



200307160134

Skagit County Auditor

7/16/2003 Page

1 of

3 3:47PM

Return Address:

LAND TITLE COMPANY OF SKAGIT COUNTY

106202

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

1. Subordination Agreement
- 2.

Reference Number(s) of Documents assigned or released:

200104300005

200306300410

on page of _____ of document

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

1. Horizon Bank
2. RYAY, LLC
- 3.
4. _____ Additional names on page _____ of document.

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

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

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

Ptn Lot 2 SP ANA 980023

19-35-2

_____ Additional legal is on page _____ of document.

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

P32948; P 118625

WHEN RECORDED RETURN TO:

Horizon Bank
2211 Rimland Drive, Suite 230
Bellingham, WA 98226

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:

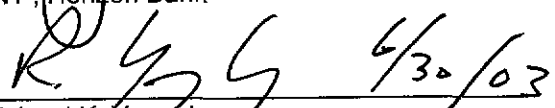
The undersigned subordinator and owner agree as follows:

1. Horizon Bank, referred to herein as "subordinator", is the owner and holder of a mortgage dated April 25, 2001 which is recorded under auditor's file No. 200104300005 records of Skagit County.
2. Horizon Bank, referred to herein as "lender" is the owner and holder of the mortgage dated June 25, 2003, executed by Anacortes Concept, LLC (which is recorded under auditor's file no. 200306300410, records of Skagit County) (which is to be recorded concurrently herewith).
3. RYAY LLC 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 which 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 30 day of June, 2003

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.


John Stewart
SVP, Horizon Bank


Richard K. Youngberg
Member, RYAY LLC



200307160134
Skagit County Auditor

7/16/2003 Page 2 of 3 3:47PM

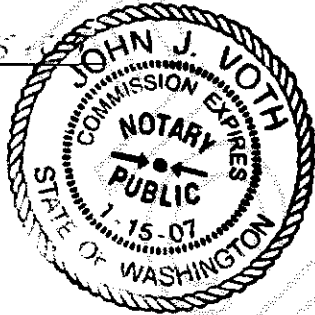
Ann L. Youngberg
Ann L. Youngberg
Member, RYAY LLC

State of Washington

County of Skagit

I certify that I know or have satisfactory evidence that **John Stewart** 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 Senior Vice President of Horizon Bank to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 7-15-07



John J. Voth
Notary Public in and for the State of

Washington

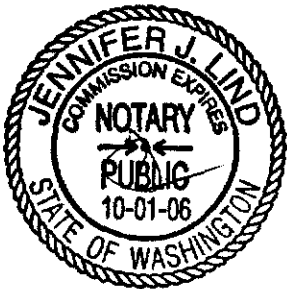
My appointment expires: 1-15-07

State of Washington

County of Skagit

I certify that I know or have satisfactory evidence that **Richard K. Youngberg** 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 Member of RYAY LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 6-30-03



Jennifer J. Lind
Notary Public in and for the State of

Washington

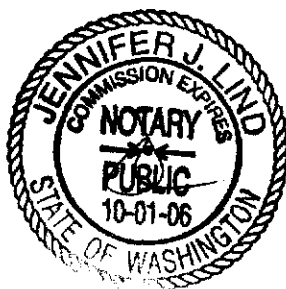
My appointment expires: 10/01/06

State of Washington

County of Skagit

I certify that I know or have satisfactory evidence that **Ann L. Youngberg** is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as Member of RYAY LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 6/30/03



Jennifer J. Lind
Notary Public in and for the State of

Washington

My appointment expires: 10/01/06



200307160134
Skagit County Auditor