

WHEN RECORDED RETURN TO:

Name: Chicago Title Company
Address: P.O. Box 670
City, State, Zip Burlington, WA 98233



200408050025
Skagit County Auditor

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CHICAGO Title Company

IC31447 ✓

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. **SEA VAN INVESTMENTS ASSOCIATES, a Washington general partnership**, referred to herein as "subordinator", is the owner and holder of a Deed of Trust dated **30th day of JULY, 2004**, which is recorded in volume of Mortgages, page **200408050024**, under Auditor's File No. **200408050024** records of Skagit County, Washington.
2. **FARMERS BANK OF CHINA, SEATTLE BRANCH** referred to herein as "lender" is the owner and holder of the mortgage dated **30th day of July, 2004**, executed by **LIGO CONSTRUCTION, INC., a Washington corporation** (which is recorded in volume of Mortgages, page **200408050022**, under Auditor's File No. **200408050023** records of Skagit County, Washington) (which is to be recorded concurrently herewith).
3. **LIGO CONSTRUCTION, INC., a Washington corporation**, 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 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 4th day of August, 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.

SEA VAN INVESTMENTS ASSOCIATES

By: Edward S.K. Young, Managing Partner

LIGO CONSTRUCTION, INC.

Edward S.K. Young, Secretary

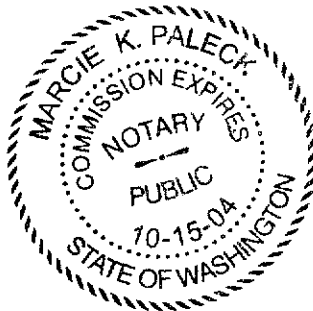
STATE OF WASHINGTON
COUNTY OF Skagit

I certify that I know or have satisfactory evidence that EDWARD S.K. YOUNG to me known to be the Managing Partner of SEA VAN INVESTMENTS ASSOIATES, the entity that they executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of the said entity, for the uses and purposes therein mentioned, and on oath state that he is authorized to execute the said instrument on behalf of said entity.

Dated: August 4 2004

Marcie K. Paleck

Marcie K. Paleck
Notary Public in and for the State of Washington
Residing at Mount Vernon
My appointment expires: October 15, 2004



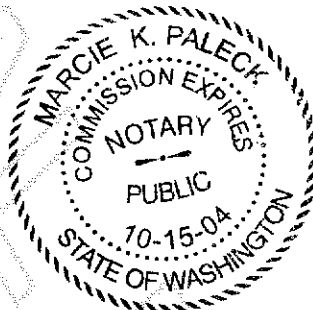
STATE OF WASHINGTON
COUNTY OF SKAGIT

I certify that I know or have satisfactory evidence that EDWARD S.K. YOUNG to me known to be the SECRETARY of LIGO CONSTRUCTION INC the entity that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of the said entity, for the uses and purposes therein mentioned, and on oath state that he is authorized to execute the said instrument on behalf of said entity.

Dated: August 4 2004

Marcie K. Paleck

Marcie K. Paleck
Notary Public in and for the State of Washington
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