

AFTER RECORDING MAIL TO:
Land Title Escrow
P.O. Box 111
Burlington, WA 98233



200510140181
Skagit County Auditor

10/14/2005 Page 1 of 2 12:11PM

Filed for Record at Request of :
Land Title Company of Skagit
Escrow Number: 118406-SE

LAND TITLE OF SKAGIT COUNTY

Subordination Agreement

Reference Number(s):
Grantor(s): R. Jim Poland and Anna Poland
Grantee(s): Frontier Bank

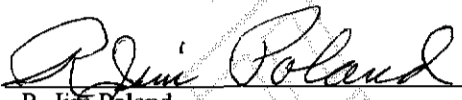
NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

The undersigned subordinator and owner agrees as follows:

1. R. Jim Poland and Anna Poland, husband and wife
referred to herein as "subordinator", is the owner and holder of a mortgage dated October 5, 2005
which is recorded in volume _____ of Mortgages, page _____
under auditor's file No. 200510140180, records of Skagit County.
Frontier Bank
2. referred to herein as "lender", is the owner and holder of a mortgage dated 09/29/2005
executed by Babbitt Properties, LLC
(which is recorded in volume _____ of Mortgages, page _____,
auditor's file No. 200510140178 records of Skagit County) (which
is to be recorded concurrently herewith). * With Assignment of Rents 200510140179
3. Babbitt Properties, LLC
referred to herein as "owner", is the owner of all the real property described in the mortgage 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 and all agreements in
connection therewith, the "subordinator" does hereby unconditionally subordinate the lien of his mortgage
identified in Paragraph 1 above to the lien of "lender's" mortgage, identified in Paragraph 2 above, and all
advances or charges made or accruing thereunder, including any extension or renewal thereof.
5. "Subordinator" acknowledges that, prior to the execution hereof, he has had the opportunity to examine
the terms of "lender's" mortgage, note and agreements relating thereto, consents to and approves same,
and recognizes that "lender" has no obligation to "subordinator" to advance any funds under its mortgage
or see to the application of "lender's" 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 "lender" would not make the loan secured by the mortgage 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
mortgage 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
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 6th day of October, 2005

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



R. Jim Poland

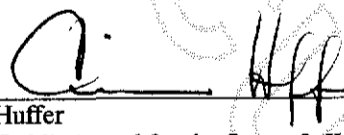


Anna Poland

State of Washington }
County of Skagit } SS:

I certify that I know or have satisfactory evidence that R. Jim Poland and Anna Poland is the person(s) who appeared before me, and said person(s) acknowledged that they signed this instrument and acknowledge it to be their free and voluntary act for the uses and purposes mentioned in this instrument.

Dated: October 6, 2005



CARRIE HUFFER
STATE OF WASHINGTON
NOTARY PUBLIC
MY COMMISSION EXPIRES 12-31-07

Carrie Huffer
Notary Public in and for the State of Washington
Residing at: Burlington
My appointment expires: 12/31/2007



200510140181
Skagit County Auditor