



200604210135

Skagit County Auditor

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After recording return to:

D. Benjamin Lee
400 112th Ave. NE, Ste. 340
Bellevue, WA 98004
File No. 06-523

LAND TITLE OF SKAGIT COUNTY

120538-T

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 SECURITY INSTRUMENT.

The undersigned subordinator and owner agree as follows:

1. Associated Petroleum Products, Inc., a Washington Corporation, referred to herein as "subordinator", is the owner and holder of a Deed of Trust dated November 4, 2005, which is recorded on November 8, 2005, under auditor's file No. 200511080203, records of Skagit County, State of Washington.

The real property referred to herein is commonly known as 45284 State Rte. 20, Concrete, WA 98237

TAX PARCEL NO: 4605-001-015-0005; 4605-001-017-0102

SHORT LEGAL: Lots 11-17, Blk 1, Grassmere

2. Innovative Bank, referred to herein as "lender", is the owner and holder of a deed of trust dated 04/07, 2006, executed by HJJ Corporation (which is recorded on 4-21, 2006, under auditor's file No. 200604210132, records of Skagit County, Washington.

3. HJJ Corporation, a Washington Corporation, referred to herein as "owner", is the owner of all the real property described in the deed of trust identified above in Paragraph 1.

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 subordinate the lien of its mortgage identified in Paragraph 1 above to the lien of "lender's" mortgage, identified in Paragraph 2 above, provided that lender's collateral in the property shall not exceed \$1,030,000.00. Subordinator only agrees to subordinate its interest to lender's loan not to exceed this dollar amount.

5. "Subordinator" acknowledges that, prior to the execution thereof, he has had the opportunity to examine the terms of "lender's" mortgage, note and agreements relating thereto, consents to and approves the 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 agreement shall not defeat the subordination therein made 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 supersede and cancel any prior agreement 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 the 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" or "Claim of Lien or a Lien" and gender and number of pronouns considered to conform to undersigned.

Executed this 6th day of April, 2006.

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 PURPOSES OTHER THAN IMPROVEMENT OF THE LAND. IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS SUBORDINATION AGREEMENT, THE PARTIES CONSULT WITH THEIR ATTORNEY WITH RESPECT THERETO.

Associated Petroleum Products, Inc.:

By: _____

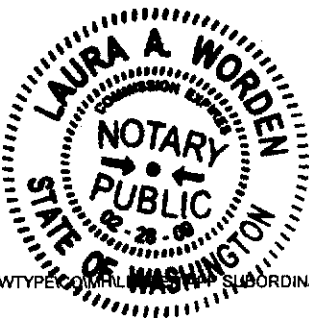
Lance P. Xitew, its VP

STATE OF WASHINGTON)

COUNTY OF Pierce) ss

On this 6th day of April, 2006 before the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Lance P. Xitew, as Vice-President of Associated Petroleum Products, Inc., to me known to be the individuals who executed the within and foregoing instrument, and acknowledged said instrument to be the corporation's free and voluntary act and deed, for the uses and purposes therein mentioned.

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



Laura A. Worden
Notary Public in and for the
State of Washington, residing
at: TOLLETT

My Commission expires: 2-28-09

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DESCRIPTION:

Lots 14 through 17, inclusive, Block 1, "GRASSMERE," as per plat recorded in Volume 3 of Plats, page 67, records of Skagit County, Washington.

EXCEPT Highway right-of-way, conveyed to the State of Washington by deed dated April 21, 1955, and recorded under Auditor's File No. 517399, records of Skagit County, Washington.

Situate in the County of Skagit, State of Washington.



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