

COVER SHEET

RETURN TO:

Skagit State Bank
PO Box 285
Burlington WA 98233

DOCUMENT TITLE(S) (or transactions contained herein):

Subordination Agreement

REFERENCE NUMBER(S) OF DOCUMENTS ASSIGNED OR RELEASED:

9305240101

200109040002

[] ADDITIONAL REFERENCE NUMBERS ON PAGE ____
OF DOCUMENT.

GRANTOR(S) (Last name, first name and initials):

1. State of Washington Pollution Liability Insurance Agency

2.

3.

4.

[] ADDITIONAL NAMES ON PAGE ____ OF DOCUMENT.

GRANTEE(S) (Last name, first name and initials):

1. D K Dennis & Assoc Inc/Skagit State Bank

2.

3.

4.

[] ADDITIONAL NAMES ON PAGE ____ OF DOCUMENT.

LEGAL DESCRIPTION (Abbreviated: i.e., lot, block, plat or quarter, quarter, section, township and range):

Lots 14 thru 17 Blk 1 Grassmere

[] ADDITIONAL LEGAL(S) ON PAGE ____ OF DOCUMENT.

ASSESSOR'S PARCEL/TAX I.D. NUMBER:

4065 001 017 0102

[] TAX PARCEL NUMBER(S) FOR ADDITIONAL LEGAL(S) ON PAGE ____ OF DOCUMENT.



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Skagit County Auditor

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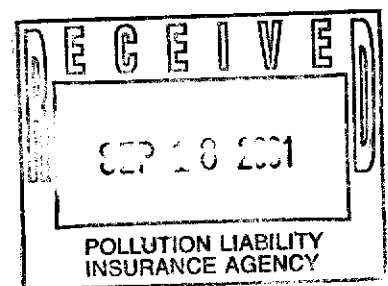


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Skagit County Auditor

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LAND TITLE COMPANY OF SKAGIT COUNTY
P-98173

State of Washington
Pollution Liability Insurance Agency
1015-10th Avenue SE
P.O. Box 40930
Olympia, WA 98504-0930



Subordination Agreement

Reference #: USTCAP-PVT
Grantor: State of Washington Pollution Liability Insurance Agency
Grantee(s): D. K Dennis and Associates, Inc.
Legal Description (abbreviated): Lots 14 thru 17 Block 1 Grassmere
Assessor's Tax Parcel ID # 4065-001-017-0102

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 agree as follows:

1. State of Washington Pollution Liability Insurance Agency referred to herein as "subordinator," is the owner and holder of a lien dated April 23, 1993, which is recorded in volume of Mortgages, Page under auditors' file 9305240101 records of Skagit County, Washington.
2. Skagit State Bank referred to herein as "lender," is the owner and holder of a mortgage dated August 31, 2001 executed by D. K. Dennis and Associates, Inc. (Which is recorded in volume of Mortgages, pages 1 thru 9, under auditors file No. 200109040002 records of Skagit County). (Which is to be recorded concurrently herewith).
3. D. K. Dennis and Associates, Inc. referred to herein as "owner," be the owner of all the real property described in the mortgage identified above in paragraph 2.

In consideration of benefits to "subordination" 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 "lenders" 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. The parties understand 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 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.
9. 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, BUT MAY NOT BE USED FOR ANY PURPOSE WHICH IS NOT RELATED TO THE BUSINESS OPERATION LOCATED ON THE DESCRIBED PROPERTY. IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS SUBORDINATION AGREEMENT, THE PARTIES CONSULT WITH THEIR ATTORNEYS WITH RESPECT THERETO.

Executed this 14th day of September, 2001.

(Acknowledgment)



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Skagit County Auditor

D.K. Dennis & Assoc. Inc.
DBA: Logger's Landing

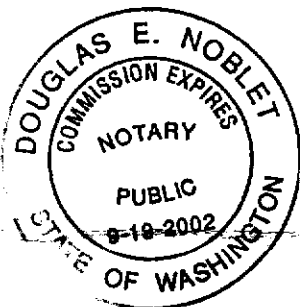
James F. Kirschman
Owner / President

State of WASHINGTON
County of SKAGIT

On this day personally appeared before me
JAMES F. KIRSCHMAN to
me known to be the individual described in and
who executed the within 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
14 day of SEPTEMBER, 2001.

Douglas E. Noblet
Notary Public in and for the State of Washington.
Residing at BURLINGTON.



James M. Sims

Pollution Liability Insurance Agency Director
Subordinator

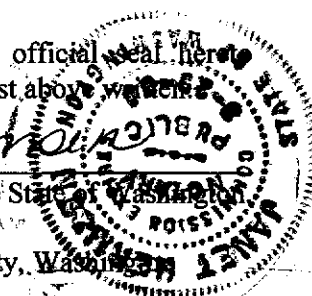
State of Washington
County of Thurston

On this 25th day of September 2001
before me, the undersigned, a Notary Public in
and for the State of Washington, duly
commissioned and sworn, personally appeared
James M. Sims, to me known to be the Director
of Washington State Pollution Liability
Insurance Agency, the agency that executed the
foregoing instrument, to be the free and voluntary
act and deed of said agency, for the uses and
purposes therein mentioned, and on oath stated
that He is authorized to execute the said
instrument.

Witness my hand and official seal here
affixed the day and year first above written.

Janet Herrick
Notary Public in and for the State of Washington

Residing at Thurston County, Washington



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NOTORIAL ACKNOWLEDGMENT

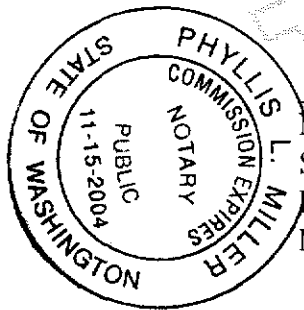
STATE OF Washington
County of Skagit

On this 14th day of September, 2001, before me, the undersigned, a Notary Public in and for the State of Wash, duly commissioned and sworn, personally appeared James F. Kirschman to me known to be the President of D.K. Dennis & Assoc. Inc. the corporation that executed the foregoing instruments and acknowledged the said instruments to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath state that he is authorized to execute the said instruments.

SUBORDINATION AGREEMENT

that (s)he signed and sealed these said documents as his free and voluntary act and deed for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 14th day of September, 2001.



Phyllis L. Miller
NOTARY PUBLIC IN AND FOR THE
STATE OF Washington
Residing at Sedco Woolley
My commission expires: 11-15-04



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