

When recorded return to:

Michael A. Winslow
411 Main Street
Mount Vernon, Washington 98273



200204170135

Skagit County Auditor

4/17/2002 Page 1 of 5 3:21PM

SUBORDINATION AGREEMENT

Grantors: NLC Properties, LLC, a Washington Limited Liability Company
Northern Lime Company, a Washington corporation

Grantees: Gary Vander Yacht, a single man, as to his separate property a 21.0526% interest;
Dale Vander Yacht, a married man, as to his separate property a 21.0526% interest;
Sterling Trust Company, fbo Richard Vander Yacht IRA #024150, a 21.0526% interest;
Sterling Trust Company, fbo Jerry Willins IRA #018275, a 21.0526% interest;
and Gerald & Grace Bladies, husband and wife, a 15.7896% interest

Legal Description:

Section 5, Township 34, Range 4; Ptn. SW - SW and Portion Tract 85,
"Burlington Acreage".

Assessor's Property Tax

Parcel or Account No.: 3867-000-085-0004 and 340405 -3 -001-0004

Reference Nos of Documents

Assigned or Released: 200204170133

200204170134
200204170132

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 INTEREST

The undersigned subordinator and owner agrees as follows:

1. NLC Properties, referred to herein as "Subordinator", is the owner and holder of a mortgage dated April 16, 2002, under Auditor's File No. 200204170133, records of Skagit County. Northern Lime Company, referred to herein as "Subordinator", is the owner and holder of a mortgage dated April 16, 2002, under Auditor's File No. 200204170134, records of Skagit County.
1. Gary Vander Yacht, a single man, as to his separate property a 21.0526% interest; Dale Vander Yacht, a married man, as to his separate property a 21.0526% interest; Sterling Trust Company, fbo Richard Vander Yacht IRA #024150, a 21.0526% interest; Sterling Trust Company, fbo Jerry Willins IRA #018275, a 21.0526% interest; and Gerald & Grace Bladies, husband and wife, a 15.7896% interest, referred to herein as "Lender", are the owners and holders of a mortgage dated April 16, 2002, executed by Dual State Investors, LLC, a Washington Limited Liability Company, under Auditor's File No. 200204170132, records of Skagit County.
2. Dual State Investments, LLC, a Washington Limited Liability Company referred to herein as "Owner", is the Owner of all the real property described in the mortgage identified above in Paragraph 2.
3. 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.
4. "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.
5. It is understood by the parties hereto that "lender" would not make the loan secured by the



mortgage in Paragraph 2 without this agreement.


6. 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.

7. 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.

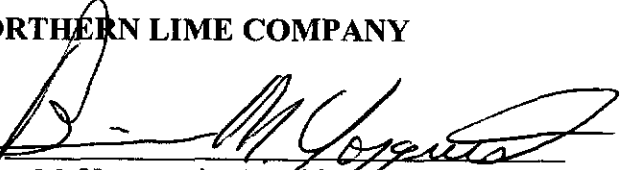
NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND. IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS SUBORDINATION AGREEMENT,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

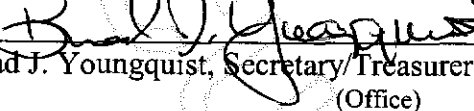
DUAL STATE INVESTMENTS, LLC:

by: 
Jeffrey D. Hamilton, Member/Manager

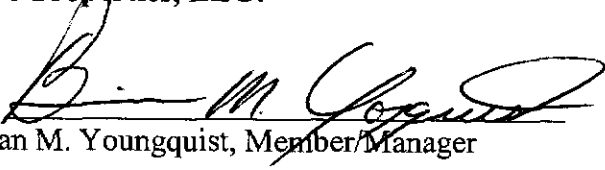
by: 
Joan Hamilton, Member/Manager

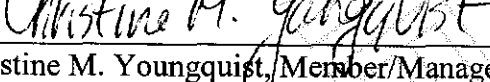
NORTHERN LIME COMPANY

by: 
Brian M. Youngquist, President
(Office)

by: 
Brad J. Youngquist, Secretary/Treasurer
(Office)

NLC Properties, LLC:

by: 
Brian M. Youngquist, Member/Manager

by: 
Christine M. Youngquist, Member/Manager



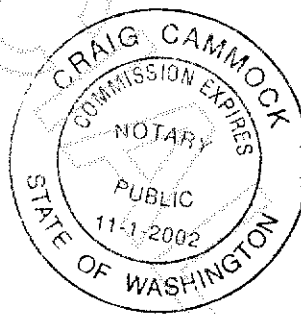
by: Brad J. Youngquist
Brad J. Youngquist, Member

by: Roberta J. Youngquist
Roberta J. Youngquist, Member

State of Washington)
)ss
County of Skagit)

I certify that I know or have satisfactory evidence that Jeffrey D. Hamilton and Joan Hamilton are the persons who appeared before me; that they acknowledged that they signed this instrument, on oath, stated that they were authorized to execute the instrument and acknowledged as the Manager/Member of Dual State Investments, LLC, to be the free and voluntary act of each of them, for the uses and purposes contained in the instrument.

DATED: April 16, 2002.

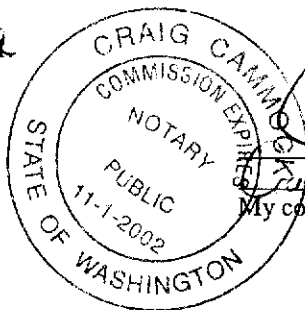


Craig Cammock, Notary Public
My commission expires 11-1-2002

State of Washington)
)ss
County of Skagit)

I certify that I know or have satisfactory evidence that Brad J. Youngquist and Roberta J. Youngquist are the persons who appeared before me; that they acknowledged that they signed this instrument, on oath, stated that they were authorized to execute the instrument and acknowledged, individually, as the Manager/Member of NLC Properties, LLC, to be the free and voluntary act of each of them, for the uses and purposes contained in the instrument.

DATED: 4-16, 2002



Craig Cammock, Notary Public
My commission expires 11-1-2002

State of Washington)
)ss
County of Skagit)

I certify that I know or have satisfactory evidence that Brian M. Youngquist and Christine M. Youngquist are the persons who appeared before me; that they acknowledged that they signed this instrument, on oath, stated that

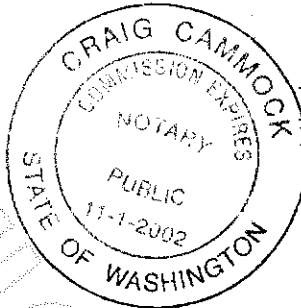
Subordination Agreement -4-
pps\dualstate\subordination



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they were authorized to execute the instrument and acknowledged, individually, as the Manager/Member of NLC Properties, LLC, to be the free and voluntary act of each of them, for the uses and purposes contained in the instrument.

DATED: 4-16, 2002



Craig Cammock, Notary Public
My commission expires 11-1-2002

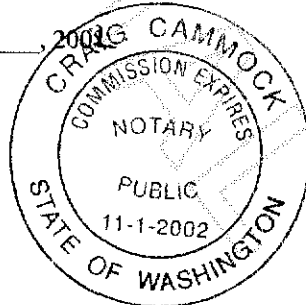
State of Washington)

)ss

County of Skagit)

I certify that I know or have satisfactory evidence that Brad J. Youngquist is the persons who appeared before me; that he acknowledged that they signed this instrument, on oath, and stated that they were authorized to execute the instrument and acknowledged, individually, as the Secretary/Treasurer of Northern Lime Company, to be the free and voluntary act of each of them, for the uses and purposes contained in the instrument.

DATED: 4-16, 2002



Craig Cammock, Notary Public
My commission expires 11-1-2002

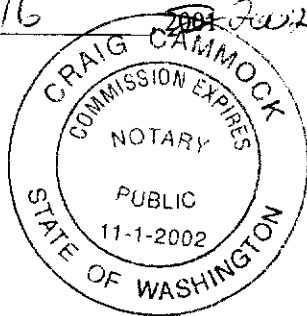
State of Washington)

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County of Skagit)

I certify that I know or have satisfactory evidence that Brian M. Youngquist is the person who appeared before me; that he acknowledged that they signed this instrument, on oath, stated that they were authorized to execute the instrument and acknowledged, individually, as President of Northern Lime Company, to be the free and voluntary act of each of them, for the uses and purposes contained in the instrument.

DATED: 4-16, 2002



Craig Cammock, Notary Public
My commission expires 11-1-2002

