



200406010202

Skagit County Auditor

6/1/2004 Page

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7 3:15PM

RETURN ADDRESS:

Frontier Bank
Bellingham
3410 Woburn St.
P.O. Box 32270
Bellingham, WA 98225

LAND TITLE OF SKAGIT COUNTY

NOTICE: THIS SUBORDINATION OF LIEN 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 LIEN

Reference # (if applicable): BELL XX1773/ TITLE NO. 112350SS

Additional on page ____

Grantor(s):

1. ALGER SHELL REAL ESTATE, LLC

Grantee(s)

1. Frontier Bank

Legal Description: PTN OF GVT LOTS 3 AND 4, S7, T 36 N, R4E

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Assessor's Tax Parcel ID#: 360407-3-006-0001 & 360407-0-008-0017

THIS SUBORDINATION OF LIEN dated May 28, 2004, is made and executed among MCEVOY OIL COMPANY, INC ("Lienholder"); ALGER SHELL REAL ESTATE, LLC ("Borrower"); and Frontier Bank ("Lender").

200307220055

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SUBORDINATION OF LIEN (Continued)

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SUBORDINATED INDEBTEDNESS. Lienholder has extended the following described financial accommodations (the "Subordinated Indebtedness") to ALGER SHELL REAL ESTATE, LLC ("Obligor"):

A MEMORANDUM OF AGREEMENT DATED JULY 15, 2003.

SUBORDINATED LIEN. The Subordinated Indebtedness is secured by a lien dated May 27, 2004 from Grantor to Lienholder (the "Subordinated Lien") recorded in SKAGIT County, State of Washington as follows:

RECORDED JULY 22, 2003 UNDER SKAGIT COUNTY AUDITORS NUMBER 200307220055.

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

See EXHIBIT A, 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 1454 LAKE SAMISH RD, BELLINGHAM, WA 98226. The Real Property tax identification number is 360407-3-006-0001 & 360407-0-008-0017

REQUESTED FINANCIAL ACCOMMODATIONS. Lienholder 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 Lienholder each represent and acknowledge to Lender that Lienholder will benefit as a result of these financial accommodations from Lender to Borrower, and Lienholder 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 lien on the Real Property ("Lender's Lien") be and remain superior to the Subordinated Lien.

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

SUBORDINATION. The Subordinated Lien and the Subordinated Indebtedness secured by the Subordinated Lien 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 Lien. Lienholder also subordinates to Lender's Lien all other Security Interests in the Real Property held by Lienholder, whether now existing or hereafter acquired.

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

LIENHOLDER WAIVERS. Lienholder 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 Lienholder, (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 searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees and title insurance, to the extent permitted by applicable law. Lienholder 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 Lienholder represents and warrants that he or she has authority to execute this Subordination and to subordinate the Subordinated Indebtedness and the Lienholder's security interests in Lienholder's property, if any.



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**SUBORDINATION OF LIEN
(Continued)**

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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.

Choice of Venue. If there is a lawsuit, Lienholder agrees upon Lender's request to submit to the jurisdiction of the courts of Whatcom County, State of Washington.

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 Lienholder, shall constitute a waiver of any of Lender's rights or of any of Lienholder'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.

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 Lienholder 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.

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 MAY 28, 2004.

BORROWER:

ALGER SHELL REAL ESTATE, LLC

By: 

JAMES A. EVANS, Manager of ALGER SHELL REAL ESTATE, LLC

By: 

PAUL GIVEN, Manager of ALGER SHELL REAL ESTATE, LLC

LIENHOLDER:

MCEVOY OIL COMPANY, INC

By: 

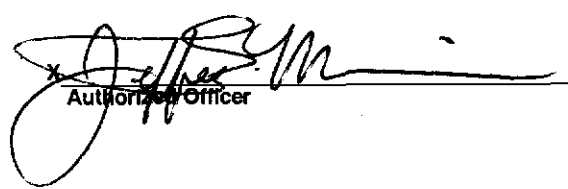
Authorized Signer for MCEVOY OIL COMPANY, INC

By: _____

Authorized Signer for MCEVOY OIL COMPANY, INC

LENDER:

FRONTIER BANK


Authorized Officer



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SUBORDINATION OF LIEN
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LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF Washington)
) SS
COUNTY OF Whatcom)

On this 28th day of May, 2004, before me, the undersigned Notary Public, personally appeared JAMES A. EVANS, Manager of ALGER SHELL REAL ESTATE, LLC, and personally known to me or proved to me on the basis of satisfactory evidence to be a of the limited liability company that executed the Subordination of Lien and acknowledged the Subordination to be the free and voluntary act and deed of the limited liability company, by authority of statute, its articles of organization or its operating agreement, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this Subordination and in fact executed the Subordination on behalf of the limited liability company.

By Mary J. Abbott Residing at Arlington
Notary Public In and for the State of Washington My commission expires 5/20/06

LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF Washington)
) SS
COUNTY OF Whatcom)

On this 28th day of May, 2004, before me, the undersigned Notary Public, personally appeared PAUL GIVEN, Manager of ALGER SHELL REAL ESTATE, LLC, and personally known to me or proved to me on the basis of satisfactory evidence to be a of the limited liability company that executed the Subordination of Lien and acknowledged the Subordination to be the free and voluntary act and deed of the limited liability company, by authority of statute, its articles of organization or its operating agreement, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this Subordination and in fact executed the Subordination on behalf of the limited liability company.

By Mary J. Abbott Residing at Arlington
Notary Public In and for the State of Washington My commission expires 5/20/06

CORPORATE ACKNOWLEDGMENT

STATE OF Wa.)
) SS
COUNTY OF Whatcom)

On this 1st day of June, 2004, before me, the undersigned Notary Public, personally appeared Tim McEury - President

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 Lien and acknowledged the Subordination to be the free and voluntary act and deed of the corporation, by authority of its Bylaws or resolution of its board of directors, for the uses and purposes therein mentioned, and on oath stated that he or she is/are authorized to execute this Subordination and in fact executed the Subordination on behalf of the corporation.

By [Signature] Residing at Sedro Woolley
Notary Public In and for the State of WA My commission expires 10-20-2006



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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 Lien 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.

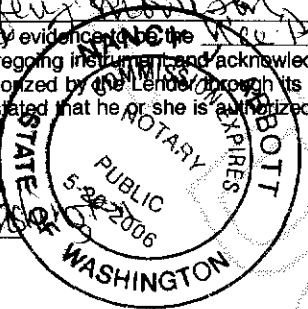
By _____ Residing at _____
Notary Public in and for the State of _____ My commission expires _____

LENDER ACKNOWLEDGMENT

STATE OF Washington)
) SS
COUNTY OF Whatcom)

On this 28th day of May, 2004, before me, the undersigned
Notary Public, personally appeared Jeffrey M. Brown and personally known to me
or proved to me on the basis of satisfactory evidence to be the Vice 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 Mary J. Abbott Residing at Adelington
Notary Public in and for the State of Washington My commission expires 5/20/06



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EXHIBIT "A"

DESCRIPTION:

PARCEL "A":

That portion of Government Lots 3 and 4, Section 7, Township 36 North, Range 4 East, W.M., Skagit County, Washington, described as follows:

Beginning at the Southwest corner of said Government Lot 4; thence South 89°01'34" East 1,451.78 feet to the Southeast corner of said Government Lot 4, being the Southeast corner of Skagit County S.P. No. 11-85, as filed under Auditor's File No. 8603110018; thence North 00°18'56" West along the East line of said Government Lot and said Short Plat a distance of 1,201.82 feet to the Southerly line of Alger-Lake Samish Road; thence North 70°55'30" West along said Southerly line a distance of 261.41 feet to the centerline of Patrick Lane as shown upon said Short Plat; thence South 03°20'47" East along said centerline a distance of 22.10 feet; thence South 25°41'33" West along said centerline a distance of 215.99 feet; thence South 03°03'26" West along said centerline a distance of 123.31 feet; thence North 89°01'34" West 290.00 feet; thence North 17°57'08" East 104.49 feet; thence North 43°30'13" East 68.00 feet to the point of beginning; thence continuing North 43°30'13" East 62.86 feet; thence North 06°09'34" West 165.90 feet; thence North 39°24'04" East 95.90 feet to the said Southerly line of Alger-Lake Samish Road; thence North 70°55'30" West along said Southerly line a distance of 26.01 feet; thence South 19°04'30" West along said Southerly line a distance of 15.00 feet; thence North 70°55'30" West along said Southerly line a distance of 299.97 feet to the Easterly line of Interstate Hwy. No. 5; thence South 19°04'31" West along said Easterly line a distance of 95.97 feet; thence South 12°27'14" West along said Easterly line a distance of 235.83 feet; thence departing therefrom South 79°43'15" East 313.91 feet to the point of beginning.

TOGETHER WITH AND SUBJECT TO an easement for ingress, egress and utilities, described as follows:

Beginning at the intersection of the Southerly line of Alger-Lake Samish Road with the Easterly line of Interstate Hwy. No. 5;

- continued -



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DESCRIPTION:

PARCEL "A" Continued:

thence Southerly along said Easterly line as shown on Skagit Co. S.P. No. 11-85 the following courses: South 19°04'31" West 95.97 feet;
thence South 12°27'14" West 308.83 feet;
thence South 05°44'23" East 150.30 feet; thence departing from said Easterly line of Interstate Hwy. No. 5 South 89°01'34" East 489.51 feet to the Westerly line of Patrick Lane as shown on said S.P.;
thence North 03°03'26" East along said Westerly line a distance of 20.01 feet;
thence departing therefrom North 89°01'34" West 462.38 feet to a line parallel to and 30 feet Easterly of said Easterly line of Interstate Hwy. No. 5;
thence North 05°44'23" West parallel to said Easterly line a distance of 128.89 feet;
thence North 12°27'14" East parallel to said Easterly line a distance of 69.33 feet;
thence South 79°43'15" East 30.02 feet to a line parallel to and 60 feet Easterly of said line;
thence North 12°27'14" East parallel to said Easterly line a distance of 230.08 feet;
thence North 19°04'31" East parallel to said Easterly line a distance of 32.50 feet;
thence North 66°21'56" East 88.46 feet to said Southerly line of Alger-Lake Samish Road;
thence North 70°55'30" West along said Southerly line a distance of 125.00 feet to the point of beginning.

ALSO an easement for ingress, egress and utilities over that portion of the above described Patrick Lane lying North of the Easterly projection of the South line of the 20 foot wide portion of the above-described easement.

Situate in the County of Skagit, State of Washington.



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