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199910290348

Return Address:

Kathy Hill, Skagit County Auditor

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LAND TITLE COMPANY OF SKAGIT COUNTY P-91197-E

Document Title(s) (or transactions contained therein):

1. Subordination Agreement 3.
2. 4.

Reference Number(s) of Documents assigned or released:

on page of _____ of document

Grantor(s) (Last name, First, Middle Initial)

1. Meridian Aggregates Co
- 2.
- 3.
4. _____ Additional names on page _____ of document.

Grantee(s) (Last name, First, Middle Initial)

1. Whidbey Island Bank
- 2.
- 3.
4. _____ Additional names on page _____ of document.

Legal description: (Lot, block, plat name, section-township-range)

Lot 2 in 18-34-5

_____ Additional legal is on page _____ of document.

Assessor's Property Tax Parcel Account Number(s):

P30261

24646

24645

24644

24643

24648

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT is entered into effective as of October 29, 1999, by and between MERIDIAN AGGREGATES COMPANY, A Limited Partnership, a Delaware limited partnership ("Meridian"), and WHIDBEY ISLAND BANK, a state chartered bank, of Sedro Woolley, Washington ("Bank").

RECITALS

A. TEWALT, INC., a corporation; KATHRYN M. TEWALT, unmarried; FRED C. TEWALT and JOLI A. TEWALT, husband and wife; and CHARLES M. TEWALT and DENICE M. TEWALT, husband and wife (herein collectively referred to as "Mortgagors"), by ~~Mortgage~~ (Deed of Trust) dated October 29, 1999, (the "Mortgage"), did mortgage and pledge unto Bank, certain real property in Skagit County, Washington, described in Exhibit A attached hereto, to secure an indebtedness of even date therewith in the amount of Two Hundred, Twenty Nine Thousand (\$Forty Four Dollars) and 21/100 ~~\$229,044.21~~ with interest payable as therein provided; and

Whereas, Mortgagors, as Lessor, and MERIDIAN AGGREGATES COMPANY, A Limited Partnership, as Lessee, entered into a Mining Lease, effective as of October 29, 1999 (the "Mining Lease"), covering certain real property (the "Property") located in Skagit County, Washington (described in Exhibit B, attached hereto), which Property is a part of the real property subject to the Mortgage.

Now, therefore, in consideration of the premises and the sum of One Dollar (\$1.00) in hand paid to the Bank for and on behalf of the Mortgagor and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Bank hereby agrees that the lien of said Mortgage, or any modification, refinancing, extension, renewal or replacement thereof, shall be subordinate to Meridian's right, title and interest in the Property pursuant to the Mining Lease. Meridian's right, title and interest in the Property pursuant to the Mining Lease shall be superior to any right, title, claim, interest or lien which is created by said Mortgage with regard to the Property. This provision shall be self-operative and no further instrument of subordination shall be required.

2. Meridian hereby agrees that, in the event that the Bank acquires the Property through foreclosure of the Mortgage, a deed in lieu of foreclosure, or otherwise, to attorn to the Bank as lessor of the Property, provided, however, that the Bank observes its obligations as lessor of the Property as set forth in the Mining Lease, including but not limited to the warranty of quiet enjoyment of the Property and the right to explore, develop, and mine the same.

3. Nothing herein shall excuse the performance of any of the obligations or covenants of the Lessee under the Mining Lease.

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

WHIDBEY ISLAND BANK

By: *Les L. Moller*
Name: Les L. Moller
Title: V.P.

MERIDIAN AGGREGATES COMPANY

A Limited Partnership

By: Meridian Aggregates Investments, L.L.C.,

Its General Partner

By: MAC Acquisitions, Inc.,

Its Managing Member

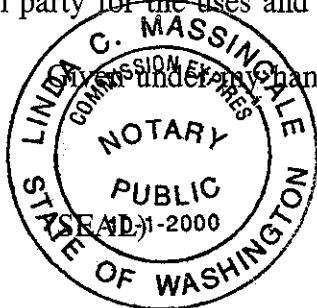
By: *Jeffrey A. Schepke*
Its duly authorized officer

STATE OF WASHINGTON

COUNTY OF SKAGIT

SS.

I certify that I know or have satisfactory evidence that Les L. Moller is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument, and acknowledged it as the Vice President of WHIDBEY ISLAND BANK to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument



My commission expires: 10-1-2000

Witness my hand and official seal this 28th day of October, 1999.

Linda C Massingale
Notary Public in and for the State of Washington
residing at Sedro Woolley

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STATE OF COLORADO

COUNTY OF ARAPAHOE

SS.

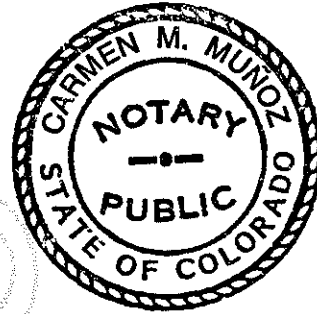
The foregoing instrument was acknowledged before me this 27th day of October, 1999, by Jeffrey S. Schaffer, Vice President of MAC Acquisitions, Inc., a Delaware corporation, on behalf of the corporation.

Witness my hand and official seal.

(SEAL)

Carmen M. Muñoz
Notary Public

My commission expires: 3-11-2000



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EXHIBIT B

That portion of the East Half of the Northeast Quarter of Section 13, Township 34 North, Range 4 East, W.M., and also that portion of Government Lot 2, Section 18, Township 34 North, Range 5 East, W.M., described as follows:

Beginning at the intersection of the West right-of-way margin of the County Road currently known as Beaver Lake Road with the South line of Government Lot 2 of said Section 18; thence North $89^{\circ}11'47''$ West along said South line for a distance of 477.86 feet; thence North $0^{\circ}40'14''$ East for a distance of 78.88 feet, thence North $77^{\circ}10'50''$ West for a distance of 995.39 feet; thence North $84^{\circ}32'35''$ West for a distance of 545.93 feet to the boundary of the Wetland Reserve Program Conservation Easement (WRPCE) as annotated and shown on Volume 22 of Surveys, Page 35, recorded under Auditor's File No. 9907160134, records of Skagit County, Washington; thence North $1^{\circ}45'12''$ East along said WRPCE boundary, for a distance of 57.66 feet to an existing rebar with cap stamped "Lisser 22960"; thence North $53^{\circ}09'28''$ West along said WRPCE boundary, for a distance of 302.63 feet to an existing rebar with cap stamped "Lisser 22960"; thence North $1^{\circ}17'42''$ West along said WRPCE boundary, for a distance of 416.25 feet to an existing rebar with cap stamped "Lisser 22960"; thence North $0^{\circ}03'52''$ West along said WRPCE boundary, for a distance of 385.92 feet to an existing rebar with cap stamped "Lisser 22960"; thence North $66^{\circ}16'02''$ East along said WRPCE boundary, for a distance of 205.10 feet to an existing rebar with cap stamped "Lisser 22960"; thence South $69^{\circ}17'04''$ East along said WRPCE boundary, for a distance of 239.77 feet to an existing rebar with cap stamped "Lisser 22960"; thence South $65^{\circ}25'09''$ East along said WRPCE boundary, for a distance of 182.86 feet to an existing rebar with cap stamped "Lisser 22960"; thence South $35^{\circ}55'09''$ East along said WRPCE boundary, a distance of 365.92 feet to an existing rebar with cap stamped "Lisser 22960"; thence South $12^{\circ}14'32''$ East along said WRPCE boundary, for a distance of 305.99 feet to an existing rebar with cap stamped "Lisser 22960"; thence South $5^{\circ}46'54''$ West along said WRPCE boundary, for a distance of 265.14 feet to an existing rebar with cap stamped "Lisser 22960"; thence South $76^{\circ}28'32''$ East along said WRPCE boundary, for a distance of 559.58 feet to an existing rebar with cap stamped "Lisser 22960"; thence South $80^{\circ}35'28''$ East for a distance of 882.27 feet to the said West right-of-way margin of the County Road; thence South $2^{\circ}52'04''$ West along said West right-of-way margin, for a distance of 190.98 feet to the **Point of Beginning**.

Containing 24.46 acres more or less.

Together with a 10.00 feet wide easement for utilities over, under, across, and through that portion of said Government Lot 2, lying 5.00 feet on each side of the as constructed centerline, which is described as follows:

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Commencing at the intersection of the West right-of-way margin of the County Road currently known as Beaver Lake Road with the South line of Government Lot 2 of said Section 18; thence North $2^{\circ}52'04''$ East along said West right-of-way margin for distance of 190.98 feet; thence North $80^{\circ}35'28''$ West for a distance of 147.81 feet and the **True Point of Beginning**; thence North $62^{\circ}04'32''$ East for a distance of 170.95 feet to the said West right-of-way margin and the **Terminus** of this centerline description.

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