

**Return Address:**

Bank of America, NA  
Attn: Thomas W. Braaten  
Bank of America , Northwest Commercial Banking  
1602 Hewitt Avenue, Third Floor  
Everett WA. 98201



200307310234

Skagit County Auditor

7/31/2003 Page 1 of 6 3:54PM

CHICAGO TITLE C28168

<b>Document Title(s)</b> (or transactions contained therein): (all areas applicable to your document <u>must</u> be filled in): <b>LOAN SUBORDINATION AGREEMENT</b>
<b>Reference Number(s) of Documents assigned or released:</b> N/A 9809140215 <input type="checkbox"/> Additional reference numbers on page ____ of document 200307310 <u>233</u>
<b>Grantor(s)</b> (Last name first, then first name and initials) BANK OF AMERICA, N.A. <input type="checkbox"/> Additional names on page ____ of document.
<b>Grantee(s)</b> (Last name first, then first name and initials) BANK OF AMERICA, N.A. <input type="checkbox"/> Additional names on page ____ of document.
<b>Legal description</b> (abbreviated): Tracts 1, 2 and 3, Skagit County Short Plat No. 11-84; portion of SW ¼ of SE ¼ of Sec. 18, T35N, R5E, WM. <input checked="" type="checkbox"/> Additional legal is on Schedule A of document.
<b>Assessor's Property Tax Parcel/Account Numbers:</b> 350518-4-029-0003; <input type="checkbox"/> Assessor Tax number not yet assigned
The Auditor/Recorder will rely on the information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.

## LOAN SUBORDINATION AGREEMENT

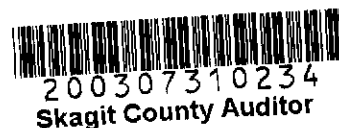
1. This Loan Subordination Agreement is dated July 30, 2003. Bank of America, N.A. ("Lender"), successor by merger to Bank of America National Trust and Savings Association, doing business as Seafirst Bank, is the owner and holder of that certain Deed of Trust dated August 14, 1998, recorded in the official records of Skagit County, Washington, on September 14, 1998, under Recording No. 9809140215, (hereinafter referred to as "the 1998 Deed of Trust") encumbering certain property described therein and certain property described in that certain Deed of Trust Spreading Agreement of even date herewith, all of which real property is legally described on Schedule A attached hereto, and is hereinafter referred to as "the Real Property"). The Grantor under the 1998 Deed of Trust is Stanislaw Properties, L.L.C., a Washington limited liability company, ("Owner"). Owner is the owner of all of the Real Property.

2. Lender is also the owner and holder of that certain Borrowing Agreement dated August 4, 1998, in the original principal amount of \$1,750,000.00 (hereinafter referred to as the "Borrowing Agreement") of which the borrower is Janicki Machine Design, Inc., now known as Janicki Industries, Inc., a Washington corporation, ("Borrower"). In connection with Lender's agreement to enter into that certain Amendment No. 1 to Credit Agreement between Lender and Borrower and that certain Amendment No. 2 to Credit Agreement between Lender and Owner, both of even date herewith, (collectively "the Loan Amendments") which, among other matters, modify certain provisions of the loan to Borrower evidenced by the Borrowing Agreement, Owner is granting to Lender a deed of trust against the Real Property to secure the Borrowing Agreement. The said deed of trust securing the Borrowing Agreement is of even date herewith and is between Lender as the Beneficiary, Owner as the Grantor, and PRLAP, Inc., as the Trustee. Said Deed of Trust has been recorded in the official records of Skagit County, Washington, on

JULY 31, 2003 under Recoding No. 200307310 233.  
The Borrowing Agreement and the Deed of Trust described in this paragraph 2, and all related loan documents including but not limited to that certain Credit Agreement dated August 8, 2002, as modified by the Loan Amendments, are collectively referred to herein as the "the 2003 Deed of Trust".

3. Lender hereby unconditionally subordinates the lien, security interest and rights granted by the 1998 Deed of Trust to the lien, security interest and rights granted by the 2003 Deed of Trust, and to all advances or charges made or accruing under the 2003 Deed of Trust, including any extension or renewal thereof, to the same effect as though the 2003 Deed of Trust had been place on record before the 1998 Deed of Trust.

4. It is understood and agreed that a default under the 2003 Deed of Trust shall constitute a default under the 1998 Deed of Trust, and Lender, upon such default, may, at its option, without demand or notice, declare the whole sum secured by the 1998 Deed of Trust



with interest thereon to be immediately due and payable, or Lender may, at its option, cure the default and add any amounts paid in curing the default to the amount due under the 2003 Deed of Trust without waiving any of its rights under the 2003 Deed of Trust.

5. This Agreement shall be the whole and only agreement between the parties hereto with regard to the subordination of the 1998 Deed of Trust to the 2003 Deed of Trust and shall supersede and cancel any prior agreements regarding subordination including, but not limited to, those provisions, if any, contained in the 1998 Deed of Trust which provides for the subordination of the lien or charge thereof to a deed of trust or deeds of trust to be thereafter executed.

6. This Loan Subordination Agreement is entered into by Lender only and solely for the benefit of itself and the present and future owners and holders of the indebtedness secured by the 2003 Deed of Trust and not for the benefit of, nor in favor of, any other person or party. The 1998 Deed of trust is in full force and effect and asserted by Lender except as expressly hereby subordinated.

7. It is understood by the parties hereto that Lender would not enter into the Loan Amendments without this Loan Subordination Agreement.

8. This Loan Subordination Agreement shall not impair the validity or priority of the 1998 Deed of Trust as to real property not described in the 2003 Deed of Trust.

9. It is contemplated that this Loan Subordination Agreement will be filed for record after the 2003 Deed of Trust is filed, and Lender or its agent is specifically authorized to insert in this Agreement where indicated the actual filing dates and number of the 2003 Deed of Trust and such insertions shall be binding upon the parties hereto.

10. The heirs, administrators, assigns and successors in interest of Lender shall be bound by this Agreement. The words "Deed of Trust" shall refer to "mortgage" where appropriate.

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

By: Thomas W. Braaten, Sr. V.P.  
Thomas W. Braaten, Sr. V.P.

  
200307310234  
Skagit County Auditor

7/31/2003 Page 3 of 6 3:54PM

**OWNER:**

**STANISLAW PROPERTIES, L.L.C.,**

a Washington limited liability company

By: [Signature]  
Robert Janicki, Member

**BORROWER:**

**JANICKI INDUSTRIES, INC.**

a Washington corporation

By: [Signature]  
John Janicki, Its: [Signature]

STATE OF WASHINGTON )

COUNTY OF SKAGIT )

) ss.

On this day of 31<sup>st</sup> July, 2003, before me personally appeared Thomas W. Braaten, to me known (or proven on the basis of satisfactory evidence) to be the Senior Vice President of BANK OF AMERICA, N.A., the national banking association that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said national banking association for the uses and purposes therein mentioned, and on oath stated that s/he was duly elected, qualified and acting as Senior Vice President of the said national banking association, 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.

Marcie K. Paleck  
NOTARY PUBLIC in and for the State of  
Washington, residing at MT. Vernon  
My commission expires 10/15/04  
Print Name: MARCIE K. PALECK



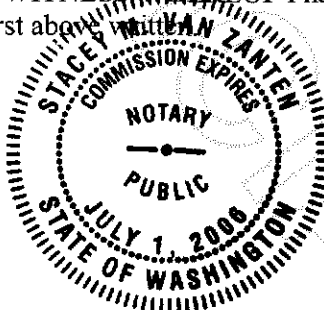
STATE OF WASHINGTON )

) ss.

COUNTY OF Skagit )

On this 30 day of July, 2003, before me personally appeared Robert Janicki, to me known (or proven on the basis of satisfactory evidence) to be a member of STANISLAW PROPERTIES, L.L.C., a Washington limited liability company, that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said limited liability company for the uses and purposes therein mentioned, and on oath stated that s/he was duly elected, qualified and acting as a member of the limited liability company, and that s/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.



Stacey M. VanZanten  
NOTARY PUBLIC in and for the State of  
Washington, residing at Sedro-Woolley  
My commission expires 07-01-06  
Print Name: Stacey M. VanZanten

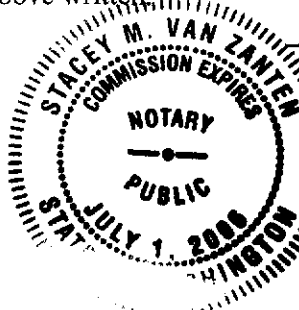
STATE OF WASHINGTON )

) ss.

COUNTY OF Skagit )

On this 30 day of July, 2003, before me personally appeared John Janicki, to me known (or proven on the basis of satisfactory evidence) to be the President of JANICKI INDUSTRIES, INC., a Washington 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 s/he was duly elected, qualified and acting as said President 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.



Stacey M. VanZanten  
NOTARY PUBLIC in and for the State of  
Washington, residing at Sedro-Woolley  
My commission expires 07-01-06  
Print Name: Stacey M. VanZanten



## SCHEDULE A

THIS SCHEDULE IS PART OF THE LOAN SUBORDINATION AGREEMENT DATED JULY 30, 2003, BETWEEN BANK OF AMERICA, N.A., STANISLAW PROPERTIES, L.L.C., A WASHINGTON LIMITED LIABILITY COMPANY, AND JANICKI INDUSTRIES, INC. A WASHINGTON CORPORATION.

### Legal Description

#### PARCEL A:

Tract 1, 2 and 3, SKAGIT COUNTY SHORT PLAT NO. 11-84, approved May 23, 1984, and recorded October 17, 1984, in Volume 6 of Short Plats, pages 179 and 180, under Auditor's File No. 8410170004, records of Skagit County, Washington; being a portion of the Southwest Quarter of the Southeast Quarter in Section 18, Township 35 North, Range 5 East of the Willamette Meridian.

#### PARCEL B:

That portion of the East Half of the Southwest Quarter of the Southeast Quarter of Section 18, Township 35 North, Range 5 East of the Willamette Meridian, lying Northerly of the Great Northern Railway Company right of way;

EXCEPT the West 30 feet thereof;

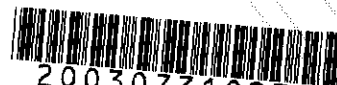
ALSO EXCEPT the North 60 feet thereof;

AND ALSO EXCEPT that portion thereof lying Southerly of a sewer line as the same existed on May 1, 1970 and was referred to in Real Estate Contract recorded May 18, 1970, under Auditor's File No. 739080, records of Skagit County, Washington; and which runs in a Westerly direction from a point on the West line of the county road along the East line of said subdivision which is 351 feet, more or less, North of the centerline of the State Highway 20;

AND ALSO EXCEPT the East 20 feet for a road conveyed to Skagit County by Deed recorded under Auditor's File No. 57468, records of Skagit County, Washington;

AND FURTHER EXCEPTING any portion lying within the boundaries of Short Plat 92-019 recorded August 30, 1995 under Auditor's File No. 9508300056, records of Skagit County, Washington;

All situated in Skagit County, Washington



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Skagit County Auditor

7/31/2003 Page

6 of

6 3:54PM