


**THIS DOCUMENT PREPARED BY
AND UPON RECORDING RETURN
TO:**


200404280137
Skagit County Auditor
4/28/2004 Page 1 of 7 3:34PM

U.S. Bank National Association
Attn: Closing Audit Department
9918 Hibert Street, 2nd Floor
San Diego, CA 92131
Loan No. **6517374147**
Loan 1 of 2
Abbreviated legal: Lot 16, Hopper Business Park Rev. BSP.
Parcel NO. 116589

111468-P

LAND TITLE OF SKAGIT COUNTY

SUBORDINATION OF LEASE

Effective Date: April 13, 2004

Among: **H.B. JAEGER COMPANY, L.L.C.** ("Tenant")
1687 Port Drive (Address)
Burlington, WA 98233 (City, State, Zip)

Axis Ventures, LLC ("Landlord")
10105 Airport Way (Address)
Snohomish, WA 98296 (City, State, Zip)

And **U.S. Bank National Association** ("Lender")
Attn: Closing Audit Department
9918 Hibert Street, 2nd Floor (Address)
San Diego, CA 92131 (City, State, Zip)

RECITALS

A. Landlord is the owner of the real property and improvements (the "Real Property") legally described in Exhibit "A" attached hereto and incorporated herein by reference.

B. Tenant has entered into a lease dated **March 11, 2004** (as amended from time to time, the "Lease"), whose interest is held by Landlord, covering all or a portion of the Real Property, as more particularly described therein (the "Premises").

C. As a condition to Lender's consideration of an application for, and in consideration of any agreement by Lender to make, a loan or loans secured by a Mortgage or Deed of Trust (the "Security Instrument") from Landlord to or for the benefit of Lender covering all or a portion of the Real Property, Lender has required and Tenant has agreed to provide a subordination of the Lease and Tenant's interest in the Real Property to the Security Instrument.

AGREEMENT

In consideration of the promises 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 Real Property, including but not limited to any option or right of first refusal to purchase the Premises, the Real Property or any portion thereof, or any acquisition of title to the Premises, the Real Property or any portion thereof by Tenant while the Security Instrument may be in effect, are and shall be subject and subordinate to the Security Instrument and Lender's right, title and interest in the Premises and the Real Property and to all of the terms and conditions contained in the Security Instrument and herein, to any increases in the amounts secured by the Security Instrument, and to any renewals, modifications, replacements, consolidations and extensions thereof. Tenant hereby acknowledges that the Security Instrument may also secure any or all future advances made by Lender, including amounts in excess of the amount of any obligation specifically identified in the Security Instrument, and agrees that the Lease and Tenant's interest in the Real Property shall be subordinate to the entire lien of the Security Instrument, to the full extent of all such secured future advances. Tenant understands that in reliance upon, and in consideration of, Tenant's subordination, representations and covenants in this Subordination Agreement, specific loans and advances may be made and, as part and parcel thereof, specific monetary and other obligations may be entered into which would not be made or entered into but for said reliance upon such subordination, representations and covenants.

2. Tenant shall provide Lender with a copy of any written notice that Tenant sends to or receives from Landlord no later than 10 days after transmission or receipt. 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 and without limitation any action in order to terminate, rescind or void the Lease or to withhold any rental thereunder, for a period of sixty (60) days after receipt by Lender of such written notice of default (provided, that in the case of any default which cannot be cured by the payment of money and cannot with reasonable diligence be cured within such sixty (60) 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 shall begin to cure the same and thereafter shall prosecute the curing of such default with reasonable 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 reasonable diligence and continuity). If neither Landlord nor Lender shall cure within the time allotted as provided above and in the Lease, Tenant may seek its remedies under the Lease; provided, however, that such remedies shall at all times be and remain subject and subordinate to the Security Instrument.

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

4. Tenant declares, agrees and acknowledges that

(a) Tenant consents to and approves (i) all provisions of the Security Instrument and any instrument evidencing the obligations secured thereby, and (ii) all agreements, including but not limited to any loan or escrow agreements, between Landlord and Lender for the disbursement of the proceeds of any loan secured by the Security Instrument; and

(b) In making disbursements of any proceeds of any loan secured by the Security Instrument, Lender is under no obligation or duty to, nor has Lender represented that it will, see to the application of any loan proceeds by the person or persons to whom Lender disburses such proceeds and any application or use of such proceeds for purposes other than those provided for in any agreement relating to any such loan shall not defeat the subordination herein made in whole or in part.

5. 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 Tenant, its successors and assigns; and the word "Lender" shall include 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 Security Instrument (whether under power of sale or otherwise) or by or through any voluntary deed or assignment in lieu of foreclosure of the Security Instrument.

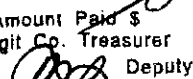
6. This Agreement shall not be modified or amended except in writing signed by the parties hereto.

7. 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.

8. This Agreement may be executed in any number of counterparts, each of which shall constitute an original and all of which shall together constitute one and the same agreement.

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

APR 28 2004

Amount Paid \$
Skagit Co. Treasurer
By  Deputy

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FOI
(Re



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Skagit County Auditor

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IN WITNESS WHEREOF the parties hereto have executed and, if applicable, placed their seals upon this Agreement as of the date first above written.

TENANT: H.B. JAEGER COMPANY, L.L.C.

By Robert E. Jaeger
Robert E. Jaeger, Managing Member

Date 4-19-04

By Herbert W. Braicks
Herbert W. Braicks, Managing Member

Date 4/19/04

LANDLORD: LANDLORD: Axis Ventures, LLC

By Robert E. Jaeger
Robert E. Jaeger, Managing Member

Date 4-19-04

By Herbert W. Braicks
Herbert W. Braicks, Managing Member

Date 4/19/04

LENDER:

U.S. BANK NATIONAL ASSOCIATION

By: [Signature]
Authorized Signor



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Skagit County Auditor

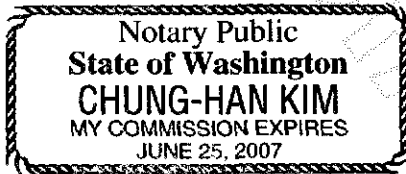
STATE OF WASHINGTON

ss. (REPRESENTATIVE CAPACITY ACKNOWLEDGEMENT)

COUNTY OF KING

On this 19th day of April, 2004, personally appeared before me **Robert E. Jaeger and Herbert W. Braicks** to me known to be managing member and managing member, respectively of **Axis Ventures, LLC** that executed the within and foregoing instrument, and mentioned, and on oath stated that he is authorized to execute said instrument and that the seal affixed (if any) is the company seal of said company.

WITNESS my hand and Official seal hereto affixed the day and year in this certificate above written.



Print Name Chung-Han Kim
Notary Public in and for the State of Washington
My appointment expires: 6-25-07

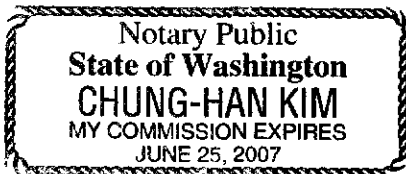
STATE OF WASHINGTON

ss. (REPRESENTATIVE CAPACITY ACKNOWLEDGEMENT)

COUNTY OF KING

On this 19th day of April, 2004, personally appeared before me **Robert E. Jaeger and Herbert W. Braicks** to me known to be managing member and managing member, respectively of **H.B. Jaeger Company, LLC** that executed the within and foregoing instrument, and mentioned, and on oath stated that he is authorized to execute said instrument and that the seal affixed (if any) is the company seal of said company.

WITNESS my hand and Official seal hereto affixed the day and year in this certificate above written.



Print Name Chung-Han Kim
Notary Public in and for the State of Washington
My appointment expires: 6-25-07



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Skagit County Auditor

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California }
County of San Diego } ss.

On April 15, 2004, before me, Linda D. Pack, Notary Public
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")
personally appeared *****Jenine Mason*****
Name(s) of Signer(s)

- personally known to me
- proved to me on the basis of satisfactory evidence

to be the person ~~XX~~ whose name ~~is~~ ~~XX~~ subscribed to the within instrument and acknowledged to me that ~~he~~/~~she~~/~~they~~ executed the same in ~~his~~/~~her~~/~~their~~ authorized capacity~~(ies)~~, and that by ~~his~~/~~her~~/~~their~~ signature(s) on the instrument the person ~~XX~~ or the entity upon behalf of which the person ~~XX~~ acted, executed the instrument.



WITNESS my hand and official seal.

Linda D. Pack
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

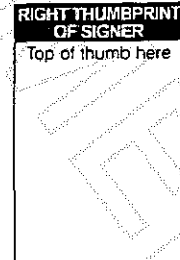
Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer

Signer's Name: *****Jenine Mason*****

- Individual
- Corporate Officer — Title(s): VICE PRESIDENT
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: U.S. BANK



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UNOFFICIAL DOCUMENT

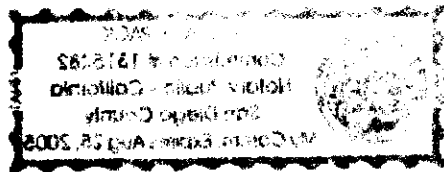


EXHIBIT A

Legal Description of the Real Property

Lot 16, "HOPPER ROAD BUSINESS PARK, REVISED BINDING SITE PLAN," recorded January 30, 2003, under Auditor's File No. 200301300162, records of Skagit County, Washington.

Situate in the County of Skagit, State of Washington.

RJ
0/0



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Skagit County Auditor