

200604210061
Skagit County Auditor

4/21/2006 Page 1 of 4 10:32AM

WHEN RECORDED RETURN TO:

Name: Jeff Capeloto
Address: 2707 Colby Ave. Suite 100
City, State, Zip: Everett, WA 98201

SUBORDINATION AGREEMENT

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 INSTRUMENT.

The undersigned subordinator, subordinatee, and owner agree as follows:

1. FIRST HERITAGE BANK referred to herein as "subordinator", is the owner and holder of a mortgage dated May 6, 2005, which was recorded with the Skagit County Auditor on May 12, 2005, under auditor's file No. 2005051120119 records of Skagit County, which mortgage is secured by the real property more particularly described in Exhibit A attached hereto ("the subject property").

2. COLLEGE WAY RETAIL, LLC referred to herein as "subordinatee" is the GRANTEE under a UTILITY EASEMENT dated April 12, 2006, executed by ERIC ERB, as Grantor and "subordinatee" as Grantee ("Utility Easement") which Utility Easement concerns the subject property is to be recorded concurrently herewith).
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3. ERIC ERB referred to herein as "owner", is the owner of the subject 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 "subordinatee" to execute and deliver the Utility Easement Agreement for recording and to pay the consideration recited therein to "owner" and to comply with all agreements in connection therewith, the "subordinator" does hereby unconditionally subordinate the lien of its mortgage identified in Paragraph 1 above to the lien of the Utility Easement identified in Paragraph 2 above.

5. It is understood by the parties hereto that "subordinatee" would not execute and deliver the Utility Easement to "owner" 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 mortgage first above mentioned to the lien or charge of the Utility Easement referred to above.

7. 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 11th day of April, 2006

FIRST HERITAGE BANK

Jeffrey Algarra, Vice President

ERIC ERB

[Signature]

COLLEGE WAY RETAIL, LLC

[Signature]

EXHIBIT A

SUBJECT PROPERTY

TRACT "B", SHORT PLAT NO MV-8-80, APPROVED JULY 7, 1980, RECORDED JULY 8, 1980, UNDER AUDITOR'S FILE NO 8007080001, IN BOOK 4 OF SHORT PLATS, PAGES 135 AND 136, RECORDS OF SKAGIT COUNTY, WASHINGTON, BEING A PORTION OF THE NORTH ½ OF THE NORTHWEST ¼ OF THE SOUTHWEST ¼ OF SECTION 17, TOWNSHIP 34 NORTH, RANGE 4 EAST, WM.

TAX PARCEL NO. P25988



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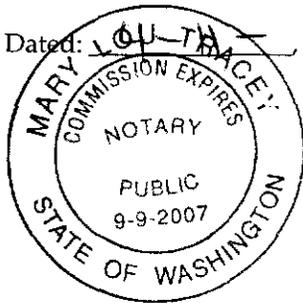
NOTARY BLOCKS:

STATE OF WASHINGTON)
COUNTY OF Snohomish) ss.

On this 11 day of April, 2006 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Jeffrey Garcia to me known to be the VP of FIRST HERITAGE BANK, the national banking corporation that executed the foregoing instrument, and acknowledged the 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 authorized to execute the said instrument.

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

Dated: 10-11-2006, 2006.

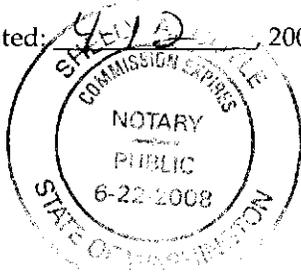


Mary Lou Tracey
Print Name: Mary Lou Tracey
Notary Public for the State of Washington
Residing at: Cashington
My Commission Expires: 9-9-07

STATE OF WASHINGTON)
COUNTY OF Snohomish) ss:

I certify that I know or have satisfactory evidence that **ERIC ERB** is the person who appeared before me, and said person acknowledged that she signed this instrument and acknowledged it to be her free and voluntary act for the uses and purposes therein mentioned in this instrument.

Dated: 4-11-2006, 2006.



Shelly A Coyle
Print Name: SHELLY A COYLE
Notary Public for the State of Washington
Residing at: Canary Island
My Commission Expires: 6-22-2008



200604210061
Skagit County Auditor

STATE OF WASHINGTON)
) ss.
COUNTY OF King)

On this 12th day of April, 2006 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared JOHN C. GRAHAM, to me known to be the Manager of COLLEGE WAY RETAIL, LLC, the limited liability company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said limited liability company, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument.

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

Dated: April 12, 2006.



Bernadette Marquez
Print Name: Bernadette Marquez
Notary Public for the State of Washington
Residing at: Seattle
My Commission Expires: 11/05/09

