

WHEN RECORDED RETURN TO:

Name:
Address:
City, State, Zip



200311240013

Skagit County Auditor

11/24/2003 Page 1 of 5 9:04AM

LAND TITLE COMPANY: SKAGIT COUNTY

109927

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 agrees as follows:

1. Errol Hanson, Funding, Inc., a Washington corporation, referred to herein as "subordinator", is the owner and holder of a mortgage dated November 18, 2003, executed by Washington Land Recycling, LLC, encumbering property described as Parcel A on Exhibit I, attached hereto, and also is the owner and holder of a mortgage dated November 18, 2003, executed by Mud Lake Recycling, LLC, encumbering property described as Parcel B on Exhibit I, attached hereto

Recorded 11/24/03 Auditors # 200311240010, 0011, 0012

2. David Hudson and Donna Hudson, husband and wife, referred to herein as "lender" are the owners and holders of the mortgage executed by Washington Land Recycling, LLC, encumbering property described as Parcel A on Exhibit I, attached hereto. Bradley S. Bigler and Diane Bigler, husband and wife are the owners and holders of a mortgage executed by Mud Lake Recycling, LLC, encumbering property described as Parcel B on Exhibit I, attached hereto. Both mortgages are to be recorded concurrently with, but prior to, the subordinator's mortgages referred to in paragraph 1, above.

3. Washington Land Recycling, LLC, is the owner of the property described as Parcel A on Exhibit I, attached hereto. Mud Lake Recycling, LLC, is the owner of the property described as Parcel B on Exhibit I, attached hereto.

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 its mortgages identified in Paragraph 1 above to the lien of "lender's" mortgages, 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 such 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 21 day of November, 2003.

Errol Hanson Funding, Inc., by


Errol Hanson Funding, Inc.



200311240013
Skagit County Auditor

STATE OF WASHINGTON)

: ss.

COUNTY OF SKAGIT)

On this 25th day of ~~July~~ ^{Nov.}, 2003, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared ERROL HANSON, to me known to be the President of ERROL HANSON FUNDING, INC., the corporation that executed the foregoing instrument, and acknowledged the 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 he is authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

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



A handwritten signature of Carrie Huffer in black ink, written over a horizontal line.

Print Name: Carrie Huffer
NOTARY PUBLIC in and for the State of
Washington, residing at Burlington.

My appointment expires: 12-31-03



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Skagit County Auditor

EXHIBIT 1
Real Property Description

Parcel A, Hudson

THAT PORTION OF SOUTHEAST ¼ OF SECTION 2, TOWNSHIP 34 NORTH, RANGE 4 EAST, W.M. DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTH ¼ CORNER OF SAID SECTION 2; THENCE N89°40'19"E ALONG THE SOUTH LINE OF THE SOUTHEAST ¼ OF SAID SECTION 2, A DISTANCE OF 366.73 FEET; THENCE N00°18'17"E A DISTANCE OF 30 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUE N00°18'17"E A DISTANCE OF 829.86 FEET TO THE SOUTHERLY LINE OF THAT COUNTY ROAD COMMONLY KNOWN AS THE MUD LAKE ROAD, AND TO A POINT ON A CURVE TO THE RIGHT HAVING A RADIUS POINT BEARING S40°27'29"E A DISTANCE OF 1307.60 FEET; THENCE ALONG SAID SOUTHERLY MARGIN AND ALONG THE ARC OF SAID CURVE TO THE RIGHT IN A NORTHEASTERLY DIRECTION THROUGH A CENTRAL ANGLE OF 17°46'30" FOR AN ARC LENGTH OF 405.65 FEET TO A POINT OF TANGENCY; THENCE N67°19'01"E A DISTANCE OF 686.15 FEET; THENCE N64°54'53"E A DISTANCE OF 232.79 FEET; THENCE N60°48'23"E A DISTANCE OF 134.96 FEET; THENCE N67°52'53"E A DISTANCE OF 324.97 FEET; THENCE S87°30'42"E FOR 33.68 FEET TO AN INTERSECTION OF THE SOUTHERLY MARGIN LINE OF SAID MUD LAKE ROAD AND THE EAST LINE OF THE WEST 1/2 OF THE NORTHEAST ¼ OF THE SOUTHEAST ¼ OF SAID SECTION 2; THENCE S00°32'34"W ALONG THE EAST LINE OF THE WEST ½ OF THE NORTHEAST ¼ OF THE SOUTHEAST ¼ OF SAID SECTION 2, A DISTANCE OF 169.47 FEET; THENCE S51°49'11"W A DISTANCE OF 1711.90 FEET; THENCE S89°40'19"W A DISTANCE OF 230.00 FEET; THENCE S01°14'54"W A DISTANCE OF 379.01 FEET TO A POINT WHICH BEARS N89°40'19"E FROM THE TRUE POINT OF BEGINNING; THENCE S89°40'19"W A DISTANCE OF 52.14 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPT THE FOLLOWING DESCRIBED TRACT:

THAT PORTION OF LOT 3, SKAGIT COUNTY SHORT PLAT NO. 51-81, APPROVED DECEMBER 16, 1981 AND RECORDED DECEMBER 17, 1981, IN VOLUME 5 OF SHORT PLATS, PAGE 147, RECORDS OF SKAGIT COUNTY, WASHINGTON, BEING A PORTION OF THE EAST 1/2 OF SECTION 2, TOWNSHIP 34 NORTH, RANGE 4 EAST, W.M., AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID SECTION 2, (SOUTHEAST SECTION CORNER); THENCE NORTH 98°32'55" WEST 660.01 FEET ALONG THE SOUTH LINE OF SAID SUBDIVISION TO THE SOUTHWEST CORNER OF THE EAST 10.00 CHAINS. (660.00 FEET), OF SAID SUBDIVISION. THENCE NORTH 0°43'49" EAST 1449.96 FEET ALONG THE WEST LINE OF SAID EAST 10.00 CHAINS (ALSO BEING THE EAST LINE OF SAID LOT 3, SKAGIT COUNTY SHORT PLAT NO. 51-81), AND ALSO BEING THE WEST LINE OF THE PLAT OF PARK ADDITION TO CLEAR LAKE WASH." AS PER PLAT RECORDED IN VOLUME 4 OF PLATS, PAGE 39, RECORDS OF SKAGIT COUNTY, WASHINGTON, TO THE TRUE POINT OF BEGINNING; THENCE SOUTH 52°35'57" WEST, 524.15 FEET; THENCE NORTH 23°19'27" WEST 282.34 FEET, MORE OR LESS, TO THE SOUTHERLY MARGIN OF THE AS-CONSTRUCTED COUNTY ROAD COMMONLY KNOWN AS THE MUD LAKE ROAD; THENCE NORTHEASTERLY ALONG SAID SOUTHERLY MARGIN 632.4 FEET, MORE OR LESS, TO SAID WEST LINE OF THE EAST 10.00 CHAINS, AT A POINT BEARING NORTH 00°43'49" EAST FROM THE TRUE POINT OF BEGINNING; THENCE SOUTH 00°43'49" WEST ALONG SAID WEST LINE 179.94 FEET, MORE OR LESS, TO THE TRUE POINT OF BEGINNING.

SITUATE IN SKAGIT COUNTY, WASHINGTON



200311240013

Skagit County Auditor

Parcel B, Bigler

THAT PORTION OF SOUTHEAST ¼ OF SECTION 2, TOWNSHIP 34 NORTH, RANGE 4 EAST, W.M. DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTH ¼ CORNER OF SAID SECTION 2; THENCE N89°40'19"E A DISTANCE OF 648.87 FEET; THENCE N01°14'54"E A DISTANCE OF 30.01 FEET TO THE SOUTHEAST CORNER OF LOT 2, SHORT PLAT NO. 51-81, APPROVED DECEMBER 16, 1981, RECORDED DECEMBER 17, 1981 IN BOOK 5 OF SHORT PLATS, PAGE 147, UNDER AUDITOR'S FILE NO. 8112170001, AND THE TRUE POINT OF BEGINNING; THENCE CONTINUE N01°14'54"E A DISTANCE OF 379.01 FEET TO THE NORTHEAST CORNER OF SAID LOT 2; THENCE N51°49'11"E A DISTANCE OF 1711.90 FEET; THENCE S00°32'34"W A DISTANCE OF 1230.50 FEET; THENCE S89°40'19"W A DISTANCE OF 209.00 FEET; THENCE S00°32'34"W A DISTANCE OF 199.00 FEET TO THE NORTH LINE OF BUCHANAN ROAD; THENCE S89°40'19"W A DISTANCE OF 1131.41 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPT THAT PORTION, IF ANY, LYING NORTHWESTERLY OF THE SOUTHEASTERLY LINE OF PARCEL "C" AS DESCRIBED IN MORTGAGE RECORDED OCTOBER 28, 1981, UNDER AUDITOR'S FILE NO. 8110180027.

AND EXCEPT THE FOLLOWING DESCRIBED TRACT:

BEGINNING AT THE SOUTHEAST CORNER OF THE SOUTHEAST ¼ OF THE SOUTHEAST ¼ OF SAID SECTION 2, (SOUTHEAST SECTION CORNER); THENCE N89°32'55"W 660.01 FEET ALONG THE SOUTH LINE OF SAID SUBDIVISION TO THE SOUTHWEST CORNER OF THE EAST 10.00 CHAINS (660.00 FEET), OF SAID SUBDIVISION; THENCE N00°43'49"E 353.83 FEET ALONG THE WEST LINE OF SAID EAST 10.00 CHAINS (ALSO BEING THE EAST LINE OF SAID LOT 3, SKAGIT COUNTY SHORT PLAT NO 51-81), AND ALSO BEING THE WEST LINE OF THE "PLAT OF PARK ADDITION TO CLEAR LAKE, WASHINGTON", AS PER PLAT RECORDED IN VOLUME 4 OF PLATS, PAGE 39, RECORDS OF SKAGIT COUNTY, WASHINGTON, TO THE NORTHWEST CORNER OF THE SOUTH 123.00 FEET OF LOT 1, BLOCK 7 OF SAID PLAT OF "PARK ADDITION TO CLEAR LAKE, WASHINGTON" AND BEING THE TRUE POINT OF BEGINNING; THENCE CONTINUE N00°43'49"E 277.05 FEET ALONG SAID WEST LINE OF THE PLAT OF "PARK ADDITION TO CLEAR LAKE, WASHINGTON", TO THE NORTHWEST CORNER OF THE SOUTH 180.00 FEET OF LOT 2, BLOCK 5 OF SAID PLAT OF "PARK ADDITION TO CLEAR LAKE, WASHINGTON"; THENCE S89°32'55"W 157.50 FEET ON A WESTERLY PROJECTION OF THE NORTH LINE OF SAID SOUTH 180.00 FEET OF LOT 2; THENCE S00°43'49"W 277.05 FEET PARALLEL WITH THE WEST LINE OF SAID PLAT OF "PARK ADDITION TO CLEAR LAKE, WASHINGTON" TO A POINT BEARING N89°32'55"W FROM THE TRUE POINT OF BEGINNING; THENCE S89°32'55"E 157.50 FEET TO THE TRUE POINT OF BEGINNING.

SITUATE IN SKAGIT COUNTY, WASHINGTON.



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