

AFTER RECORDING MAIL TO:

Name: Whidbey Island Bank
Address: PO Box 302
City, State, Zip: Burlington, WA 98233



200412150072
Skagit County Auditor

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Subordination Agreement
CHICAGO TITLE CO.

Escrow No.

Title Order No. IC33219 ✓

Reference No's of Related Documents

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. U.S. Bank N.A., referred herein as "Subordinator," is the owner and holder of a UCC-2 Filing dated May 2, 2003, which is recorded under Recording No. 200305020057, Records of Skagit County.
2. Whidbey Island Bank, referred to herein as "Lender" is the owner and holder of a mortgage/deed of trust not to exceed the amount of \$4,000,000.00, dated November 18, 2004, executed by Skagit Island L.L.C., which is recorded under Auditor's file No. 200411300134, Records of Skagit County.
3. Skagit Island L.L.C. referred to herein as "Owner," is the owner of all the real property described in the mortgage/deed of trust to be 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/deed of trust and all agreements in connection therewith, the Subordinator does hereby unconditionally subordinate its interest in all fixtures and tenant improvements, identified in Paragraph 1 above to the lien of Lender's mortgage/deed of trust, identified in Paragraph 2 above, and all advances or charges made or accruing thereunder, including any extension or renewal thereof. The Subordinator's interest in the Owner's equipment is not subordinated to the Lender.
5. It is understood by the parties hereto that Lender would not make the loan secured by the mortgage/deed of trust in Paragraph 2 without this agreement.
6. 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 UCC-2 Filing first above mentioned to the lien or charge of the mortgage/deed of trust in favor of Lender above referred to and shall supercede and cancel any prior agreements as to such, or any, subordination including, but not limited to, those provisions, if any, contained in the UCC-2 Filing first above mentioned, which provide for the subordination of the lien or charge thereof to a mortgage/deed of trust to be thereafter executed.

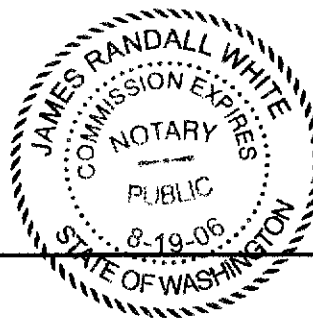
7. The heirs, administrators, assigns and successors in interest of the Subordinator shall be bound by this agreement. In all instances, gender and number of pronouns are considered to conform to the undersigned.

Executed this 6th day of December, 2004.

NOTICE: THIS SUBORDINATING 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 SUBORDINATING AGREEMENT, THE PARTIES CONSULT WITH THEIR ATTORNEYS WITH RESPECT THERETO.

Michael B. Maguire
Michael B. Maguire

Vice President, Private Client Group, US Bank



STATE OF WASHINGTON
COUNTY OF KING

On this 6th day of December, 2004, before me, the undersigned Notary Public, personally appeared MICHAEL B. MAGUIRE of U.S. Bank, and personally known to me or proved to me on the basis of satisfactory evidence to be an authorized agent of the corporation that executed the Subordination Agreement and acknowledged the Subordination Agreement 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 is authorized to execute the Subordination Agreement and in fact executed the Subordination Agreement on behalf of the corporation.

By [Signature] JAMES RANDALL WHITE

Notary Public in and for the State of
Residing at
My appointment expires

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