



200403170102

Skagit County Auditor

3/17/2004 Page 1 of 6 3:30PM

AFTER RECORDING RETURN TO:

BANK OF AMERICA, N.A.
COMMERCIAL CREDIT AND CLIENT SERVICES
WA1-501-13-03
800 FIFTH AVENUE, 13TH FLOOR
SEATTLE, WA 98104-3185
ATTENTION: JANET BREHAN

LAND TITLE OF SKAGIT COUNTY

WASHINGTON STATE COUNTY AUDITOR'S/RECORDER'S INFORMATION (RCW 65.04):

GRANTOR: 1. JERRY WELCH
 2. BARBARA WELCH
 3. DAVID M. ADDIE

GRANTEE: 1. BANK OF AMERICA, N.A.
 2. JERRY WELCH
 3. BARBARA WELCH

LEGAL DESCRIPTION:

ABBREVIATED: LOT 22, AMENDED SKAGIT REGIONAL AIRPORT PH. 1

[FOR THE FULL LEGAL DESCRIPTION SEE EXHIBIT "A" TO THIS DOCUMENT]

ASSESSOR'S PROPERTY TAX
PARCEL ACCOUNT NUMBER(S): 8012-000-022-0200

REFERENCE NUMBER OF RELATED DOCUMENTS:
Grantee Deed of Trust recording no. 200403170075

Loan No. 3158722

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT ("Agreement"), dated March 16, 2004, is made among Jerry and Barbara Welch ("**Welch**"), David M. Addie, an individual ("**Addie**"), and Bank of America, N.A., a national banking association ("**Lender**"), with respect to the following facts:

RECITALS:

A. Welch and Addie are the owners of the property identified on Exhibit A attached hereto (the "**Property**"). Welch is selling his interest in the Property to Addie and is carrying the balance of the purchase price on promissory note secured by a deed of trust ("**Welch Deed of Trust**").

B. Contemporaneously with that agreement, Addie is borrowing money from Lender (the "**Senior Loan**") evidenced by a Promissory Note dated as of March 16, 2004 (the "**Senior Note**"), repayment of which is being secured by a deed of trust ("**B of A Deed of Trust**").

C. It is a condition of the Senior Loan that Welch subordinate the Welch Deed of Trust to the B of A Deed of Trust. It is a condition of the sale transaction between Welch and Addie that Lender agree to allow Welch to assume the obligations of Addie under the Senior Loan under certain terms and conditions.

AGREEMENT

NOW, THEREFORE, in consideration of mutual benefits to be derived herefrom and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and with the understanding that Lender will act in reliance hereon, it is hereby agreed as follows:

1. **CONSENT.** Lender consents to the Welch Deed of Trust and Welch consents to the B of A Deed of Trust. Lender and Welch each agree that the execution and recording of either deed of trust shall not be deemed a violation of any due on sale, due on encumbrance, or accelerating transfer clause of their respective deed of trust. Welch agrees that the Senior Loan is authorized to be in the original principal amount of \$2,400,000 under the agreement between Addie and Welch that permits a senior deed of trust on the Property.

2. **SUBORDINATION.** The Welch Deed of Trust and the rights of Welch in, to or under the Welch Deed of Trust including, without limitation, any claim by Welch to insurance proceeds and condemnation awards regarding the Property are unconditionally subject and subordinate and shall remain in all respects and for all purposes unconditionally subject, subordinate and junior to the encumbrance of the B of A Deed of Trust.

3. **WELCH RIGHT TO ASSUME SENIOR LOAN.** In the event of default by Addie on the Senior Loan, or in case of default by Addie on the loan secured by the Welch Deed of Trust, Lender will allow Welch to assume the Senior Loan subject to Welch demonstrating, to the good-faith satisfaction of Lender, that Welch meets Lender's current real estate loan underwriting standards to be the borrower under the Senior Loan, and Welch executing an assumption agreement in form reasonably satisfactory to Lender.

4. **NOTICES OF DEFAULT.** Lender agrees that in the event Addie defaults on the Senior Loan, Lender shall give notice of default to Welch at the same time and in the same manner as notices of default are given to Addie.

5. **SUCCESSORS AND ASSIGNS.** This Agreement and each and every covenant, agreement and other provision hereof shall be binding upon the parties hereto and their respective successors and assigns, but shall only inure to the benefit of Welch and Lender. Addie is not an intended beneficiary of this Agreement, and Welch and Lender may modify this Agreement without notice to or the consent of Addie.

6. **NOTICES.** Any notice under this Agreement which any party may desire or may be required to give to the other party shall be in writing and shall be given by delivering it or by mailing it

DEED OF TRUST SUBORDINATION



200403170102


Skagit County Auditor

aws/0687/addie


by first-class regular mail, to the address for the other party as set forth below, or to such other address as either party hereto may by notice in writing designate.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

BANK OF AMERICA, N.A.



DAVID M. ADDIE

By: 

Title: S.V.P.

Address:

11817 Weststar Lane
Burlington, WA 98233

Address:

Bank of America, N.A.
Capital Markets Servicing Group
Mailcode CA9-706-06-42
555 South Flower St., 6th Floor
Los Angeles, CA 90071



JERRY WELCH



BARBARA WELCH

Address:

13629 Rector Road
Bow, WA 98232

Address:

13629 Rector Road
Bow, WA 98232



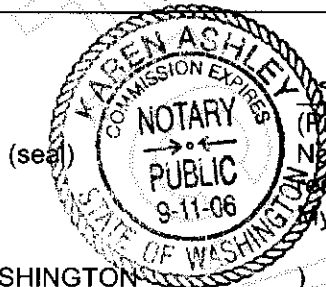
200403170102
Skagit County Auditor

3/17/2004 Page 3 of 6 3:30PM

STATE OF WASHINGTON)
)§
COUNTY OF Skagit)

I certify that I know or have satisfactory evidence that DAVID M. ADDIE is the person who appeared before me, and said person acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

Dated: March 16, 2004

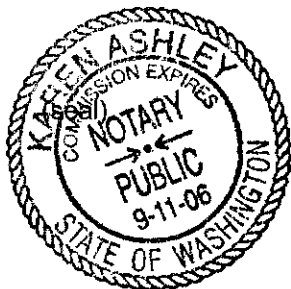


Karen Ashley
(Print Notary Name) Karen Ashley
Notary Public in and for the State of Washington
residing at Sedro-Woolley
My appointment expires 9/11/06

STATE OF WASHINGTON)
)§
COUNTY OF Skagit)

I certify that I know or have satisfactory evidence that JERRY WELCH is the person who appeared before me, and said person acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

Dated: March 16, 2004



Karen Ashley
(Print Notary Name) Karen Ashley
Notary Public in and for the State of Washington
residing at Sedro-Woolley
My appointment expires 9/11/06



200403170102
Skagit County Auditor

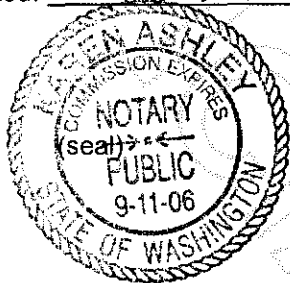
3/17/2004 Page 4 of 6 3:30PM

STATE OF WASHINGTON

COUNTY OF Skagit

I certify that I know or have satisfactory evidence that BARBARA WELCH is the person who appeared before me, and said person acknowledged that she signed this instrument and acknowledged it to be her free and voluntary act for the uses and purposes mentioned in the instrument.

Dated: March 16, 2004



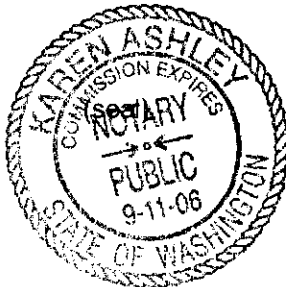
Karen Ashley
(Print Notary Name) Karen Ashley
Notary Public in and for the State of Washington
residing at Sedro-Woolley
My appointment expires 9/11/06

STATE OF WASHINGTON

COUNTY OF Skagit

I certify that I know or have satisfactory evidence that Curt G. Clausen 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 acknowledge it as the Senior Vice-President of BANK OF AMERICA, N.A., to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: March 16, 2004



Karen Ashley
(Print Notary Name) Karen Ashley
Notary Public in and for the State of Washington
residing at Sedro-Woolley
My appointment expires 9/11/06



200403170102
Skagit County Auditor

3/17/2004 Page 5 of 6 3:30PM

EXHIBIT "A"

LEGAL DESCRIPTION OF THE LAND

LOT 22, AMENDED SKAGIT REGIONAL AIRPORT BINDING SITE PLAN, PHASE 1, PL02-0127, DATED FEBRUARY 28, 2003, RECORDED MARCH 4, 2003, UNDER AUDITOR'S FILE NO. 200303040030, RECORDS OF SKAGIT COUNTY, WASHINGTON, AND BEING A PORTION OF SECTION 3, TOWNSHIP 34 NORTH, RANGE 3 EAST, W.M., AND OF SECTIONS 33 AND 34, TOWNSHIP 35 NORTH, RANGE 3 EAST, W.M.

SITUATE IN THE COUNTY OF SKAGIT, STATE OF WASHINGTON.



200403170102
Skagit County Auditor

3/17/2004 Page 6 of 6 3:30PM