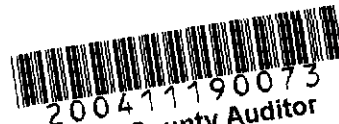


WHEN RECORDED RETURN TO:

Name:
Address:
City, State, Zip



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FIRST AMERICAN TITLE CO.

SUBORDINATION AGREEMENT

m82977E-4

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. David G. Hudson and Donna L. Hudson, husband and wife, referred to herein as "subordinators", are the owners and holders of a deed of trust dated May 21, 2004, and recorded June 15, 2004, executed by Mud Lake Investments, LLC, encumbering property described as Parcels A and Bon Exhibit I, attached hereto. *Recorded under Auditor's File No. 200406150093*

2. George P. DeVries and Nancy L. DeVries, husband and wife, Geoffrey M. DeVries and Suzanne L. DeVries, and Private Mortgage Investors, Inc., a Washington corporation, referred to herein as "lenders" are the owners and holders of deeds of trust executed by Washington Land Recycling, LLC, Mud Lake, LLC, and Michael Beverick and Cindy Beverick, husband and wife, encumbering property described on Exhibit I, attached hereto, and also encumbering additional property described in said deeds of trust. The three deeds of trust, in the amounts of \$500,000.00, \$275,000.00 and \$31,000.00, respectively, are to be recorded concurrently with this subordination agreement. *Recorded under Auditor's File Nos. 200411190070, 200411190071, 200411190072*

3. Washington Land Recycling, LLC, is the owner of the property described as Parcel A on Exhibit I, attached hereto. Mud Lake Recycling, LLC, is the owner of the property described as Parcel B on Exhibit I, attached hereto.

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 "subordinators" do hereby unconditionally subordinate the lien of their deed of trust identified in Paragraph 1 above to the liens of "lenders'" deeds of trust, identified in Paragraph 2 above, and all advances or charges made or accruing thereunder, including any extension or renewal thereof.

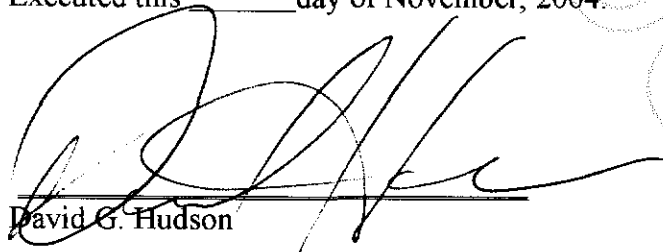
5. "Subordinators" acknowledge that, prior to the execution hereof, they have had the opportunity to examine the terms of "lenders'" notes and agreements relating thereto, consent to and approve same, and recognizes that "lender" have no obligation to "subordinator" to advance any funds under their mortgages or see to the application of "lenders'" 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.

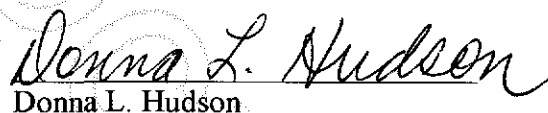
6. It is understood by the parties hereto that "lenders" would not make the loans secured by the deeds of trust in Paragraph 2 without this agreement.

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 mortgages in favor of "lenders" 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 15th day of November, 2004.


David G. Hudson


Donna L. Hudson



200411190073

Skagit County Auditor

EXHIBIT I

The land referred to in this report/policy is situated in the State of Washington, County of Skagit, and is described as follows:

Parcel "A":

That portion of the Southeast $\frac{1}{4}$ of Section 2, Township 34 North, Range 4 East, W.M., being more particularly described as follows:

Beginning at the South $\frac{1}{4}$ corner of said Section 2; thence North 89 degrees 40'19" East along the South line of the Southeast $\frac{1}{4}$ of said Section 2, a distance of 366.73 feet; thence North 0 degrees 18'17" East a distance of 30 feet to the true point of beginning; thence continue North 0 degrees 18'17" East a distance of 829.86 feet to the Southerly line of that County road commonly known as the Mud Lake Road; and to a point on a curve to the right having a radius point bearing South 40 degrees 27'29" East a distance of 1,307.60 feet; thence along said Southerly margin and along the arc of said curve to the right in a Northeasterly direction through a central angle of 17 degrees 46'30" for an arc length of 405.65 feet to a point of tangency; thence North 67 degrees 19'01" East a distance of 686.15 feet; thence North 64 degrees 54'53" East a distance of 232.79 feet; thence North 60 degrees 48'23" East a distance of 134.96 feet; thence North 64 degrees 42'04" East a distance of 324.97 feet; thence South 87 degrees 30'42" East for 33.68 feet to an intersection of the Southerly margin line of said Mud Lake Road and the East line of the West $\frac{1}{2}$ of the Northeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of said Section 2; thence South 0 degrees 32'34" West along the East line of the West $\frac{1}{2}$ of the Northeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of said Section 2, a distance of 169.47 feet; thence South 51 degrees 49'11" West, a distance of 1,711.90 feet; thence South 89 degrees 40'19" West, a distance of 230.00 feet; thence South 1 degree 14'54" West, a distance of 379.01 feet to a point which bears North 89 degrees 40'19" East from the true point of beginning; thence South 89 degrees 40'19" West, a distance of 52.14 feet to the true point of beginning.

EXCEPT the following described tract:

That portion of Lot 3, Skagit County Short Plat No. 51-81, approved December 16, 1981 and recorded December 17, 1981 in Volume 5 of Short Plats, page 147, records of Skagit County, Washington, being a portion of the East $\frac{1}{2}$ of Section 2, Township 34 North, Range 4 East, W.M., and being more particularly described as follows:

Beginning at the Southeast corner of said Section 2, (Southeast section corner); thence North 89 degrees 32'55" West 660.01 feet along the South line of said subdivision to the Southwest corner of the East 10.00 chains, (660.00 feet), of said subdivision; thence North 0 degrees 43'49" East 1,449.96 feet along the West line of said East 10.00 chains (also being the East line of said Lot 3, Skagit County Short Plat No. 51-81), and also being the West line of the "PLAT OF PARK ADDITION TO CLEAR LAKE, WASH.," as per plat recorded in Volume 4 of Plats, page 39, records of Skagit County, Washington, to the true point of beginning; thence South 52 degrees 35'57" West, 524.15 feet; thence North 32 degrees 19'27" West 282.34 feet, more or less, to the Southerly margin of the as-constructed County road commonly known as the Mud Lake Road; thence Northeasterly along said Southerly margin 632.4 feet, more or less, to said West line of the East 10.00 chains, at a point bearing North 00 degrees 43'49" East from the true point of beginning; thence South 00 degrees 43'49" West along said West line 179.94 feet, more or less, to the true point of beginning.

Parcel "B":

That portion of the Southeast $\frac{1}{4}$ of Section 2, Township 34 North, Range 4 East, W.M., described as follows:



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EXHIBIT I
(continued)

Beginning at the South $\frac{1}{4}$ corner of said Section 2; thence North 89 degrees 40'19" East a distance of 648.87 feet; thence North 01 degree 14'54" East a distance of 30.01 feet to the Southeast corner of Lot 2, Short Plat No. 51-81, approved December 16, 1981, recorded December 17, 1981 in Book 5 of Short Plats, page 147, under Auditor's File No. 8112170001, and the true point of beginning; thence continue North 01 degree 14'54" East a distance of 379.01 feet to the Northeast corner of said Lot 2; thence North 51 degrees 49'11" East a distance of 1,711.90 feet; thence South 0 degrees 32'34" West a distance of 1,230.50 feet; thence South 89 degrees 40'19" West a distance of 209.00 feet; thence South 0 degrees 32'34" West a distance of 199.00 feet to the North line of Buchanan Road; thence South 89 degrees 40'19" West a distance of 1,131.41 feet to the true point of beginning.

EXCEPT that portion, if any, lying Northwesterly of the Southeasterly line of Parcel "C" as described in Mortgage recorded October 28, 1981, under Auditor's File No. 8110280027,

AND EXCEPT the following described tract:

Beginning at the Southeast corner of the Southeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of said Section 2, (Southeast section corner); thence North 89 degrees 32'55" West 660.01 feet along the South line of said subdivision to the Southwest corner of the East 10.00 chains, (660.00 feet), of said subdivision; thence North 04 43'49" East 353.83 feet along the West line of said East 10.00 chains, (also being the East line of said Lot 3, Skagit County Short Plat No. 51-81), and also being the West line of the "PLAT OF PARK ADDITION TO CLEAR LAKE, WASH.," as per plat recorded in Volume 4 of Plats, page 39, records of Skagit County, Washington to the Northwest corner of the South 123.00 feet of Lot 1, Block 7 of said "PLAT OF PARK ADDITION TO CLEAR LAKE, WASH.," and being the true point of beginning; thence continue North 0 degrees 43'49" East 277.05 feet along said West line of "PLAT OF PARK ADDITION TO CLEAR LAKE, WASH.," to the Northwest corner of the South 180.00 feet of Lot 2, Block 5, "PLAT OF PARK ADDITION TO CLEAR LAKE, WASH.,"; thence North 89 degrees 32'55" West 157.50 feet on a Westerly projection of the North line of said South 180.00 feet of Lot 2; thence South 0 degrees 43'49" West 277.05 feet parallel with the West line of said "PLAT OF PARK ADDITION TO CLEAR LAKE, WASH.," to a point bearing North 89 degrees 32'55" West from the true point of beginning; thence South 89 degrees 32'55" East 157.50 feet to the true point of beginning.

Parcel "C":

That portion of Lot 3, Skagit County Short Plat No. 51-81, approved December 16, 1981 and recorded December 17, 1981 in Volume 5 of Short Plats, page 147, records of Skagit County, Washington, being a portion of the East $\frac{1}{2}$ of Section 2, Township 34 North, Range 4 East, W.M., and being more particularly described as follows:

Beginning at the Southeast corner of said Section 2 (Southeast section corner); thence North 89° 32'55" West 660.01 feet along the South line of said subdivision to the Southwest corner of the East 10.00 chains (660.00 feet), of said subdivision; thence North 0°43'49" East 1449.96 feet along the West line of said East 10.00 chains (also being the East line of said Lot 3, Skagit County Short Plat No. 51-81), and also being the West line of the "PLAT OF PARK ADDITION TO CLEAR LAKE WASH.," as per plat recorded in Volume 4 of Plats, page 39, records of Skagit County, Washington, to the true point of beginning; thence South 52°35'57" West, 524.15 feet; thence North 32°19'27" West 282.34 feet, more or less, to the Southerly margin of the as-constructed county road commonly known as the Mud Lake Road; thence Northeasterly along said Southerly margin 632.4 feet, more or less, to said West line of the East 10.00 chains, at a point bearing North 00°43'49" East from the true point of beginning; thence South 00°43'49" West along said West line 179.94 feet, more or less, to the true point of beginning.



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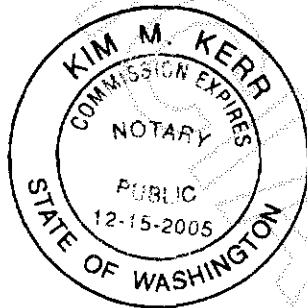
STATE OF WASHINGTON)

: ss.

COUNTY OF SKAGIT)

On this day personally appeared before me DAVID G. HUDSON and DONNA L. HUDSON, husband and wife, to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 19 day of November, 2004.



Kim M Kerr

Print Name Kim M Kerr
NOTARY PUBLIC in and for the State of
Washington, residing at Mount Vernon.

My commission expires: 12/15/05



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