



200507120090

Skagit County Auditor

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4 11:34AM

Return Address  
DAVID GUMAER, P.S.  
9 S. WASHINGTON, SUITE 215  
SPOKANE, WA 99201

LAND TITLE OF SKAGIT COUNTY

116477-P

SUBORDINATION AGREEMENT

Reference #: 200411080143 Additional 200506160109  
Grantor: SKAGIT STATE BANK  
Grantee: Northwest Business Development Association

Legal description:

Lot 4 of Binding Site Plan No. PL03-0071, recorded May 7, 2003, under Auditor's File No. 200305070015, records of Skagit County, Washington, and being a portion of the Southeast  $\frac{1}{4}$  of the Southwest  $\frac{1}{4}$  of Section 29, Township 34 North, Range 4 East, W.M.

TOGETHER WITH a perpetual exclusive easement for the purposes of installing, maintaining and repairing a sign as conveyed by Easement Deed recorded March 3, 2005, under Auditor's File No. 200503030054.

Situate in the County of Skagit, State of Washington.

Assessor's Tax Parcel ID No.: P120400

This agreement is entered into between Skagit State Bank (hereinafter referred to as "Lender") and the Northwest Business Development Association, a Washington nonprofit corporation, (hereinafter referred to as "NWBDA") this 8th day of July, 2005.

WHEREAS, LENDER is the owner and holder of the following document authorized by Anderson Appliance Inc., (hereinafter referred to as Borrower):

UCC Financing Statement filed under Skagit County Auditor's Office Recording No. 200411080143 on November 8, 2004;

WHEREAS, NWBDA is about to make a Loan to Fortuna Properties, LLC and guaranteed by the Borrower in the principal amount of \$848,000.00. Said Loan is or will be secured by a Deed of Trust on the real property encumbered by the Lender's UCC Financing Statement recorded with the Skagit County Auditor's Office under Recording No. 200411080143 on November 8, 2004. NWBDA has declined to make the Loan to the Borrower without Lender first subordinating it's UCC Financing Statement described above to the Deed of Trust held by NWBDA and filed with the Skagit County Auditor's Office under Recording No. 200506160109 as security for said Loan.

NOW THEREFORE, in consideration of the foregoing premises, it is agreed as follows:

1. Subordination. Lender hereby subordinates the lien of it's Financing Statement described above to the NWBDA's Deed of Trust filed with the Skagit County Auditor's Office under recording no. 200506160109. This subordination is limited to the \$848,000.00 face amount of the promissory note executed by borrower with respect to Loan No. CDC 698673-40-05 WA as of the date of the note, and thereafter to the declining principal balance, the interest rate as stated therein, the payment of any taxes, assessments, attorney's fees, insurance, interest and any other advances reasonably necessary to protect the property or any collateral securing the loan; the NWBDA's security interest(s) or the priority of the lien, and any extension of said Loan. This subordination does not apply to the lien that the Lender has on the 1 custom illuminated/electronic freeway message center pylon, 2 tower sign units, lighting strips and 4 awnings located on the property at 2520 Cedardale Road, Mount Vernon, Washington 98274.

2. Effect on Lender UCC Financing Statement. All other terms and conditions of the Lender's UCC Financing Statement shall remain in full force and effect.

3. Notification of Default. Lender agrees to furnish NWBDA, or its successors in interest, (1) written notice of any default by Borrower under the terms and conditions of its loan with Borrower within (30) days of the date of said default, and (2) in addition to any lawfully required notice, written notice of any foreclosure sale sixty (60) days prior to the date of said sale. NWBDA's address for notice purposes shall be as follows:

Northwest Business Development Association  
9 S. Washington, Suite 215  
Spokane, WA 99201



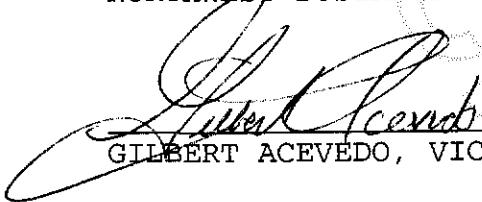
Or such other address as NWBDA shall provide to Lender.

4. Merger. This agreement shall be the sole agreement between the parties hereto with regard to the subordination of the lien of the UCC Financing Statement first above mentioned to the lien of the Deed of Trust in favor of NWBDA referred to herein and shall supercede and cancel any prior agreements to the same.

5. Binding Effect. This agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and assigns.

Executed this 8th day of July, 2005

NORTHWEST BUSINESS DEVELOPMENT ASSOCIATION

  
GILBERT ACEVEDO, VICE PRESIDENT

SKAGIT STATE BANK

BY   
ITS Branch Manager.

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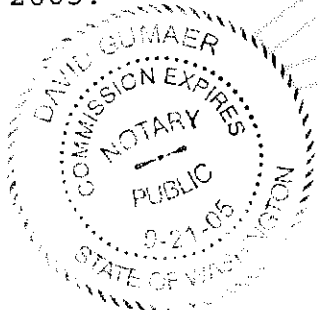
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STATE OF WASHINGTON )  
 ) ss  
County of Spokane )

This certifies that before me on this day personally appeared Gilbert Acevedo, as Vice President of Northwest Business Development Association, a Washington nonprofit corporation, and acknowledged to me that he executed the foregoing instrument as the free and voluntary act and deed of the Northwest Business Development Association for the uses and purposes therein mentioned, and on oath stated that he was duly and regularly authorized to execute the same on its behalf.

Given under my hand and official seal this 8th day of July, 2005.



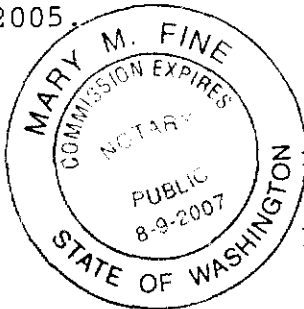
David Gumaer

Notary Public in and for the State of Washington, residing at Spokane.  
My commission expires 9-21-05.

STATE OF WA )  
 ) ss  
County of Skagit )

This certifies that before me on this day personally appeared Mike Oldow, and acknowledged to me that he/she executed the foregoing instrument as Branch Manager of Skagit State Bank, to be the free and voluntary act and deed of Skagit State Bank for the uses and purposes therein mentioned.

Given under my hand and official seal this 7 day of July, 2005.



Mary M. Fine

Notary Public in and for the State of WA, residing at Burlington.  
My commission expires 8-9-07.

