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WHEN RECORDED MAIL TO:

U.S. Bank National Association
101 S. Capitol Blvd., Suite 601
P.O. BOX 8247
Boise, ID 83733-8247

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MTIC 44339

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

**SUBORDINATION, NON-DISTURBANCE,
ESTOPPEL AND ATTORNMENMENT AGREEMENT**
OF LEASE TO TRUST DEED M00-15792

Date: April 3, 2000

From: A & E HAIR, INC.

("Tenant")

CAN AM RETAIL PARTNERS/KLAMATH FALLS, LLC

("Landlord")

To: U.S. BANK

Commercial Real Estate Loan Administration

101 S. Capitol Blvd., Suite 601

Boise, ID 83702

Attn: Allison Woods, CRELA Loan Administrator

("Lender")

Lease Dated: 12-10-99

Lease Term: Five (5) years from the "Term Commencement Date with one five (5) year extension option.

W I T N E S S E T H :

WHEREAS, the Tenant has entered into a lease dated December 10, 1999 (the "Lease"), whose interest is held by Landlord, covering premises (the "Premises") described in Exhibit "A" attached hereto and incorporated herein by reference; and

WHEREAS, the Lender has agreed to make a loan of One Million, One Hundred and Eighty One Thousand, Two Hundred and Fifty dollars and No/100 (\$1,181,250.00) to the Landlord 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; and

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

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 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, are and shall be subject and subordinate to the mortgage and to all of the terms and conditions contained herein, and to any renewals, modifications, replacements, consolidations and extensions thereof.

2. Lender consents to the Lease and, in the event of foreclosure of said mortgage, or in the event Lender comes into possession or acquires title to the premises as a result of the enforcement or foreclosure of the mortgage or mortgage note, or as a result of any other means, Lender agrees to recognize Tenant and further agrees that Tenant shall not be disturbed in its possession of the Premises for any reason other than one which would entitle the Landlord to terminate the Lease under its terms or would cause, without further action by such Landlord, the termination of the Lease or would entitle such Landlord to dispossess the Tenant from the Premises.

A1.00
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3. Tenant agrees with Lender that if the interest 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.

4. 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. Tenant further agrees with Lender that Tenant will not voluntarily subordinate the Lease to any lien or encumbrance without Lender's consent.

5. 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 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 ten (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 thirty (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).

6. 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.

7. 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 \$ _____;
- 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.

8. 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 Landlords' 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.

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

10. 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.

11. 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.

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

Landlord: CAN AM RETAIL PARTNERS/KLAMATH FALLS, LLC
SUDCO DEVELOPMENT CORP., ITS MEMBER

By: [Signature]
Its: President

By: [Signature]
Its Member

By: [Signature]
Its Member

Tenant: A & E HAIR, INC.

By: [Signature]
Its: President

Lender: U.S. BANK NATIONAL ASSOCIATION

By: [Signature]
Its: Vice President and Relationship Manager

LANDLORDS FORM OF ACKNOWLEDGMENT

LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

Province Ontario
STATE OF Ontario
County of Toronto
City

On this 18 day of April, in the year 2000, before me Bernard H.J. Klunberg, a notary public in and for the state of Ontario, personally appeared Elliott Sud, President of Sudco Development Corp., Member, known or identified to me to be the member(s) in the limited liability company of **Can Am Retail Partners/Klamath Falls, LLC**, and the member(s) who subscribed said limited liability company name to the foregoing instrument, and acknowledged to me that they executed the same in said limited liability company name.

NOTARY PUBLIC [Signature]
My appointment expires: _____

TENANTS FORM OF ACKNOWLEDGMENT

CORPORATE ACKNOWLEDGEMENT

STATE OF Oregon
County of Jackson

On this 5th day of April, in the year 2000, before me Treasa Sprague, a notary public in and for the state of Oregon, personally appeared Paul Saskoviak, known or identified to me to be the President of **A & E Hair, Inc.**, the corporation that executed the instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

NOTARY PUBLIC Treasa Sprague
My appointment expires: Jan 9, 2001

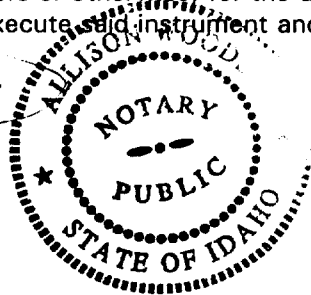


LENDER ACKNOWLEDGMENT

STATE OF Idaho
County of Ada

On this 20 day of April, in the year 2000, before me Allison Woods, a notary public in and for the state of Idaho, personally appeared Robert Yamashita, known or identified to me to be a Vice President, authorized agent for the Lender that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said Lender, duly authorized by the Lender through its board of directors or otherwise, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute said instrument and that the seal affixed is the corporate seal of said Lender.

NOTARY PUBLIC Allison Woods
My appointment expires: 5-11-2000



LANDLORDS FORM OF ACKNOWLEDGMENT
(Continued)

LIMITED LIABILITY COMPANY ACKNOWLEDGEMENTS

STATE OF Arizona
COUNTY OF Maricopa SS

On this 14 day of April, in the year 2000, before me Barbara Teel, a notary public in and for the State of Arizona, personally appeared Bernard Weiner, Member, known or identified to me to be a member in the limited liability company of Can Am Retail Partners/Klamath Falls, LLC, and one of the members who subscribed said limited liability company name to the foregoing instrument, and acknowledged to me that they executed the same in said limited liability company name.

Barbara Teel
Notary Public for

My Commission expires: 5/8/2002

Residing at Phoenix, AZ



OFFICIAL SEAL

BARBARA TEEL

Notary Public - State of Arizona

MARICOPA COUNTY

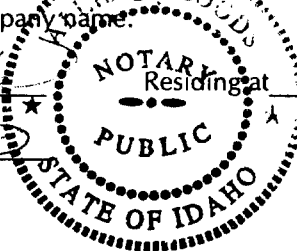
My Comm. Expires May 8, 2002

STATE OF IDAHO
COUNTY OF ADA, SS

On this 24 day of April, in the year 2000, before me Allison Woods, a notary public in and for the State of Idaho, personally appeared William Buckner, Member, known or identified to me to be a member in the limited liability company of Can Am Retail Partners/Klamath Falls, LLC, and one of the members who subscribed said limited liability company name to the foregoing instrument, and acknowledged to me that they executed the same in said limited liability company name.

Allison Woods
Notary Public for Idaho

My Commission expires: 5-11-2000



Eagle, Idaho

EXHIBIT "A"
LEGAL DESCRIPTION

Parcel 2 of Land Partition 15-99 being Parcel 2 of Land Partition 24-98 situated in Lots 1 through 8 of Block 1 and Lots 1, 2, 3, 8 and 9 of Block 2 of BAILEY TRACTS NO. 2, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon, being in the NE1/4 SE1/4 of Section 2, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.

State of Oregon, County of Klamath
Recorded 05/02/00, at 2:25 p.m.
In Vol. M00 Page 15816
Linda Smith,
County Clerk Fee \$ 41⁰⁰