

**RETURN ADDRESS:**  
Summit Bank  
Mount Vernon  
2120 Freeway Dr  
Mount Vernon, WA  
98273



200603170005  
Skagit County Auditor

3/17/2006 Page 1 of 6 8:49AM

LAND TITLE OF SKAGIT COUNTY

**NOTICE: THIS SUBORDINATION OF LIEN 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.**

**SUBORDINATION OF LIEN**

Reference # (if applicable): 119871-SS

Additional on page \_\_\_\_

Grantor(s):

1. FOREST COURT LLC

200603160137

Grantee(s)

1. Summit Bank

9905060010

Legal Description: PTN GL 5, 14-35-10 E W.M. AKA LOT 3, SP 31-82, BOSSE SHORT PLAT

Additional on page \_\_\_\_

Assessor's Tax Parcel ID#: 351014-0-009-0507

**THIS SUBORDINATION OF LIEN dated March 6, 2006, is made and executed among SKAGIT STATE BANK ("Lienholder"); DONALD R CLARK and SHARON E CLARK ("Borrower"); and Summit Bank ("Lender").**

**SUBORDINATION OF LIEN  
(Continued)**

Loan No: 1092000056

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**SUBORDINATED INDEBTEDNESS.** Lienholder has extended the following described financial accommodations (the "Subordinated Indebtedness") to DONALD R CLARK and SHARON E CLARK ("Obligor"):

**A SECURITY INTEREST IN GOODS UNDER THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE, RCW 62A, DISCLOSED BY FINANCING STATEMENT FILED IN THE OFFICE OF THE COUNTY AUDITOR ON MAY 6, 1999 IN FAVOR OF SKAGIT STATE BANK WITH A CONTINUATION RECORDED ON MARCH 1, 2004 UNDER AUDITOR'S NO. 200403010021.**

**SUBORDINATED LIEN.** The Subordinated Indebtedness is secured by a lien dated May 6, 1999 from Grantor to Lienholder (the "Subordinated Lien") recorded in SKAGIT County, State of Washington as follows:

**FILED ON MAY 6, 1999 UNDER AUDITOR'S NO. 9905060010 WITH A CONTINUATION RECORDED ON MARCH 1, 2004 UNDER AUDITOR'S NO. 200403010021.**

**REAL PROPERTY DESCRIPTION.** The Subordinated Lien covers the following described real property (the "Real Property") located in SKAGIT County, State of Washington:

LOT 3, SHORT PLAT NO. 31-82, ALSO KNOWN AS "BOSSE SHORT PLAT", APPROVED DECEMBER 10, 1982 AND RECORDED DECEMBER 13, 1982 IN VOLUME 6 OF SHORT PLATS, PAGE 39, UNDER AUDITOR'S FILE NO. 8212130001, BEING A PORTION OF GOVERNMENT LOT 5 OF SECTION 14, TOWNSHIP 35 NORTH, RANGE 10 EAST, W.M.

SITUATE IN THE COUNTY OF SKAGIT, STATE OF WASHINGTON.

The Real Property or its address is commonly known as 58468 CLARK CABIN ROAD, ROCKPORT, WA 98283. The Real Property tax identification number is 351014-0-009-0507.

**REQUESTED FINANCIAL ACCOMMODATIONS.** Lienholder and Borrower each want Lender to provide financial accommodations to Borrower (the "Superior Indebtedness") in the form of (A) new credit or loan advances, (B) an extension of time to pay or other compromises regarding all or part of Borrower's present indebtedness to Lender, or (C) other benefits to Borrower. Borrower and Lienholder each represent and acknowledge to Lender that Lienholder will benefit as a result of these financial accommodations from Lender to Borrower, and Lienholder acknowledges receipt of valuable consideration for entering into this Subordination.

**LENDER'S LIEN.** As a condition to the granting of the requested financial accommodations, Lender has required that its lien on the Real Property ("Lender's Lien") be and remain superior to the Subordinated Lien.

\*Recorded 3/16/06 Auditors # 200603160137

**NOW THEREFORE THE PARTIES TO THIS SUBORDINATION HEREBY AGREE AS FOLLOWS:**

**SUBORDINATION.** The Subordinated Lien and the Subordinated Indebtedness secured by the Subordinated Lien is and shall be subordinated in all respects to Lender's Lien and the Superior Indebtedness, and it is agreed that Lender's Lien shall be and remain, at all times, prior and superior to the lien of the Subordinated Lien. Lienholder also subordinates to Lender's Lien all other Security Interests in the Real Property held by Lienholder, whether now existing or hereafter acquired. The words "Security Interest" mean and include without limitation any type of collateral security, whether in the form of a lien, charge, mortgage, deed of trust, assignment, pledge, chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

**LIENHOLDER'S REPRESENTATIONS AND WARRANTIES.** Lienholder represents and warrants to Lender that: (A) no representations or agreements of any kind have been made to Lienholder which would limit or qualify in any way the terms of this Subordination; (B) this Subordination is executed at Borrower's request and not at the request of Lender; (C) Lender has made no representation to Lienholder as to the creditworthiness of Borrower; and (D) Lienholder has established adequate means of obtaining from Borrower on a continuing basis information regarding Borrower's financial condition. Lienholder agrees to keep adequately informed from such means of any facts, events, or circumstances which might in any way affect Lienholder's risks under this Subordination, and Lienholder further agrees that Lender shall have no obligation to disclose to Lienholder information or material acquired by Lender in the course of its relationship with Lienholder.

**LIENHOLDER WAIVERS.** Lienholder waives any right to require Lender: (A) to make, extend, renew, or modify any loan to Borrower or to grant any other financial accommodations to Borrower whatsoever; (B) to make any presentment, protest, demand, or notice of any kind, including notice of any nonpayment of any Superior Indebtedness secured by Lender's Lien, or notice of any action or nonaction on the part of Borrower, Lender, any surety, endorser, or other guarantor in connection with the Superior Indebtedness, or in connection with the creation of new or additional indebtedness; (C) to resort for payment or to proceed directly or at once against any person, including Borrower; (D) to proceed directly against or exhaust any collateral held by Lender from Borrower, any other guarantor, or any other person; (E) to give notice of the terms, time, and place of any public or private sale of personal property security held by Lender from Borrower or to comply with any other applicable provisions of the Uniform Commercial Code; (F) to pursue any other remedy within Lender's power; or (G) to commit any act or omission of any kind, at any time, with respect to any matter whatsoever.

**LENDER'S RIGHTS.** Lender may take or omit any and all actions with respect to Lender's Lien without affecting whatsoever any of Lender's rights under this Subordination. In particular, without limitation, Lender may, without notice of any kind to Lienholder, (A) make one or more additional secured or unsecured loans to Borrower; (B) repeatedly alter, compromise, renew, extend, accelerate, or otherwise change the time for payment or other terms of the Superior Indebtedness or any part of it, including increases and decreases of the rate of interest on the Superior Indebtedness; extensions may be repeated and may be for longer than the original loan term; (C) take and hold collateral for the payment of the Superior Indebtedness, and exchange, enforce, waive, and release any such collateral, with or without the substitution of new collateral; (D) release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or guarantors on any terms or manner Lender chooses; (E) determine how, when and what application of payments and credits, shall be made on the Superior Indebtedness; (F) apply such security and direct the order or manner of sale of the security, as Lender in its discretion may determine; and (G) transfer this Subordination to another party.

**DEFAULT BY BORROWER.** If Borrower becomes insolvent or bankrupt, this Subordination shall remain in full force and effect. In the event of a corporate reorganization or corporate arrangement of Borrower under the provisions of the Bankruptcy Code, as amended, this Subordination shall remain in full force and effect and the court having jurisdiction over the reorganization or arrangement is hereby authorized to preserve such priority and subordination provided under this Subordination in approving any such plan of reorganization or arrangement. Any default by Borrower under the terms of the Subordinated Indebtedness also shall constitute an event of default under the terms of the Superior Indebtedness in favor of Lender.

**MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Subordination:



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**SUBORDINATION OF LIEN  
(Continued)**

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**Amendments.** This Subordination constitutes the entire understanding and agreement of the parties as to the matters set forth in this Subordination. No alteration of or amendment to this Subordination shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

**Expenses.** If Lender institutes any suit or action to enforce any of the terms of this Subordination, Lender shall be entitled to recover such sum as the court may adjudge reasonable. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees and title insurance, to the extent permitted by applicable law. Lienholder also will pay any court costs, in addition to all other sums provided by law.

**Authority.** The person who signs this Subordination as or on behalf of Lienholder represents and warrants that he or she has authority to execute this Subordination and to subordinate the Subordinated Indebtedness and the Lienholder's security interests in Lienholder's property, if any.

**Caption Headings.** Caption headings in this Subordination are for convenience purposes only and are not to be used to interpret or define the provisions of this Subordination.

**Governing Law.** This Subordination will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Washington without regard to its conflicts of law provisions. This Subordination has been accepted by Lender in the State of Washington.

**No Waiver by Lender.** Lender shall not be deemed to have waived any rights under this Subordination unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Subordination shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Subordination. No prior waiver by Lender, nor any course of dealing between Lender and Lienholder, shall constitute a waiver of any of Lender's rights or of any of Lienholder's obligations as to any future transactions. Whenever the consent of Lender is required under this Subordination, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

**Successors.** This Subordination shall extend to and bind the respective heirs, personal representatives, successors and assigns of the parties to this Subordination, and the covenants of Lienholder herein in favor of Lender shall extend to, include, and be enforceable by any transferee or endorsee to whom Lender may transfer any or all of the Superior Indebtedness.

**NOTICE: THIS SUBORDINATION 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.**

**EACH PARTY TO THIS SUBORDINATION ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS SUBORDINATION, AND EACH PARTY AGREES TO ITS TERMS. THIS SUBORDINATION IS DATED MARCH 6, 2006.**

**BORROWER:**

X Donald R Clark  
DONALD R CLARK, Individually

X Sharon E. Clark  
SHARON E CLARK, Individually

**LIENHOLDER:**

**SKAGIT STATE BANK**

By: Eel Zavalta  
Authorized Signer for SKAGIT STATE BANK

By: [Signature]  
Authorized Signer for SKAGIT STATE BANK

**LENDER:**

**SUMMIT BANK**

X \_\_\_\_\_  
Authorized Officer



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**SUBORDINATION OF LIEN  
(Continued)**

Loan No: 1092000056

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**INDIVIDUAL ACKNOWLEDGMENT**

STATE OF \_\_\_\_\_ )  
 ) SS  
COUNTY OF \_\_\_\_\_ )

On this day before me, the undersigned Notary Public, personally appeared **DONALD R CLARK and SHARON E CLARK**, personally known to me or proved to me on the basis of satisfactory evidence to be the individuals described in and who executed the Subordination of Lien, and acknowledged that they signed the Subordination as their free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

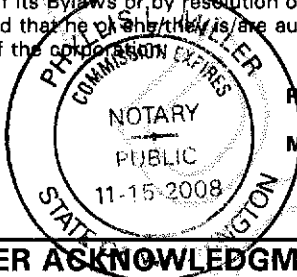
By \_\_\_\_\_ Residing at \_\_\_\_\_  
Notary Public in and for the State of \_\_\_\_\_ My commission expires \_\_\_\_\_

**CORPORATE ACKNOWLEDGMENT**

STATE OF Washington )  
 ) SS  
COUNTY OF Skagit )

On this 10<sup>th</sup> day of March, 2006, before me, the undersigned Notary Public, personally appeared Ed Zawala Vice President and Geoff Wachter Vice President of Skagit State Bank and personally known to me or proved to me on the basis of satisfactory evidence to be (an) authorized agent(s) of the corporation that executed the Subordination of Lien and acknowledged the Subordination 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/they is/are authorized to execute this Subordination and in fact executed the Subordination on behalf of the corporation.

By Phyllis A. Miller Residing at La Conner, WA  
Notary Public in and for the State of WA My commission expires 11-15-08

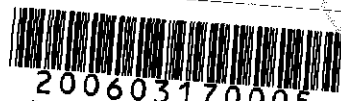


**LENDER ACKNOWLEDGMENT**

STATE OF \_\_\_\_\_ )  
 ) SS  
COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me, the undersigned Notary Public, personally appeared \_\_\_\_\_ and personally known to me or proved to me on the basis of satisfactory evidence to be the \_\_\_\_\_, authorized agent for the Lender that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of the said Lender, duly authorized by the Lender through its board of directors or otherwise, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this said instrument and that the seal affixed is the corporate seal of said Lender.

By \_\_\_\_\_ Residing at \_\_\_\_\_  
Notary Public in and for the State of \_\_\_\_\_ My commission expires \_\_\_\_\_



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INDIVIDUAL ACKNOWLEDGMENT

STATE OF WASHINGTON )  
 )SS  
COUNTY OF SNOHOMISH )

On this day before me, the undersigned Notary Public, personally appeared Donald R. Clark, personally known to me or proved to me on the basis of satisfactory evidence to be the individual described in and who executed the Loan Documentation as listed below, and acknowledged that he signed the Loan Documentation for Loan Number 1092000056, Lender, Summit Bank, as their free and voluntary act and deed, for the uses and purposes therein mentioned.

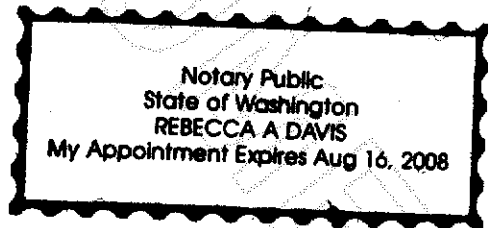
Given under my have and official seal this 9<sup>th</sup> day of March, 2006.

By Rebecca Davis Residing at Mansville, Wa

Notary Public in and for the State of WASH. My commission expires 8-16-08

**LOAN DOCUMENTATION FOR LOAN 1092000056**

- BUSINESS LOAN AGREEMENT
- PROMISSORY NOTE (TWO (2) COPIES)
- WA DEED OF TRUST
- WA HAZARDOUS SUBSTANCES CERTIFICATE AND INDEMNITY AGREEMENT
- WA SUBORDINATION OF DEED OF TRUST
- WA SUBORDINATION OF LIEN
- WA SUBORDINATION OF LIEN
- AGREEMENT TO PROVIDE INSURANCE
- NOTICE OF INSURANCE REQUIREMENTS
- DISBURSEMENT REQUEST AND AUTHORIZATION
- NOTICE OF FINAL AGREEMENT (2)



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INDIVIDUAL ACKNOWLEDGMENT

STATE OF WASHINGTON

COUNTY OF SNOHOMISH

)  
)SS  
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On this day before me, the undersigned Notary Public, personally appeared Sharon E. Clark, personally known to me or proved to me on the basis of satisfactory evidence to be the individual described in and who executed the Loan Documentation as listed below, and acknowledged that she signed the Loan Documentation for Loan Number 1092000056, Lender, Summit Bank, as their free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my have and official seal this 9<sup>th</sup> day of March, 2006.

By Rebecca Davis

Residing at Marysville, Wa

Notary Public in and for the State of WASH. My commission expires 8-16-06

**LOAN DOCUMENTATION FOR LOAN 1092000056**

- BUSINESS LOAN AGREEMENT
- PROMISSORY NOTE (TWO (2) COPIES)
- WA DEED OF TRUST
- WA HAZARDOUS SUBSTANCES CERTIFICATE AND INDEMNITY AGREEMENT
- WA SUBORDINATION OF DEED OF TRUST
- WA SUBORDINATION OF LIEN
- WA SUBORDINATION OF LIEN
- AGREEMENT TO PROVIDE INSURANCE
- NOTICE OF INSURANCE REQUIREMENTS
- DISBURSEMENT REQUEST AND AUTHORIZATION
- NOTICE OF FINAL AGREEMENT (2)

Notary Public  
 State of Washington  
 REBECCA A DAVIS  
 My Appointment Expires Aug 16, 2008



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