

RETURN ADDRESS:

Skagit State Bank
College Way
1620 Continental Place
P. O. Box 1040
Mount Vernon, WA 98274



200410270142
Skagit County Auditor

10/27/2004 Page 1 of 6 3:12PM

LAND TITLE OF SKAGIT COUNTY

NOTICE: THIS SUBORDINATION OF DEED OF TRUST 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 DEED OF TRUST

Reference # (if applicable): 113882-P

Additional on page ____

Grantor(s):

1. SAYYES ENTERPRISES LLC

2. MADD INVESTMENTS, LLC, A WASHINGTON LIMITED LIABILITY COMPANY

Grantee(s)

1. Skagit State Bank

Legal Description: a ptn of Lot 4, SP 38-87 in 25-33-4 E W.M.

Additional on page 6

Assessor's Tax Parcel ID#: 330425-0-002-0022 (P17225); 330425-0-003-0005 (P17234)

THIS SUBORDINATION OF DEED OF TRUST dated October 25, 2004, is made and executed among MADD INVESTMENTS, LLC, A WASHINGTON LIMITED LIABILITY COMPANY ("Beneficiary"); LAND TITLE CO OF SKAGIT CO ("Trustee"); SAYYES ENTERPRISES LLC ("Borrower"); and Skagit State Bank ("Lender").

200410140071

Skagit State Bank, referred to herein as "Lender" is the owner of a deed of trust dated October 25, 2004, executed by SAYYES ENTERPRISES, LLC, which is recorded under Auditor's File No. 200410270141, Records of Skagit County, (which is to be recorded concurrently herewith).

SUBORDINATION OF DEED OF TRUST (Continued)

Page 2

SUBORDINATED INDEBTEDNESS. Beneficiary has extended the following described financial accommodations (the "Subordinated Indebtedness") to SAYYES ENTERPRISES LLC ("Trustor"):

A NOTE IN THE AMOUNT OF \$1,200,000.00 DATED SEPTEMBER 15, 2004 BETWEEN SAYYES ENTERPRISES, LLC, GRANTOR, AND MAD INVESTMENTS, LLC, BENEFICIARY.

SUBORDINATED DEED OF TRUST. The Subordinated Indebtedness is secured by a deed of trust dated September 15, 2004 from Trustor to Trustee in favor of Beneficiary (the "Subordinated Deed of Trust") recorded in SKAGIT County, State of Washington as follows:

RECORDED OCTOBER 14, 2004 IN SKAGIT COUNTY, WASHINGTON UNDER AUDITOR'S FILE NO. 200410140071.

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

See EXHIBIT "A-1", 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 22304 HWY 9, MOUNT VERNON, WA 98274. The Real Property tax identification number is 330425-0-002-0022 (P17225); 330425-0-003-0005 (P17234)

REQUESTED FINANCIAL ACCOMMODATIONS. Beneficiary, who may or may not be the same person or entity as Trustor, 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 Beneficiary each represent and acknowledge to Lender that Beneficiary will benefit as a result of these financial accommodations from Lender to Borrower, and Beneficiary 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 deed of trust or other lien on the Real Property ("Lender's Lien") be and remain superior to the Subordinated Deed of Trust.

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

SUBORDINATION. The Subordinated Deed of Trust and the Subordinated Indebtedness secured by the Subordinated Deed of Trust 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 Deed of Trust. Beneficiary also subordinates to Lender's Lien all other Security Interests in the Real Property held by Beneficiary, whether now existing or hereafter acquired. The words "Security Interest" mean and include without limitation any type of collateral security, whether in the form of a lien, charge, mortgage, deed of trust, assignment, pledge, chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

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

BENEFICIARY WAIVERS. Beneficiary 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 Beneficiary, (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. 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, title insurance, and fees for the Trustee, to the extent permitted by applicable law. Beneficiary also will pay any court costs, in addition to all other sums provided by law.



200410270142

Skagit County Auditor

**SUBORDINATION OF DEED OF TRUST
(Continued)**

Page 3

Authority. The person who signs this Subordination as or on behalf of Beneficiary represents and warrants that he or she has authority to execute this Subordination and to subordinate the Subordinated Indebtedness and the Beneficiary's security interests in Beneficiary's property, if any.

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.

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 Beneficiary 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.

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

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 OCTOBER 25, 2004.

BORROWER:

SAYYES ENTERPRISES LLC

By: Chad Savage
CHAD L SAVAGE, Manager of SAYYES ENTERPRISES LLC

BENEFICIARY:

MADD INVESTMENTS, LLC, A WASHINGTON LIMITED LIABILITY COMPANY

By: Alfred N Carlson
ALFRED N CARLSON, Manager of MADD INVESTMENTS, LLC, A
WASHINGTON LIMITED LIABILITY COMPANY

TRUSTEE:

LAND TITLE CO OF SKAGIT CO

By: _____
Authorized Signer for LAND TITLE CO OF SKAGIT CO

By: _____
Authorized Signer for LAND TITLE CO OF SKAGIT CO

LENDER:

SKAGIT STATE BANK

x F. [Signature]
Authorized Officer



200410270142
Skagit County Auditor

10/27/2004 Page 3 of 6 3:12PM

SUBORDINATION OF DEED OF TRUST
(Continued)

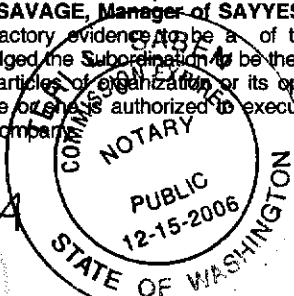
Page 4

LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF WA)
) SS
COUNTY OF Skagit)

On this 26th day of October, 20 04, before me, the undersigned Notary Public, personally appeared **CHAD L SAVAGE, Manager of SAYYES ENTERPRISES 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 Deed of Trust 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 [Signature] Residing at Skagit Co.
Notary Public In and for the State of WA My commission expires 12-15-06

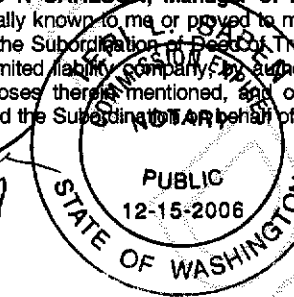


LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF WA)
) SS
COUNTY OF Skagit)

On this 26th day of October, 20 04, before me, the undersigned Notary Public, personally appeared **ALFRED N CARLSON, Manager of MADD INVESTMENTS, LLC, A WASHINGTON LIMITED LIABILITY COMPANY**, 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 Deed of Trust 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 [Signature] Residing at Skagit Co.
Notary Public In and for the State of WA My commission expires 12-15-06



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 Deed of Trust 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 _____



200410270142
Skagit County Auditor

SUBORDINATION OF DEED OF TRUST
(Continued)

Page 5

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 Deed of Trust 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.

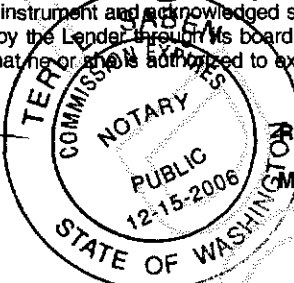
By _____ Residing at _____
Notary Public in and for the State of _____ My commission expires _____

LENDER ACKNOWLEDGMENT

STATE OF WA)
) SS
COUNTY OF Skagit)

On this 26th day of October, 20 04, before me, the undersigned
Notary Public, personally appeared Tim Fitzgerald and personally known to me
or proved to me on the basis of satisfactory evidence to be the Senior V-P, 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 Tim Fitzgerald Residing at Skagit Co.
Notary Public in and for the State of WA My commission expires 12-15-06



200410270142
Skagit County Auditor

DESCRIPTION:

That portion of Lot 4, Short Plat No. 38-87, as approved on August 16, 1988, and recorded in Book 8 of Short Plats, pages 58 and 59, under Auditor's File No. 8808180023, records of Skagit County, Washington, being in Government Lots 2 and 3, and in the Northwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of Section 25, Township 33 North, Range 4 East, W.M., said portion lying Southerly of State Route 9 and Easterly of the following described line:

Beginning at the intersection of the South line of the Northwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of Section 25, Township 33 North, Range 4 East, W.M., and the Easterly line of said State Route 9 as shown on said Short Plat No. 38-87;
thence South $87^{\circ}28'58''$ East a distance of 24.69 feet along said South line to the Southeast corner of said subdivision;
thence North $02^{\circ}03'23''$ East a distance of 241.72 feet along the East line of said subdivision to the Southerly margin of said State Route 9, said point being on a curve the center of which is South $38^{\circ}28'00''$ East 163.14 feet from said point;
thence along the arc of said curve to the right with a radius of 163.14 feet, a delta angle of $40^{\circ}01'01''$, and an arc length of 113.94 feet to a point of tangency in said Southerly margin;
thence South $88^{\circ}26'59''$ East a distance of 61.09 feet along said Southerly margin of State Route 9 to the true point of beginning of said line;
thence South $01^{\circ}33'01''$ West a distance of 137.86 feet;
thence North $84^{\circ}24'20''$ East a distance of 137.16 feet;
thence South $82^{\circ}01'51''$ East a distance of 143.14 feet;
thence South $62^{\circ}44'38''$ East a distance of 80.77 feet to a point on a curve the center of which is North $88^{\circ}31'31''$ West 200.00 feet from said point;
thence along the arc of said curve to the right with a radius of 200.00 feet, a delta angle of $51^{\circ}25'20''$, and an arc length of 179.50 feet to a point of tangency;
thence South $52^{\circ}53'49''$ West a distance of 130.76 feet to a point of curvature;
thence along the arc of said curve to the left with a radius of 250.00 feet, a delta angle of $16^{\circ}38'00''$, and an arc length of 72.58 feet to a point of tangency;
thence South $36^{\circ}15'49''$ West a distance of 85.44 feet to a point of curvature;
thence along the arc of said curve to the right with a radius of 25.00 feet, a delta angle of $64^{\circ}37'23''$, and an arc length of 28.20 feet to a point of reverse curvature;
thence along the arc of said curve to the left with a radius of 45.00 feet, a delta angle of $137^{\circ}21'26''$, and an arc length of 107.88 feet;
thence South $46^{\circ}40'03''$ West a distance of 63.48 feet to an intersection with the Easterly margin of said State Route 9 and the terminus of said line,

EXCEPT that portion of said Lot 4, Short Plat No. 38-87, as approved on August 16, 1988, and recorded in Book 8 of Short Plats, pages 58 and 59, under Auditor's File No. 8808180023, records of Skagit County, Washington, being in Government Lots 2 and 3, and in the Northwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of Section 25, Township 33 North, Range 4 East, W.M., said portion being described as follows:

Beginning at the Northwest corner of Lot 3, said Short Plat No. 38-87;
thence South $01^{\circ}28'29''$ West 65.00 feet along the line between said Lots 3 and 4 to a corner of said lots;
thence South $88^{\circ}31'31''$ East 189.25 feet along the line between said Lots 3 and 4 to a corner of said lots and the true point of beginning;
thence South $31^{\circ}00'00''$ East 178.11 feet along the line between said Lots 3 and 4;
thence North $32^{\circ}31'10''$ West 113.14 feet;
thence North $28^{\circ}21'28''$ West 65.08 feet to the point of beginning.

Situate in the County of Skagit, State of Washington.



200410270142
Skagit County Auditor