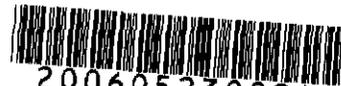


**AFTER RECORDING MAIL TO:**

James Grenz  
W. Kay Grenz  
22715 Knapp Road  
Mount Vernon, WA 98273



200605230094  
Skagit County Auditor

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Filed for Record at Request of :  
Land Title Company of Skagit  
Escrow Number: 120750-SE

LAND TITLE OF SKAGIT COUNTY

## Subordination Agreement

Reference Number(s):  
Grantor(s): YOUTHNET  
Grantee(s): JAMES & W. KAY GRENZ

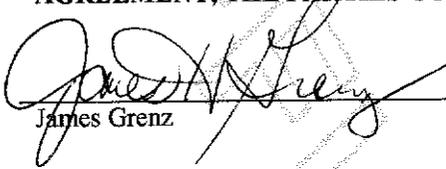
**NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.**

The undersigned subordinator and owner agrees as follows:

- JAMES GRENZ and W. KAY GRENZ, husband and wife**  
referred to herein as "subordinator", is the owner and holder of a mortgage dated May 18, 2006  
which is recorded in volume \_\_\_\_\_ of Mortgages, page \_\_\_\_\_  
under auditor's file No. 200605230093, records of Skagit County.  
**GEORGE E. LEE and CHRISTINE DOOLING LEE, husband and wife**
- referred to herein as "lender", is the owner and holder of a mortgage dated May 18, 2006  
executed by **YOUTHNET, a Washington Public Benefit Corporation**  
(which is recorded in volume \_\_\_\_\_ of Mortgages, page \_\_\_\_\_,  
auditor's file No. 200605230092 records of Skagit County) (which  
is to be recorded concurrently herewith).
- YOUTHNET, a Washington Public Benefit Corporation**  
referred to herein as "owner", is the owner of all the real property described in the mortgage identified  
above in Paragraph 2.
- 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.
- "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.
- It is understood by the parties hereto that "lender" would not make the loan secured by the mortgage in  
Paragraph 2 without this agreement.
- 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.
- 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 23rd day of May, 2006

**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.**

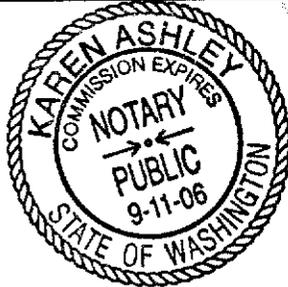
  
James Grenz

  
W. Kay Grenz

State of Washington }  
County of Skagit } SS:

I certify that I know or have satisfactory evidence that James Grenz and W. Kay Grenz 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: May 23<sup>rd</sup>, 2006



  
Karen Ashley  
Notary Public in and for the State of Washington  
Residing at: Sedro-Woolley  
My appointment expires: 9/11/06



200605230094  
Skagit County Auditor

## EXHIBIT A

### PARCEL "A":

Lots 6, 7 and 8, Block 16, "BALL & LEDGER'S FIRST ADDITION TO MOUNT VERNON", as per plat recorded in Volume 1 of Plats, page 1, records of Skagit County, Washington.

EXCEPT the South 10 feet of said Lot 6.

TOGETHER WITH the vacated East 12 ½ feet of Third Street adjoining said property on the West.

EXCEPT that portion condemned for State Highway No. 1 by decree entered on July 2, 1954, in Superior Court for Skagit County Cause No. 22607, records of Skagit County, Washington.

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

### PARCEL "B":

That portion of Block 16, "BALL & LEDGER'S FIRST ADDITION TO MOUNT VERNON", as per plat recorded in Volume 1 of Plats, page 1, records of Skagit County, Washington, described as follows:

Beginning at the Northeast corner of said Block 16;  
thence South along the East line of said Block 16, 60 feet;  
thence West 162.5 feet to the East line of Third Street, as established in the City of Mount Vernon;  
thence North along the East line of Third Street, 60 feet to the South line of Fulton Street;  
thence East along the South line of Fulton Street 162.5 feet to the point of beginning; (also sometimes being known as Lots 9 and 10, Block 16, Ball & Ledger's First Addition to Mt. Vernon, and that portion of the Vacated East 12.5 feet of Third Street adjoining said Lot),

EXCEPT that portion thereof conveyed to the State of Washington for highway purposes by deed recorded May 28, 1954, under Auditor's File No. 502169, records of Skagit County, Washington.

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

EXCEPTING from both Parcels A and B above, that portion conveyed to the State of Washington by deed recorded July 29, 2003, under Auditor's File No. 200307290160.



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Skagit County Auditor

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