



200309090216
Skagit County Auditor

9/9/2003 Page 1 of 6 3:42PM

RETURN ADDRESS:

Skagit State Bank
Ferry Street
300 Ferry St
P O Box 432
Sedro Woolley, WA 98284

LAND TITLE COMPANY OF SKAGIT COUNTY

NOTICE: THIS SUBORDINATION OF DEED OF TRUST 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.

SUBORDINATION OF DEED OF TRUST

Reference # (if applicable): 109065-P

Additional on page ____

Grantor(s):

1. KIM, KI TAE
2. KIM, NAN SUN
3. FORTUNE OIL COMPANY

199908110041

200309090214

Grantee(s)

1. Skagit State Bank

Legal Description: PT GL 1, 12-34-4 E.W.M.
TGW RR R/W

Additional on page ____

Assessor's Tax Parcel ID#: P24553, P24594, AND P111669

THIS SUBORDINATION OF DEED OF TRUST dated September 3, 2003, is made and executed among FORTUNE OIL COMPANY ("Beneficiary"); TRANSAMERICA TITLE INSURANCE COMPANY ("Trustee"); KI TAE KIM and NAN SUN KIM ("Borrower"); and Skagit State Bank ("Lender").

UNRECORDED DOCUMENT

**SUBORDINATION OF DEED OF TRUST
(Continued)**

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SUBORDINATED INDEBTEDNESS. Beneficiary has extended the following described financial accommodations (the "Subordinated Indebtedness") to KI TAE KIM and NAN SUN KIM ("Trustor"):

NOT DISCLOSED. Recorded 9/9/03 Auditors # 200309090214

SUBORDINATED DEED OF TRUST. The Subordinated Indebtedness is secured by a deed of trust dated March 14, 1999 from Trustor to Trustee in favor of Beneficiary (the "Subordinated Deed of Trust") recorded in SKAGIT County, State of Washington as follows:

DATED MARCH 14, 1999 AND RECORDED AUGUST 11, 1999 UNDER AUDITORS FILE NUMBER 199908110041.

REAL PROPERTY DESCRIPTION. The Subordinated Deed of Trust covers the following described real property (the "Real Property") located in SKAGIT County, State of Washington:

See EXHIBIT A-1, which is attached to this Subordination and made a part of this Subordination as if fully set forth herein.

The Real Property or its address is commonly known as 1301 HIGHWAY 9, CLEAR LAKE, WA 98235. The Real Property tax identification number is P24553, P24594, AND P111669

REQUESTED FINANCIAL ACCOMMODATIONS. Beneficiary, who may or may not be the same person or entity as Trustor, and Borrower each want Lender to provide financial accommodations to Borrower (the "Superior Indebtedness") in the form of (A) new credit or loan advances, (B) an extension of time to pay or other compromises regarding all or part of Borrower's present indebtedness to Lender, or (C) other benefits to Borrower. Borrower and Beneficiary each represent and acknowledge to Lender that Beneficiary will benefit as a result of these financial accommodations from Lender to Borrower, and Beneficiary acknowledges receipt of valuable consideration for entering into this Subordination.

LENDER'S LIEN. As a condition to the granting of the requested financial accommodations, Lender has required that its deed of trust or other lien on the Real Property ("Lender's Lien") be and remain superior to the Subordinated Deed of Trust.

NOW THEREFORE THE PARTIES TO THIS SUBORDINATION HEREBY AGREE AS FOLLOWS:

SUBORDINATION. The Subordinated Deed of Trust and the Subordinated Indebtedness secured by the Subordinated Deed of Trust is and shall be subordinated in all respects to Lender's Lien and the Superior Indebtedness, and it is agreed that Lender's Lien shall be and remain, at all times, prior and superior to the lien of the Subordinated Deed of Trust. Beneficiary also subordinates to Lender's Lien all other Security Interests in the Real Property held by Beneficiary, whether now existing or hereafter acquired. The words "Security Interest" mean and include without limitation any type of collateral security, whether in the form of a lien, charge, mortgage, deed of trust, assignment, pledge, chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

BENEFICIARY'S REPRESENTATIONS AND WARRANTIES. Beneficiary hereby represents and warrants to Lender that Beneficiary has heretofore delivered to Lender a true, correct and complete copy of the Lease, which constitutes the entire agreement between the parties thereto and Beneficiary further acknowledges that the Lease is in full force and effect and that no default by Beneficiary or, to Beneficiary's knowledge, by other party under the terms and provisions of the Lease exists as of the date hereof.

BENEFICIARY WAIVERS. Beneficiary waives any right to require Lender: (A) to make, extend, renew, or modify any loan to Borrower or to grant any other financial accommodations to Borrower whatsoever; (B) to make any presentment, protest, demand, or notice of any kind, including notice of any nonpayment of any Superior Indebtedness secured by Lender's Lien, or notice of any action or nonaction on the part of Borrower, Lender, any surety, endorser, or other guarantor in connection with the Superior Indebtedness, or in connection with the creation of new or additional indebtedness; (C) to resort for payment or to proceed directly or at once against any person, including Borrower; (D) to proceed directly against or exhaust any collateral held by Lender from Borrower, any other guarantor, or any other person; (E) to give notice of the terms, time, and place of any public or private sale of personal property security held by Lender from Borrower or to comply with any other applicable provisions of the Uniform Commercial Code; (F) to pursue any other remedy within Lender's power; or (G) to commit any act or omission of any kind, at any time, with respect to any matter whatsoever.

LENDER'S RIGHTS. Lender may take or omit any and all actions with respect to Lender's Lien without affecting whatsoever any of Lender's rights under this Subordination. In particular, without limitation, Lender may, without notice of any kind to Beneficiary, (A) make one or more additional secured or unsecured loans to Borrower; (B) repeatedly alter, compromise, renew, extend, accelerate, or otherwise change the time for payment or other terms of the Superior Indebtedness or any part of it, including increases and decreases of the rate of interest on the Superior Indebtedness; extensions may be repeated and may be for longer than the original loan term; (C) take and hold collateral for the payment of the Superior Indebtedness, and exchange, enforce, waive, and release any such collateral, with or without the substitution of new collateral; (D) release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or guarantors on any terms or manner Lender chooses; (E) determine how, when and what application of payments and credits, shall be made on the Superior Indebtedness; (F) apply such security and direct the order or manner of sale of the security, as Lender in its discretion may determine; and (G) transfer this Subordination to another party.

DEFAULT BY BORROWER. If Borrower becomes insolvent or bankrupt, this Subordination shall remain in full force and effect. In the event of a corporate reorganization or corporate arrangement of Borrower under the provisions of the Bankruptcy Code, as amended, this Subordination shall remain in full force and effect and the court having jurisdiction over the reorganization or arrangement is hereby authorized to preserve such priority and subordination provided under this Subordination in approving any such plan of reorganization or arrangement. Any default by Borrower under the terms of the Subordinated Indebtedness also shall constitute an event of default under the terms of the Superior Indebtedness in favor of Lender.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Subordination:

Amendments. This Subordination constitutes the entire understanding and agreement of the parties as to the matters set forth in this Subordination. No alteration of or amendment to this Subordination shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Subordination, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of



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**SUBORDINATION OF DEED OF TRUST
(Continued)**

searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees, title insurance, and fees for the Trustee, to the extent permitted by applicable law. Beneficiary also will pay any court costs, in addition to all other sums provided by law.

Authority. The person who signs this Subordination as or on behalf of Beneficiary represents and warrants that he or she has authority to execute this Subordination and to subordinate the Subordinated Indebtedness and the Beneficiary's security interests in Beneficiary's property, if any.

Caption Headings. Caption headings in this Subordination are for convenience purposes only and are not to be used to interpret or define the provisions of this Subordination.

Governing Law. This Subordination will be governed by, construed and enforced in accordance with federal law and the laws of the State of Washington. This Subordination has been accepted by Lender in the State of Washington.


Successors. This Subordination shall extend to and bind the respective heirs, personal representatives, successors and assigns of the parties to this Subordination, and the covenants of Beneficiary herein in favor of Lender shall extend to, include, and be enforceable by any transferee or endorsee to whom Lender may transfer any or all of the Superior Indebtedness.

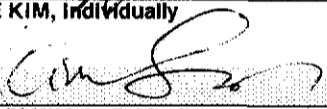
No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Subordination unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Subordination shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Subordination. No prior waiver by Lender, nor any course of dealing between Lender and Beneficiary, shall constitute a waiver of any of Lender's rights or of any of Beneficiary's obligations as to any future transactions. Whenever the consent of Lender is required under this Subordination, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

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.

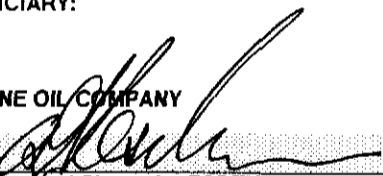

EACH PARTY TO THIS SUBORDINATION ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS SUBORDINATION, AND EACH PARTY AGREES TO ITS TERMS. THIS SUBORDINATION IS DATED SEPTEMBER 3, 2003.

BORROWER:

X 
KI TAE KIM, Individually

X 
NAN SUN KIM, Individually

BENEFICIARY:

FORTUNE OIL COMPANY
By: 
Authorized Signer for FORTUNE OIL COMPANY
By: 
Authorized Signer for FORTUNE OIL COMPANY

TRUSTEE:

~~**TRANSAMERICA TITLE INSURANCE COMPANY**
By: _____
Authorized Signer for TRANSAMERICA TITLE INSURANCE COMPANY
By: _____
Authorized Signer for TRANSAMERICA TITLE INSURANCE COMPANY~~

LENDER:

X _____
Authorized Officer



**SUBORDINATION OF DEED OF TRUST
(Continued)**

INDIVIDUAL ACKNOWLEDGMENT

STATE OF _____)
) SS
COUNTY OF _____)

On this day before me, the undersigned Notary Public, personally appeared **KI TAE KIM and NAN SUN KIM**, personally known to me or proved to me on the basis of satisfactory evidence to be the individuals described in and who executed the Subordination of Deed of Trust, and acknowledged that they signed the Subordination as their free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this _____ day of _____, 20____

By _____ Residing at _____
Notary Public in and for the State of _____ My commission expires _____

CORPORATE ACKNOWLEDGMENT

STATE OF _____)
) SS
COUNTY OF _____)

On this _____ day of _____, 20____, before me, the undersigned Notary Public, personally appeared _____

and personally known to me or proved to me on the basis of satisfactory evidence to be (an) authorized agent(s) of the corporation that executed the Subordination of Deed of Trust and acknowledged the Subordination to be the free and voluntary act and deed of the corporation, by authority of its Bylaws or by resolution of its board of directors, for the uses and purposes therein mentioned, and on oath stated that he or she/they is/are authorized to execute this Subordination and in fact executed the Subordination on behalf of the corporation.

By _____ Residing at _____
Notary Public in and for the State of _____ My commission expires _____

CORPORATE ACKNOWLEDGMENT

STATE OF _____)
) SS
COUNTY OF _____)

On this _____ day of _____, 20____, before me, the undersigned Notary Public, personally appeared _____

and personally known to me or proved to me on the basis of satisfactory evidence to be (an) authorized agent(s) of the corporation that executed the Subordination of Deed of Trust and acknowledged the Subordination to be the free and voluntary act and deed of the corporation, by authority of its Bylaws or by resolution of its board of directors, for the uses and purposes therein mentioned, and on oath stated that he or she/they is/are authorized to execute this Subordination and in fact executed the Subordination on behalf of the corporation.

By _____ Residing at _____
Notary Public in and for the State of _____ My commission expires _____



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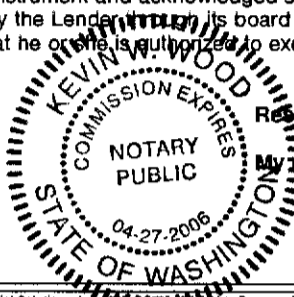
SUBORDINATION OF DEED OF TRUST
(Continued)

LENDER ACKNOWLEDGMENT

STATE OF Washington)
) SS
COUNTY OF King)

On this 8th day of September, 20 03, before me, the undersigned Notary Public, personally appeared Al Rosellini and personally known to me or proved to me on the basis of satisfactory evidence to be the President, authorized agent for the Lender that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of the said Lender, duly authorized by the Lender through its board of directors or otherwise, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this said instrument and that the seal affixed is the corporate seal of said Lender.

By K Wood Residing at Lynnwood, WA
Notary Public in and for the State of WA My commission expires 4/27/06



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DESCRIPTION:

PARCEL "A":

All that certain 100 foot wide strip of land conveyed to the Seattle Lake Shore and Eastern Railway Company by Deed recorded July 1, 1890, in Volume 10 of Deeds, page 647, in Government Lot 1, of Section 12, Township 34 North, Range 4 East, W.M., lying Northerly of a line drawn at right angles to the centerline of said strip of land at a point 244 feet Southerly of the North line of said Government Lot 1,

EXCEPT any portion thereof lying within the as-built and existing County road right-of-way, known as the Beaver Lake Road.

Situate in the County of Skagit, State of Washington.

PARCEL "B":

That portion of Government Lot 1 of Section 12, Township 34 North, Range 4 East, W.M., lying Easterly of that 100 foot wide strip of land conveyed to the Seattle Lake Shore and Eastern Railway Company by Deed recorded in Volume 10 of Deeds, page 647, and lying Northerly of the as-built and existing County road right-of-way, known as the Beaver Lake Road, and lying Westerly of the West line of the as-built and existing County Road right-of-way known as South Front Street.

Situate in the County of Skagit, State of Washington.

PARCEL "C":

That portion of vacated Buchanan Street lying between the Westerly line of the Northern Pacific Railroad right-of-way and the Easterly line of the State Highway, and South of the South line of Lot 1, Block 3, "PLAT OF CLEAR LAKE, SKAGIT COUNTY, WASHINGTON", as per plat recorded in Volume 4 of Plats, pages 22 and 23, records of Skagit County, Washington.

Situate in the County of Skagit, State of Washington.

PARCEL "D":

That portion of Government Lot 1, Section 12, Township 34 North, Range 4 East, W.M., described as follows:

Beginning at a point 396 feet East of the $\frac{1}{4}$ Section post on the North boundary of said Section 12, at a point where the Easterly line of the State Highway intersects the North boundary line of said Section 12; thence Southerly along the Easterly line of said State Highway, 100 feet, more or less, to a point of intersection with the Westerly line of the right-of-way of the Northern Pacific Railroad; thence Northerly along said Westerly line, 103 feet, more or less, to the North boundary line of said Section 12; thence West along said North boundary line, 45 feet, more or less, to the point of beginning,

EXCEPT that portion lying within the Beaver Lake County Road.

Situate in the County of Skagit, State of Washington.



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