the co-partnership that executed the within and foregoing instrument, and acknowledged to me the said instrument was the free and voluntary act and deed of said partnership for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument for and on its behalf.

SUBSCRIBED AND SWORN to before me on this 3 day of NOV., 1998.

Jeanie Magnante
PRINTED NAME: _____
NOTARY PUBLIC *N.Y.*
in and for the State of ~~Washington~~.
My commission expires: _____

JENNIE MAGNANTE
Notary Public, State of New York
No. 02115065107
Qualified in Richmond County
Commission Expires *1/2000*

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TENANT ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss.
COUNTY OF Skagit)

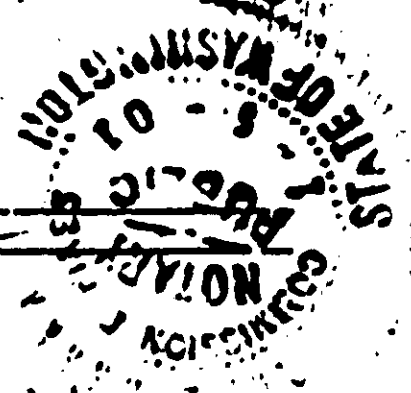
SEC/TLES

On this day personally appeared before me Burrell Hardan, to me known to be the ~~President~~ of BROWNS BEAUTY & BARBER SUPPLY, INC., the corporation that executed the within and foregoing instrument, and acknowledged to me the said instrument was the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument for and on its behalf, and that the seal affixed is the official seal of said corporation.

SUBSCRIBED AND SWORN TO before me on this 27 day of Oct 1998
1998.

ARNE HANNA

PRINTED NAME: Arne Hanna
NOTARY PUBLIC
in and for the State of Wash
My commission expires: 1-5-2001



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Order No. : 56202

SCHEDULE "C"

The land referred to herein is situated in the County of Skagit, State of Washington, and is described as follows:

PARCEL "A":

All those portions of the "PLAT OF MOUNT VERNON ACREAGE", according to the plat thereof recorded in Volume 3 of Plats, page 102, records of Skagit County, Washington, described as follows:

- (a) Tracts 5 and 6, EXCEPT the West 256.41 feet thereof;
- (b) Tract 7, EXCEPT the West 179 feet thereof;
- (c) All of Tract 8;
- (d) Tract 9, EXCEPT the West 268 feet of the North 29.5 feet thereof, AND EXCEPT the West 245 feet of the South 100 feet thereof;
- (e) Tract 10, EXCEPT the West 245 feet thereof, AND EXCEPT the South 10 feet of the East 285 feet thereof;
- (f) Tract 11, EXCEPT the South 10 feet thereof.

PARCEL "B":

The Westerly 10 feet of that portion of the abandoned Puget Sound and Cascade Railway Company right-of-way in the Southwest 1/4 of the Northwest 1/4 of Section 17, Township 34 North, Range 4 East of the W.M., lying between the Easterly extension of the North line of Tract 5 and the South line of Tract 11 of said "PLAT OF MOUNT VERNON ACREAGE";

EXCEPT the South 10 feet thereof, as conveyed to the State of Washington for State Secondary Highway 1-G by instrument dated March 20, 1951, and recorded May 4, 1951, under Auditor's File No. 460430, records of Skagit County, Washington.

(NOTE: Portions of the above described Parcels "A" and "B" have been further subdivided as evidenced by Short Plats recorded in Volume 1 of Short Plats, page 168, and in Volume 1 of Short Plats, page 175).

EXHIBIT A

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