

WHEN RECORDED RETURN TO:

Name: Office of Trade and Economic Development  
Address: 128 10<sup>th</sup> Ave SW  
City, State, Zip: Olympia WA 98504-2525

200404160125  
Skagit County Auditor  
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**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. Horizon Bank, referred to herein as "subordinator", is the owner and holder of a mortgage dated February 23, 2000 recorded under auditor's file No. 200002280146 records of Skagit County.
2. State of Washington Department of Community, Trade and Economic Development, referred to herein as "lender" is the owner and holder of the mortgage dated April 13, 2004 executed by Roger P. Wechsler (which is recorded under auditor's file no. 200404160124 records of Skagit County) (which is to be recorded concurrently herewith).
3. Roger Wechsler, referred to herein as "owner", is the owner of all the real property described in the mortgage 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 mortgage and all agreements in connection therewith, the "subordinator" does hereby unconditionally subordinate the lien of his mortgage identified in Paragraph 1 above to the lien of "lender's" mortgage, 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 which 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, together with the Intercreditor Agreement between Subordinator and Lender of even date, 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.

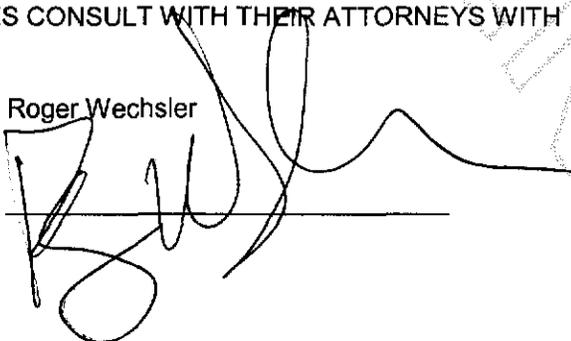
Executed this 13 day of April, 2004

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. IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS SUBORDINATION AGREEMENT, THE PARTIES CONSULT WITH THEIR ATTORNEYS WITH RESPECT THERETO.

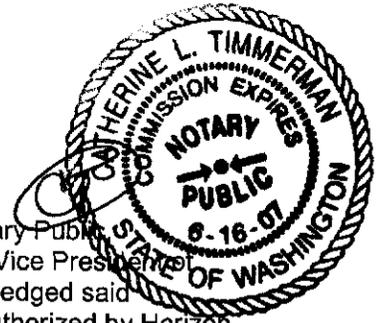
Horizon Bank



Roger Wechsler



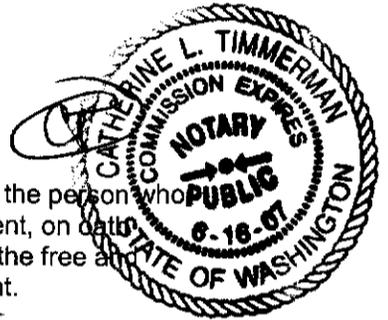
State of Washington  
County of Skagit



On this 13<sup>th</sup> day of April, 2004 before me, the undersigned Notary Public, personally appeared John K. Stewart and personally known to be the Senior Vice President of Horizon Bank, that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of Horizon Bank, duly authorized by Horizon Bank 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 Horizon Bank.

By Catherine L. Timmerman Residing at Mt. Vernon  
Notary Public in and for the State of Washington. My Commission Expires: 6-16-07.

State of Washington  
County of Skagit



I certify that I know or have satisfactory evidence that Roger Wechsler 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 acknowledged it as the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 4/13/04

Catherine L. Timmerman  
Notary Public in and for the state of  
Washington  
My appointment expires: 6-16-07



200404160125  
Skagit County Auditor