

AFTER RECORDING MAIL TO:

Name Peoples Bank

Address P O Box 233

City, State, Zip Lynden, WA 98264

9906030075

SKAGIT KATHY FULLER

99 JUN -3 P3:41

RECORDED _____ FILED _____
REQUEST OF _____

Filed for Record at Request of: Land Title Company of Skagit County
Reference: Grantor: Fiedler Oil Co. and Earl E. Fiedler and Sandra L Fiedler
Grantee: Peoples Bank

LAND TITLE COMPANY OF SKAGIT COUNTY
P 89678

SUBORDINATION AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

The undersigned subordinator and owner agrees as follows:
Fiedler Oil Company and Earl E. Fiedler

1. and Sandra L Fiedler referred to herein as "subordinator," is the owner and holder of a mortgage dated June 25, 1998 which is recorded in volume _____ of Mortgages, page _____ under auditor's file No. 9807080126, records of Skagit County.
2. Peoples Bank referred to herein as "lender," is the owner and holder of a mortgage dated June 1, 1999 executed by Yorkston Oil Company (which is recorded in volume _____ of Mortgages, page _____ under auditor's file No. 9906020085, records of Skagit County) (which is to be recorded concurrently herewith).
3. Yorkston Oil Co., Inc. referred to herein as "owner," is the owner of all the real property described in the mortgage identified above in Paragraph 2.
4. In consideration of benefits to "subordinator" from "owner," receipt and sufficiency of which is hereby acknowledged, and to induce "lender" to advance funds under its mortgage and all agreements in connection therewith, the "subordinator" does hereby unconditionally subordinate the lien of his mortgage identified in Paragraph 1 above to the lien of "lender's" mortgage, identified in Paragraph 2 above, and all advances or charges made or accruing thereunder, including any extension or renewal thereof.
5. "Subordinator" acknowledges that, prior to the execution hereof, he has had the opportunity to examine the terms of "lender's" mortgage, note and agreements relating thereto, consents to and approves same, and recognizes that "lender" has no obligation to "subordinator" to advance any funds under its mortgage or see to the application of "lender's" mortgage funds, and any application or use of such funds for purposes other than those provided for in such mortgage, note or agreements shall not defeat the subordination herein made in whole or in part.
6. It is understood by the parties hereto that "lender" would not make the loan secured by the mortgage in Paragraph 2 without this agreement.
7. This agreement shall be the whole and only agreement between the parties hereto with regard to the subordination of the lien or charge of the mortgage first above mentioned to the lien or charge of the mortgage in favor of "lender" above referred to and shall supersede and cancel any prior agreements as to such, or any, subordination including, but not limited to, those provisions, if any, contained in the mortgage first above mentioned, which provide for the subordination of the lien or charge thereof to a mortgage or mortgages to be thereafter executed.
8. The heirs, administrators, assigns and successors in interest of the "subordinator" shall be bound by this agreement. Where the word "mortgage" appears herein it shall be considered as "deed of trust," and gender and number of pronouns considered to conform to undersigned.

Executed this 28th day of May, 1999.

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NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN, A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND. IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS SUBORDINATION AGREEMENT, THE PARTIES CONSULT WITH HIS/HER/THEIR ATTORNEYS WITH RESPECT THERETO.

Fiedler Oil Company, A Washington Corporation

By Sandra L. Fiedler
Sandra L. Fiedler

By Sandra L. Fiedler
Sandra L. Fiedler, Individually

By Earl E. Fiedler
Earl E. Fiedler

By Earl E. Fiedler
Earl E. Fiedler, Individually

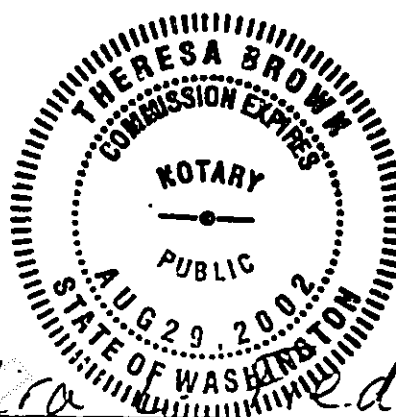
By _____

By _____

By _____

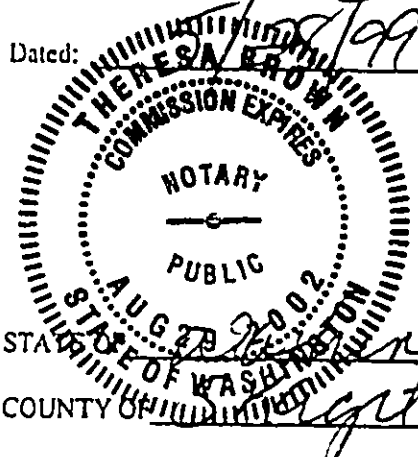
By _____

STATE OF Washington
COUNTY OF Skaup)-ss



I certify that I know or have satisfactory evidence that Sandra L. Fiedler and Earl E. Fiedler (is/are) the person(s) who appeared before me, and said person(s) acknowledged that (he/she/they) signed this instrument and acknowledged it to be (his/her/their) free and voluntary act for the uses and purposes mentioned in this instrument. E Fiedler

Dated: 5/28/99



Theresa Brown
Notary Public in and for the state of WA
My appointment expires: 8/29/02

STATE OF Washington
COUNTY OF Skaup)-ss

I certify that I know or have satisfactory evidence that Sandra L. Fiedler and Earl E. Fiedler (is/are) the person(s) who appeared before me, and said person(s) acknowledged that (he/she/they) signed this instrument, on oath stated that (he/she/they) (is/are) authorized to execute the instrument and acknowledged it as the Owners of Fiedler Oil Co. to be the free and voluntary act of such party(ies) for the uses and purposes mentioned in this instrument.

Dated: 5/28/99

Theresa Brown
Notary Public in and for the state of WA
My appointment expires: 8/29/02

9906030075

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