

WHEN RECORDED RETURN TO:



200401200148

Skagit County Auditor

Name: _____

Address: _____ 1/20/2004 Page 1 of 3 11:31AM

City, State, Zip _____

A76429E-5
FIRST AMERICAN TITLE CO.

Abbrev. Leg. Lots 1-3, Block 9, and Lots 16-20, Block 20, City of Anacortes, Vol 2 of Plats, p. 4-7

Tract 33, Plate No. 9, Tidelands and Shorelands, Sec.18, T35N, R2E, WM

Tax Account No. 3772-019-003-0007; 3772-020-020-0004; 3772-020-018-0008; 3772-020-017-0009;
350218-0-024-0108

Ref. No. of Document

SUBORDINATION AGREEMENT

The undersigned subordinator and owner agrees as follows:

1. BLK Properies, LLC, a Washington limited liability company, referred to herein as "subordinator", is the owner and holder of a deed of trust dated January __, 2004, which is recorded under auditor's file No. 200401200140 records of Skagit County.

2. Whidbey Island Bank, referred to herein as "lender" is the owner and holder of the deed of trust dated January 19th, 2004, executed by Mark A.M. Lione and Angelina M. Lione, husband and wife, which is to be recorded concurrently herewith, RECORDED UNDER AF # 200401200145.

3. Mark A.M. Lione and Angelina M. Lione, husband and wife referred to herein as "owner", are the owners of all the real property described in the deed of trust 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 deed of trust and all agreements in connection therewith, the "subordinator" does hereby unconditionally subordinate the lien of its deed of trust identified in Paragraph 1 above to the lien of "lender's" deed of trust, 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" deed of trust, 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 deed of trust or see to the application of "lender's" deed of trust funds, and any application or use of such funds for purposes other

than those provided for in such deed of trust, 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 deed of trust 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 deed of trust first above mentioned to the lien or charge of the deed of trust 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 deed of trust first above mentioned, which provide for the subordination of the lien or charge thereof to a deed of trust or deed of trusts to be thereafter executed.

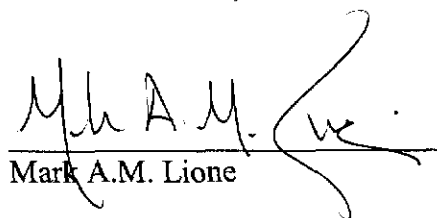
8. The heirs, administrators, assigns and successors in interest of the "subordinator" shall be bound by this agreement. Gender and number of pronouns considered to conform to undersigned.


Executed this 18th day of January, 2004.

BLK Properties, L.L.C., a Washington Limited Liability Company, by:


William A. Kuhn, Member


Linda D. Kuhn, Member


Mark A.M. Lione


Angelina M. Lione



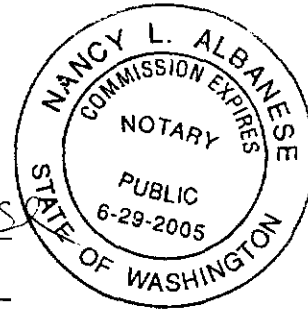
200401200148
Skagit County Auditor

**STATE OF WASHINGTON
COUNTY OF SKAGIT**

I certify that I know or have satisfactory evidence that William A. Kuhn and Linda D. Kuhn are the persons who appeared before me, and said persons acknowledged that they signed this instrument, on oath stated that they were authorized to execute the instrument and acknowledged it as Managing Members of BLK Properties, LLC, a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: 1-18-04

Nancy L. Albanese
Notary Public



Typed/printed notary name: Nancy L. Albanese

Residing at: anacortes

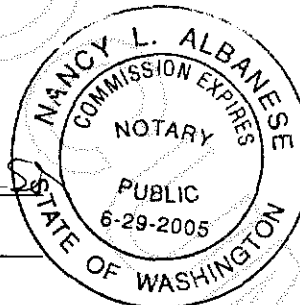
My appointment expires: 6-29-05

**STATE OF WASHINGTON
COUNTY OF SKAGIT**

I certify that I know or have satisfactory evidence that MARK A.M. LIONE and ANGELINA M. LIONE are the persons who appeared before me, and said persons acknowledged that they signed this instrument and acknowledged it to be their free and voluntary act for the uses and purposes mentioned in the instrument.

DATED: 1-15-04

Nancy L. Albanese
Notary Public



Typed/printed notary name: Nancy L. Albanese

Residing at: anacortes

My appointment expires: 6-29-05



200401200148

Skagit County Auditor