



200509220124

Skagit County Auditor

9/22/2005 Page 1 of 5 11:44AM

Return Address:

Washington Community Reinvestment Association
P.O. Box 2609
Seattle, WA 98111-2609
Loan No. 1-040205

LAND TITLE OF SKAGIT COUNTY ^{117221=P}

OPTION SUBORDINATION AGREEMENT

Reference numbers of related documents: 200509220118
on page _____ of document

Grantor(s):

1. RIDGEVIEW MOUNT VERNON LIMITED PARTNERSHIP, A Washington L.P.
2. SHELTER AMERICA GROUP
- 3.

etc. additional names on page _____ of document

Grantee(s):

1. Washington Community Reinvestment Association
- 2.
- 3.

etc. additional names on page _____ of document

Legal Description:

1. Lots 97-104, Parker Business Center.
2. Additional legal description is on page 5 of document

Assessor's Property Tax Parcel Account Number(s): 4367-000-097-0003, 4367-000-098-0002, 4367-000-099-0001, 4367-000-100-0008, 4367-000-101-0007, 4367-000-102-0006, 4367-000-103-0005, 4367-000-104-0004, 4367-000-117-0801

Return Address:

**Washington Community Reinvestment Association
P.O. Box 2609
Seattle, WA 98111-2609
Loan No. 1-040260**

OPTION SUBORDINATION AGREEMENT

This Agreement is made as of the 1st day of September, 2005, by SHELTER AMERICA GROUP, a Washington nonprofit corporation ("Subordinator"), and RIDGEVIEW MOUNT VERNON LIMITED PARTNERSHIP, a Washington limited partnership ("Owner"), with references to the following facts:

A. Owner heretofore executed and delivered an Option and Right of First Refusal Agreement dated as of January 1, 2005 wherein the Owner has granted a option to purchase and/or right of first refusal to subordinator ("Option Agreement"), to purchase the real property legally described in Exhibit A attached hereto ("Property") and other property described therein.

B. WASHINGTON COMMUNITY REINVESTMENT ASSOCIATION, a Washington nonprofit corporation ("Lender") has agreed to make a loan of \$328,835.00 to Owner secured by a multifamily deed of trust, assignment of rents and security agreement covering the Property ("Deed of Trust").

C. Lender has required that Owner and Subordinator enter into a subordination agreement in favor of Lender.

NOW, THEREFORE, for good and valuable consideration, receipt whereof is hereby acknowledged, the parties agree as follows:

1. Subordinator and Owner hereby authorize Lender to insert the recording data of the Deed of Trust in the space provided below when the Deed of Trust has been recorded. The Deed of Trust was recorded September 22, 2005, under Skagit County, Washington, recording No. 200509220118.

2. Subordinator hereby subordinates the Option Agreement and all of it rights thereunder in and to the Property to the lien of the Deed of Trust and all advances or charges made or accruing thereunder, including any extension, renewal or modification thereof.

3. Subordinator acknowledges that Subordinator:

(a) has had the opportunity to examine the terms of the Deed of Trust and the note and agreements relating thereto prior to the execution hereof;

(b) consents to and approves the same;

(c) agrees that Lender has no obligation to Subordinator to advance any funds under the Deed of Trust or to see to the application of any funds advanced by Lender; and



200509220124
Skagit County Auditor

- (d) recognizes that any application of use of such funds for purposes other than those provided for in the Deed of Trust, or any note or other agreements secured thereby or related thereto shall not defeat, in whole or in part, the subordination made herein.

Lender may, without notice to Subordinator, amend or modify the Deed of Trust, the Note, and all agreements relating thereto (the "Loan Documents"), release any or all parties liable for the indebtedness secured by the Deed of Trust, and release all or any security for the indebtedness secured by the Deed of Trust. Subordinator waives any right to require marshalling of assets or to require Lender to proceed against or exhaust any specific security for the indebtedness secured by the Deed of Trust, and any defense arising out of the loss or impairment of any right of subrogation to the lien of the Deed of Trust.

4. It is understood, acknowledged and agreed by the parties hereto that Lender would not make the loan secured by the Deed of Trust without this Agreement.

5. This Agreement is the entire agreement between the parties hereto with regard to the subordination of the Option Agreement and all of Subordinator's rights in and to the Property to the lien or charge of the Deed of Trust and shall supersede and cancel any prior agreements as to such, or any, subordination. This Agreement shall be governed by the laws of the state in which the Property is located. In any action, suit or appeal therefrom, involving the enforcement or interpretation of this Agreement, the prevailing party shall be entitled to recover from the other party or parties its costs incurred therein, including reasonable attorney fees. This Agreement shall inure to the benefit of and bind the heirs, personal representatives, successors, and assigns of the parties hereto.

6. Lender may, without notice to Subordinator, amend or modify the Deed of Trust, the Note, and all agreements relating thereto (the "Loan Documents"), release any or all parties liable for the indebtedness secured by the Deed of Trust, and release all or any security for the indebtedness secured by the Deed of Trust. Subordinator waives any right to require marshalling of assets or to require Lender to proceed against or exhaust any specific security for the indebtedness secured by the Deed of Trust, and any defense arising out of the loss or impairment of any right of subrogation to the lien of the Deed of Trust.

EXECUTED as of the day and year first above written.

OWNER:

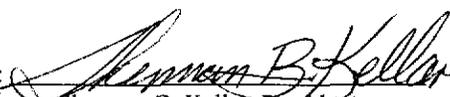
RIDGEVIEW MOUNT VERNON LIMITED PARTNERSHIP,
a Washington limited partnership

BY: SHELTER AMERICA GROUP,
a Washington nonprofit corporation, its general partner

By: 
Sherman B. Kellar, President

SUBORDINATOR:

SHELTER AMERICA GROUP, a Washington non-profit corporation

By: 
Sherman B. Kellar, President



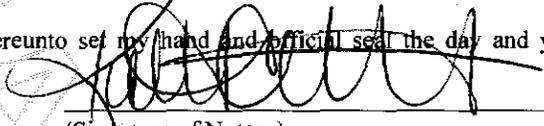
NOTARY

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this 6th day of Sept 2005, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Sherman B. Kellar, to me known to be the person who signed as President of SHELTER AMERICA GROUP, a Washington nonprofit corporation, the corporation acting as general partner of RIDGEVIEW MOUNT VERNON LIMITED PARTNERSHIP, a Washington limited partnership, the limited partnership that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of the corporation as general partner and of the limited partnership for the uses and purposes therein mentioned; and on oath stated that he was duly elected, qualified and acting as said officer of the corporation and that he was authorized to execute the said instrument on behalf of the corporation and that the seal affixed, if any, is the corporate seal of the corporation, and that the corporation was authorized to execute said instrument on behalf of the limited partnership.

IN WITNESS WHEREOF I have hereunto set my hand and official seal the day and year first above written.

KATHLEEN C. McCUSKER
STATE OF WASHINGTON
NOTARY --- PUBLIC
MY COMMISSION EXPIRES 12-09-05



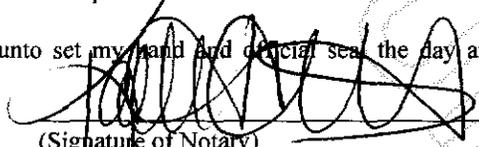
(Signature of Notary)
Kathleen C. McCusker
(Print or stamp name of Notary)
NOTARY PUBLIC in and for the State of WASHINGTON,
residing at King County
My appointment expires: 12/09/05

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this 6th day of Sept, 2005, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Sherman B. Kellar, to me known to be the person who signed as President of SHELTER AMERICA GROUP, a Washington non-profit corporation, the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that he was duly elected, qualified and acting as said officer of the corporation, that he was authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said corporation.

IN WITNESS WHEREOF I have hereunto set my hand and official seal the day and year first above written.

KATHLEEN C. McCUSKER
STATE OF WASHINGTON
NOTARY --- PUBLIC
MY COMMISSION EXPIRES 12-09-05



(Signature of Notary)
Kathleen C. McCusker
(Print or stamp name of Notary)
NOTARY PUBLIC in and for the State of WASHINGTON,
residing at King County
My appointment expires: 12/09/05



EXHIBIT "A"

LEGAL DESCRIPTION

Lots 97 through 104, inclusive, "PARKER BUSINESS CENTER," as per plat recorded in Volume 11 of Plats, pages 91 through 96, inclusive, records of Skagit County, Washington.

TOGETHER WITH those portions of the private roads in said Plat (up to the centerline thereof) abutting upon said tracts.

ALSO TOGETHER WITH an easement for ingress and egress over and across the private roads as shown on said plat as conveyed by instrument under Auditor's File No. 8009170066.

Situate in the City of Mount Vernon, County of Skagit, State of Washington.

End of Exhibit A



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