

**AFTER RECORDING RETURN TO:**

Bank of America, N.A.  
REG LOAN ADMINISTRATION  
P.O. BOX 3686 [CSC-15]  
SEATTLE, WA 98124-3686  
Attention: Nancy Lambert



200004240094  
Kathy Hill, Skagit County Auditor  
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**INSTRUMENT TITLES: SUBORDINATION AGREEMENT**

**GRANTOR(S)**

1. THE UNITED STATES SMALL BUSINESS ADMINISTRATION
2. EVERGREEN COMMUNITY DEVELOPMENT ASSOCIATION

**GRANTEE(S):** BANK OF AMERICA N. A.

**LEGAL DESCRIPTION:** N/A -

**ASSESSOR'S PROPERTY TAX PARCEL ACCOUNT NUMBER(S):** N/A

**REFERENCE NUMBER OF RELATED DOCUMENTS:**

1. Grantor Deed of Trust recording no. 9708080096
2. Grantee Deed of Trust recording no. 9612190087

Loan No. 454566-1, 605813 and 3058823

**ISLAND TITLE COMPANY**  
A10467✓

**SUBORDINATION AGREEMENT**

THIS AGREEMENT is dated for reference February 24, 2000 and is between KOFFRON, KOFFRON, METZGER AND CHRISTOFERSEN, L.L.C, a Washington limited liability company, owner of the land described in the Deed of Trust referenced below ("Owner"), BANK OF AMERICA, N.A., ("Lender"), Evergreen Community Development Association, a Washington nonprofit corporation ("Evergreen"), and the United States Small Business Administration, an agency duly created under and by virtue of an Act of Congress, having its principal office in Washington, in the District of Columbia, and a Commercial Loan Servicing Center at 2719 North Air Fresno Drive, Suite 107, Fresno, California 93727 ("SBA").

**RECITALS**

A. Evergreen and SBA are the owners and holders of the following document executed by Owner (hereafter referred to as the "SBA Security Instrument"): Deed of Trust dated May 30, 1997, recorded August 8, 1997, under Auditor's File No. 9708080096, records of Skagit County, Washington, as spread by Deed of Trust Spreading Agreement dated February 24, 2000 recorded April 24, 2000, under Auditor's File No. 200004240093, records of Skagit County, Washington.

Agreement to Subordinate Deed of Trust  
WHISP-WNDS2

B. Lender is the owner and holder of the following document executed by Owner (hereinafter collectively referred to as the "Lender's Security Instrument "): Deed of Trust dated December 5, 1996, recorded December 19, 1996, under Auditor's File No. 9612190087, records of Skagit County, Washington, as spread and modified by Deed of Trust Modification and Spreading Agreement dated December 4, 1998, recorded December 31, 1998, under Auditor's File No. 9812310233, records of Skagit County, Washington, which secures two loans from Lender to Owner, to wit: a permanent loan evidenced by Promissory Note dated December 5, 1996, in the principal amount of \$315,000.00 (the "Lender's First Loan"), and a construction loan evidenced by a Promissory Note dated December 4, 1998, in the principal amount of \$755,000.00 ("Lender's Second Loan").

C. Owner is the owner of all the real property described in Lender's Security Instrument and the SBA Security Instrument (the "Property").

D. SBA, Evergreen, and Lender have entered into an Agreement to Subordinate Deed of Trust dated December 9, 1999, which provides, among other things, that the parties desire for the respective priority positions of their Security Instruments with regard to the Property be as follows:

First Position: Lender's Security Instrument, securing the First Bank of America Loan, and the Permanent Loan.

Second Position: SBA Security Instrument securing the indebtedness described therein.

E. To achieve the priority positions stated above, and in consideration of benefits to SBA and Evergreen from Owner, receipt and sufficiency of which is hereby acknowledged, and to induce Lender to convert the Lender's Second Loan from a construction loan into a permanent loan in the principal amount of \$418,000, and pursuant to that certain Agreement to Subordinate Deed of Trust between Lender, SBA and Evergreen dated December 9, 1999, it is hereby agreed and understood as follows:

#### AGREEMENT

1. SBA is willing to and does hereby subordinate the lien of the SBA Security Instrument to the lien of Lender's Security Instrument only to the extent of: (i) no more than \$645,216.00 in principal secured by Lender's Security Instrument; (ii) interest at the non-default rate stated in the promissory notes evidencing the indebtedness is secured by Lender's Security Instrument; (iii) only those disbursements and advances under Lender's Security Instrument that become necessary to protect Lender's security interest and for which Owner is liable under Lender's Security Instrument and related loan documents; and (iv) any extension or renewal of the indebtedness is secured by Lender's Security Agreement to Subordinate Deed of Trust

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Kathy Hill, Skagit County Auditor

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Instrument. SBA retains its lien priority with respect to all other legal or equitable interests in the Property asserted by third parties.

2. Except as expressly provided herein, this agreement shall not operate or be construed to alter the priority of the SBA Security Instrument with regard to any legal or equitable interest in the Property asserted by third parties. Owner and Lender shall hold SBA harmless from any impairment of its lien (with regard to any third party) which is occasioned by this subordination.

3. SBA's agreement to subordinate its lien interest to that of the Lender is expressly conditioned upon Lender's, Owner's and Guarantor's execution of this subordination agreement. This subordination agreement is null and void if not duly executed by the foregoing parties.

4. Lender shall provide notice to SBA of any default under the terms of Lender's Security Instrument which remains uncured for 60 days. A default in the obligation secured by Lender's Security Instrument may be cured (including purchase of the property at or prior to foreclosure) by the SBA via cash, certified funds or a United States Treasury check, at SBA's option. Lender will not enforce any default provision in its Security Instrument to the detriment of the SBA, including, but not limited to, any provision regarding a default rate of interest.

5. Owner represents and warrants to SBA that all proceeds of Lender's Second Loan have been applied to construct improvements on the Property.

6. It is understood and agreed that a default under Lender's Security Instrument shall constitute a default under the SBA Security Instrument, and SBA and Evergreen, upon such default, may, at their option, without demand or notice, declare the whole sum secured by the SBA Security Instrument with interest thereon to be immediately due and payable, or SBA and Evergreen may, at their option, cure the default and add any amounts paid in curing the default to the amount due under the SBA Security Instrument without waiving any of its rights under the SBA Security Instrument or the Note which it secures.

7. This Subordination Agreement is entered into by SBA and Evergreen only and solely for the benefit of the present and future owners and holders of the indebtedness secured by Lender's Security Instrument and not for the benefit of, nor in favor of, any other person or party. The SBA Security Instrument is in full force and effect and asserted by SBA and Evergreen except as expressly hereby subordinated.

8. By executing this subordination agreement, the SBA does not waive federal immunity from state or local control, penalty, tax or liability. As to the SBA Security Instrument, the Owner may not claim or assert against SBA any state or local law to deny any obligations, defeat any claim of SBA or preempt federal law.



This Agreement is dated February 24, 2000.

**OWNER:**

**KOFFRON, KOFFRON, METZGER AND CHRISTOFERSEN, L.L.C,**  
a Washington limited liability company

By: \_\_\_\_\_

Lynn M. Christofersen,  
Its: Managing Member

**SUBORDINATORS:**

**THE UNITED STATES SMALL BUSINESS ADMINISTRATION**

By: \_\_\_\_\_

Its: Chief, Finance Division

**EVERGREEN COMMUNITY DEVELOPMENT ASSOCIATION,**  
a Washington nonprofit corporation,

By: \_\_\_\_\_

Its: President

**LENDER:**

**BANK OF AMERICA, N.A.**

By: \_\_\_\_\_

Its: Vice President

**By their signatures below the undersigned, which are guarantors of one or more of the loans described in this Subordination Agreement, do hereby consent to Bank of America Evergreen, and the SBA entering into this Subordination Agreement.**



**GUARANTORS:**

Jon S. Metzger  
**JON METZGER**

Louis A. Koffron  
**LOUIS KOFFRON**

Sandra J. Koffron  
**SANDRA KOFFRON**

Lynn M. Christofersen  
**LYNN M. CHRISTOFERSEN**

STATE OF WASHINGTON )  
COUNTY OF Skagit )§

I certify that I know or have satisfactory evidence that Lynn M. Christofersen, is the person who appeared before me, and said person acknowledged that s/he signed this instrument, on oath stated that s/he was authorized to execute the instrument and acknowledge it as the Managing Member of KOFFRON, KOFFRON, METZGER AND CHRISTOFERSEN, L.L.C, a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 2-24-00



Laura B Wood  
(Print Notary Name) Laura B Wood  
Notary Public in and for the State of Washington  
residing at Oak Harbor, WA 370 W, Sleeper Rd.  
My appointment expires 3-5-02

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF King )

Mark Costello

I certify that I know or have satisfactory evidence that ~~Dan Lawrence~~ signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as a representative of the Seattle District Office, SMALL BUSINESS ADMINISTRATION, an agency of the United States of America, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: April 6, 2000



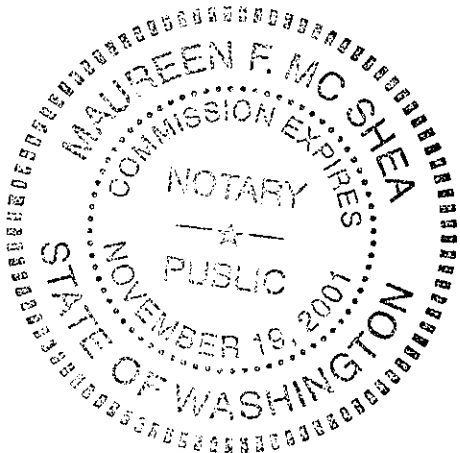
(seal)

Michelle Liebes  
(Print Notary Name) Michelle Liebes  
Notary Public in and for the State of Washington  
residing at Mercer Island  
My appointment expires Nov. 1, 2001

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

On this 19th day of <sup>APRIL</sup> ~~February~~, 2000, before me personally appeared Philip Eng, to me known (or proven on the basis of satisfactory evidence) to be the President of EVERGREEN COMMUNITY DEVELOPMENT ASSOCIATION, a Washington nonprofit corporation, 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 duly elected, qualified and acting as said officer of the corporation, and that he was authorized to execute said instrument.

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



Maureen F. McShea  
NOTARY PUBLIC in and for the State of  
Washington, residing at Seattle  
My commission expires 11-19-01  
Print Name: MAUREEN F. MCSHEA

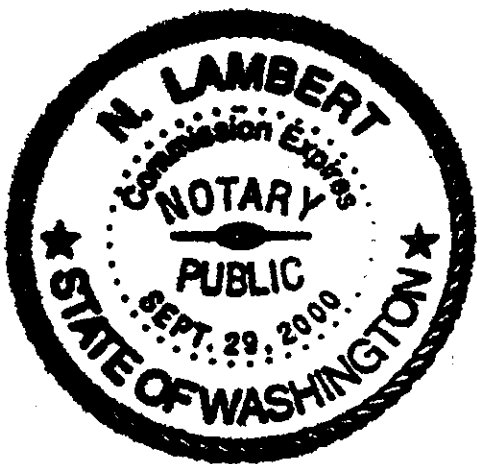


STATE OF WASHINGTON )

) ss.  
COUNTY OF King )

On this 14 day of April, 2000, before me personally appeared Wanda A. Wahl, to me known (or proven on the basis of satisfactory evidence) to be the Vice President of BANK OF AMERICA N. A., 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 she was duly elected, qualified and acting as said officer of the corporation, and that she was authorized to execute said instrument.

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

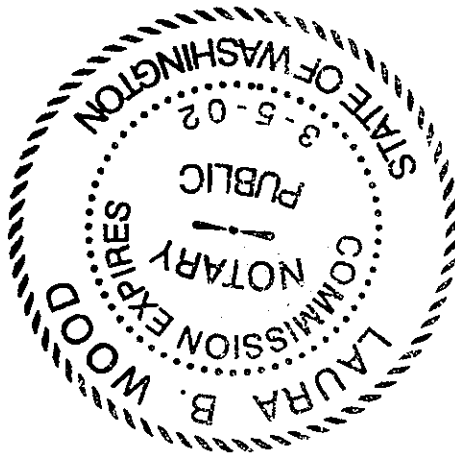


N. Lambert  
NOTARY PUBLIC in and for the State of  
Washington, residing at Seattle  
My commission expires 9-29-2000  
Print Name: N. LAMBERT





STATE OF WASHINGTON )  
) ss.  
COUNTY OF Skagit )

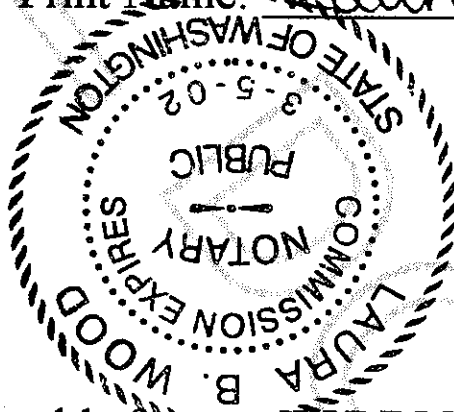


On this day personally appeared before me JON METZGER to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 24 day of February, 2000.

Laura B Wood  
NOTARY PUBLIC in and for the State of  
Washington, residing at 370 W, Sleeper Rd  
My commission expires 3-5-02  
Print Name: Laura B Wood

STATE OF WASHINGTON )  
) ss.  
COUNTY OF Skagit )



On this day personally appeared before me LYNN M. CHRISTOFERSEN to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that she signed the same as her free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 24 day of February, 2,000.



Laura B Wood  
NOTARY PUBLIC in and for the State of  
Washington, residing at 370 W, Sleeper Rd  
My commission expires 3-5-02  
Print Name: Laura B Wood





STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF Skagit )



On this day personally appeared before me LOUIS KOFFRON to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 24 day of February,  
2000.



Laura B Wood  
NOTARY PUBLIC in and for the State of  
Washington, residing at 370 W. Sleeper Rd  
My commission expires 3-5-02  
Print Name: Laura B Wood

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF Skagit )

On this day personally appeared before me SANDRA KOFFRON to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that she signed the same as her free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 24 day of February,  
2000.



Laura B Wood  
NOTARY PUBLIC in and for the State of  
Washington, residing at 370 W. Sleeper Rd  
My commission expires 3-05-02  
Print Name: Laura B Wood