

Recording Requested By and
When Recorded Mail To:

SEATTLE FUNDING GROUP, LTD.
1239 120th Ave. NE., Suite J
Bellevue, WA 98005
Attention: Beverly J. Heyden

13/10
KATHY HILL
SKAGIT COUNTY AUDITOR

97 JUN 16 A11 50

RECORDED _____ FILED _____
REQUEST OF _____

9706160073

ISLAND TITLE CO.
SB-10994 ✓

SUBORDINATION AGREEMENT

Reference # Loan 97-0218-DD

Grantors: Samish Bay Properties, Inc., a Washington Corporation

Grantees: Seattle Funding Group, Ltd.,

Abbreviated Legal GL 1, 2, 3, and 10, Sec. 32, T36N, R3E W.M.

Additional Legal on page 14

Assessor's Tax Parcel Number(s): 360332-0-001-0006, 360332-0-002-0005, 360332-0-003-0004,
360332-0-010-0005

1. The undersigned Erickson Farms, Inc. a Washington Corporation is Lessee under that certain unrecorded lease dated June 9, 1997 (the "Lease") between the undersigned as Lessee and Samish Bay Properties, Inc., as Lessor. The property that is subject to the lease and this subordination agreement is legally described on Exhibit A attached hereto (the "Property"). Lessor is desirous of borrowing funds from Seattle Funding Group Ltd. ("Lender") and has executed a Mortgage in favor of Seattle Funding Group, Ltd. dated June 12, (the "Mortgage"). Lender will not loan money to lessor without securing its loan with a first position mortgage on the Property. For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and recognizing that Lender is relying on this agreement as a condition to funding its loan, the undersigned does hereby subordinate all interest it may have in the Property including without limitation its interest as lessee under the Lease to the lien of the Mortgage which will be recorded in Skagit County contemporaneously herewith, including all advances, charges made or accruing thereunder and any extensions or renewals thereof.

AUDITOR'S FILE NO. 9706160073, RECORDS OF SKAGIT CO. WA

2. The undersigned acknowledges and agrees, that by virtue of this subordination agreement, all rights and remedies available to Lender or its successors in interest pursuant to its Mortgage shall be prior and superior to any right or interest that the undersigned may have in the Property and further that upon foreclosure and sale of the Property or deed in lieu of foreclosure, the rights of the undersigned may be extinguished entirely. In that event, however, Seattle Funding Group, Ltd. agrees to provide the undersigned notice of not less than the time necessary to harvest the current years crops prior to termination of actual possession provided that the undersigned shall pay rent on the first day of each month of said notice period in the sum of \$1,250.00. Failure to pay any rent when due shall terminate the undersigned's right of possession absolutely.

3. Prior to the execution hereof, the undersigned has had the opportunity to review Lender's Mortgage, note and agreements relating thereto. If the undersigned has not availed itself of that opportunity, it has been waived freely and voluntarily.

4. This is the whole agreement regarding the subordination of the undersigned's interest in the Property and all prior representation or agreements are merged and resolved herein. This agreement shall be binding on all successors in interest to the undersigned.

SUBORDINATION AGREEMENT I

9706160073

BK 1673 PG 0335

Dated this 16th day of June 1997

Erickson Farms, Inc., a Washington Corporation
by M.E. Erickson Sec & Treas

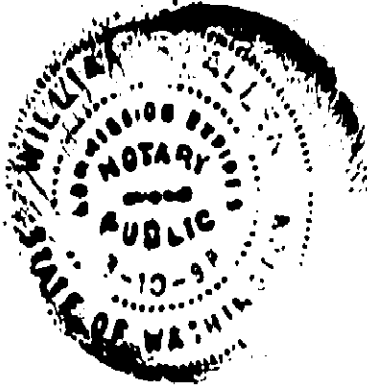
STATE OF WASHINGTON

COUNTY OF SKAGIT

Secy + TREASURER

On this 16 day of JUNE, 1997, before me personally appeared MARK ERICKSON to me known to be the ERICKSON FARMS, INC. of the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be 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 said instrument and that the seal affixed is the corporate seal of said corporation.

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



William R Allen
NOTARY PUBLIC Notary Public in and
For the state of Washington. My
Appointment expires: 8/10/98
WILLIAM R ALLEN
(Print Notary's Name)

SUBORDINATION AGREEMENT I

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BK 1673 PG 0336

**EXHIBIT A
OF
SUBORDINATION AGREEMENT**

PROPERTY SCHEDULE

Legal Description:

PARCEL A:

Government Lots 1, 2, 3, and 10 of Section 32, Township 36 North, Range 3 East of the Willamette Meridian.

PARCEL B:

An easement for ingress, egress, and utilities over, under and across a strip of land 24 feet in width along the Southerly line of the following described property:

That portion of Government Lot 2, Section 33, Township 36 North, Range 3 East of the Willamette Meridian, described as follows:

Beginning at a point 82.5 feet North of the meander corner post in the right bank of the North Samish River where the section line between Sections 32 and 33 crosses said North Samish River;
thence North a distance of 265.32 feet;
thence East a distance of 204.6 feet;
thence South a distance of 161.04 feet;
thence South 63° West a distance of 229.68 feet, more or less, to the point of beginning.

ALL situated in Skagit County, Washington.

Commonly Known As: 552-B Smith Road
Bow, Washington 98232

Tax Account Number: 360332-0-001-0006, 360332-0-002-0005, 360332-0-003-0004, 360332-0-010-0005