

When Recorded Return to:
Evergreen Community Development
901 5th Avenue, Suite 2900
Seattle, WA 98164



200806020139
Skagit County Auditor

6/2/2008 Page 1 of 11 3:11PM

SUBORDINATION AGREEMENT

Chicago Title IC45507
Escrow BE11903

Reference Number(s) of Document Subordinated: 200505110051 and
200806 200806020137

Grantor(s): U.S. Small Business Administration

Grantee(s): Bank of America, N. A.

Legal Description: Lots 1B and 1C of Bay Ridge Business Park Binding Site Plan BSP
No. 00-0054; being a ptn. Of the E/2 of the NE Sec. 3, T34N,
R3ewm
Full legal description on page 11

Tax Parcel ID #: 8034-000-002-0000 and 8034-000-003-0000

THIS AGREEMENT is dated for reference on May 22, 2008 and is by and
between, Munson Properties, LLC, ("Owner"), Bank of America, N. A. ("Lender"), and
the Small Business Administration, an agency of the United States of America ("SBA").

RECITALS:

Owner executed a Deed of Trust dated, May 3, 2005 to secure a note in the sum of
\$632,000.00 in favor of Evergreen Community Development Association ("CDC"). This
Deed of Trust was recorded on May 11, 2005, as 200505110051 at Skagit County. The
Deed of Trust has been assigned by CDC to SBA and will be referred to herein as the
"SBA Security Instrument."

Owner has also executed, or is about to execute, a Deed of Trust to secure a note
not to exceed \$425,110.00, dated May 29, 2008, in favor of Lender. Lender's
Security Instrument is to be recorded concurrently herewith. Recorded under
Auditor's File No. 200806 200806020137

As a condition precedent to Lender's performance under the loan agreement, the SBA Security Instrument must be subordinated to the Lender's Security Instruments. SBA is willing to subordinate the lien of the SBA Security Instrument provided it retains its lien priority with respect to all other legal or equitable interest in the property.

AGREEMENT:

In consideration of the mutual benefits accruing to the parties and to induce Lender to make a loan to Owner, it is hereby agreed and understood as follows:

- (1) Lender's Security Instruments, and any renewals or extensions thereof, shall be a lien on the property prior to the lien of the SBA Security Instrument.
- (2) Lender would not make its loan without this Subordination Agreement.
- (3) Except as expressly provided herein, this agreement shall not operate or be construed to alter the priority of the SBA Security Instrument with regard to any legal or equitable interest in the property. Owner and Lender shall hold SBA harmless from any impairment of its lien (with regard to any third party) which is occasioned by this subordination.
- (4) SBA's agreement to subordinate its lien interest to that of the Lender is expressly conditioned on the following:
 - a.) Lender and Owner's execution of this agreement.
 - b.) All guarantors' written consent to this agreement.

This Agreement is void if these conditions are not met.

- (1) (5) All proceeds of Lender's loan must be used for the improvements of the project property and to pay for customary closing costs.
- (6) Compliance with 504 Loan Program Requirements. Lender confirms that the note evidencing the Lender Loan, any lien instruments securing the Lender Loan, and all other documents executed in connection with the Lender Loan ("Lender's Loan Documents") (a) have no open-ended features and allow reasonable future advances only for the costs of collection the obligor is liable for under the Lender's Loan Documents, maintaining collateral, and/or protecting the lien(s) securing the Lender Loan, (b) are not cross-collateralized with any other financing now or hereafter to be provided by Lender, (c) have no early call features, (d) are not payable on demand unless the Lender Loan is in default, (e) have a term that at least equals, and do not require a balloon payment prior to, the term of the previous Third Party Lender Loan unless SBA has approved a shorter term, (f)



have a reasonable interest rate that does not, and will not, exceed the maximum interest rate for a Third Party Loan as published by SBA and in effect as of the date of this Agreement, and (g) do not establish a preference in favor of Lender, as compared to CDC and SBA, related to making, servicing, or liquidating the Lender Loan (including but not limited to, with respect to repayment, collateral, guarantees, control, maintenance of a compensating balance, purchase of a certificate of deposit, or acceptance of a separate or companion loan) other than Lender's senior lien position(s) on the Collateral. Lender agrees that if Lender's Loan Documents or any provision therein does not comply with these requirements, then Lender waives its right to enforce any such non-complying document or provision unless Lender has obtained the prior written consent of CDC and/or SBA permitting such enforcement.

(7) Subordination of Default Charges. "Default Charges" mean any prepayment penalties, fees, or charges incurred in prepaying the Lender Loan, in whole or in part, prior to the stated maturity; any late fees or charges due in connection with the Lender Loan; any escalated, increased, or default interest charged in excess of the rate of interest in Lender's note absent a default, event of default, or other delinquency; and any other default charges, penalties, or fees of any nature whatsoever due because of a default, event of default, or other delinquency in connection with the Lender Loan. Lender hereby subordinates the collection of any Default Charges to the collection by CDC and/or SBA of the 504 Loan and, to the extent that Lender's Loan Documents secure any Default Charges, Lender hereby subordinates such lien(s) to the lien(s) securing the 504 Loan.

(8) Notice of Default Under the Lender Loan. If any default, event of default or delinquency, upon which Lender intends to take action, occurs under the Lender's Loan Documents, then Lender agrees to give CDC and SBA written notice of such default, event of default or delinquency and the opportunity to cure the default, event of default, or delinquency and bring the Lender Loan current or to purchase Lender's note, provided that the amount to bring the Lender Loan current or to purchase Lender's note will be net of all amounts attributable to Default Charges. Lender further agrees that if Lender receives from CDC or SBA any amounts attributable to Default Charges, then Lender will immediately remit such amounts to SBA. Notice hereunder must be given within thirty (30) days after the default, event of default or delinquency upon which Lender intends to take action and at least sixty (60) days prior to the date of any proposed sale of Collateral and Lender will not sell all or any portion of the Collateral without giving CDC and the SBA such notice. A default in the obligation secured by the Lender's Mortgage may be cured (including purchase of the property at foreclosure sale) by the SBA via cash, certified funds, or a United States Treasury check, at the option of the SBA. Notice under this Agreement shall be deemed to have been given when sent by certified or registered mail, return receipt requested, addressed, as the case may be, to



Evergreen Community Development Association (CDC) at 901 5th Avenue, Suite 2900, Seattle, WA 98164, Attention: Servicing, and also to the SBA at 2719 North Air Fresno Drive, Suite 107, Fresno, California 93727.

(9) Collection and Liquidation. In the event that either the Lender Loan or the 504 Loan is declared in default; Lender, CDC and SBA agree to cooperate in liquidating and/or selling the Collateral. Lender agrees (a) to accept cash, certified funds or a U.S. Treasury check(s) in connection with any purchase of Lender's note or any foreclosure or liquidation bid by CDC or SBA; (b) to provide CDC and SBA with the loan payment status, loan payment history, and an itemized payoff statement of the Lender Loan; (c) to provide CDC and SBA with copies of any appraisals, environmental investigations, or title examinations or searches of the Collateral conducted by or for Lender; and (d) to provide any other information about Borrower or the Lender Loan requested by CDC and/or SBA in writing.

(10) No Implied Third Party Beneficiaries. Except to the extent stated in this Agreement, this Agreement does not modify or affect otherwise any other agreement that either party may have with third parties, including but not limited to, Borrower. This Agreement also does not grant any right, benefit, priority, or interest to any third parties, including but not limited to, Borrower.

(11) Successors and Assigns. This Agreement shall inure to the benefit of and bind the respective parties to this Agreement and their respective heirs, successors and assigns, including any party acquiring the Lender Loan or Lender's Loan Documents by sale, assignment, or other transfer.

(12) Federal Law. When SBA is the holder of the note evidencing the 504 Loan, this Agreement and all documents evidencing or securing the 504 Loan will be construed in accordance with federal law. CDC or SBA may use local or state procedures for purposes such as filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using these procedures, SBA does not waive any federal immunity from local or state control, penalty, tax, or liability. No Borrower or guarantor of the 504 Loan may claim or assert against SBA any local or state law to deny any obligation of Borrower, or defeat any claim of SBA with respect to the 504 Loan.

(13) Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, and all of which together constitute one and the same instrument.



200806020139

Skagit County Auditor

U.S. SMALL BUSINESS ADMINISTRATION

By: EVERGREEN COMMUNITY DEVELOPMENT ASSOCIATION, ITS
ATTORNEY-IN-FACT

By:

Edna Peterson
Assistant Vice President

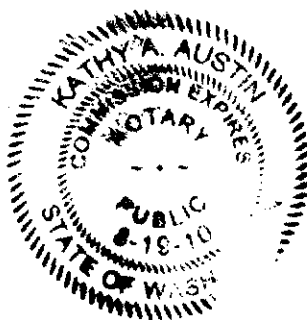
Type or print name and title

STATE OF WASHINGTON)

COUNTY OF KING)

ss.

I certify that I know or have satisfactory evidence that Edna Peterson is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the Asst Vice President of EVERGREEN COMMUNITY DEVELOPMENT ASSOCIATION, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.



(Seal or stamp)

Dated May 29, 2008

Kathy A. Austin
(Signature)

Kathy A. Austin
(Print Name)

NOTARY PUBLIC in and for the State of
Washington, residing at Maple Valley
My appointment expires: 8-18-10




200806020139

Skagit County Auditor

OWNER(S)

Munson Properties, LLC

By 
Jan M. Munson, Member

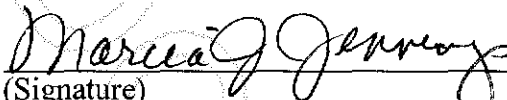
By 
William E. Munson, Member

STATE OF WASHINGTON)

County of Skagit) ss.

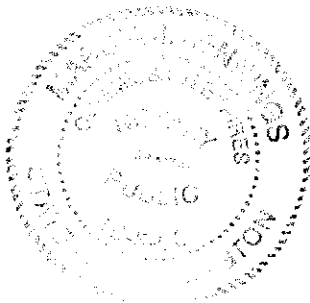
I certify that I know or have satisfactory evidence that Jan M. & William E. Munson are the persons who appeared before me, and said persons acknowledged that they signed this instrument, on oath stated that they are authorized to execute the instrument and acknowledged it as the Members of Munson Properties, LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated May 30, _____, 2008


(Signature)

Marcia J. Jennings
(Print Name)

NOTARY PUBLIC in and for the State of
Washington, residing at Sedro Woolley
My appointment expires: 10/5/2008



(Seal or stamp)



LENDER

Bank of America, N.A.

By: Sigrid Schumacher, Vice Pres.
Sigrid Schumacher, Vice Pres.
Type or print name and title

STATE OF WASHINGTON

COUNTY OF Skagit

} ss.
}

I certify that I know or have satisfactory evidence that Sigrid Schumacher is the person who appeared before me, and said person acknowledged that he~~(she)~~ signed this instrument, on oath stated that he~~(she)~~ was authorized to execute the instrument and acknowledged it as the Vice President of Bank of America, N.A. to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated May 30, 2008

Marcia J. Jennings
(Signature)

Marcia J. Jennings
(Print Name)

NOTARY PUBLIC in and for the State of Washington, residing at Sedro Woolley
My appointment expires: 10/15/2008

(Seal or stamp)



The undersigned Guarantor(s)/Borrower(s) hereby consent to all terms above and acknowledge their liability for the above referenced SBA loan is in no manner diminished by this agreement.

William E. Munson Company

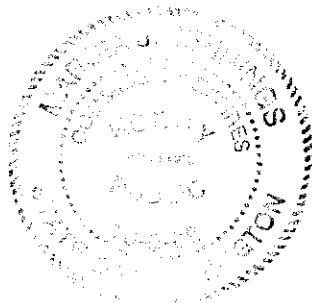
By: 

William E. Munson, President

STATE OF WASHINGTON)

COUNTY OF Skagit) ss.

I certify that I know or have satisfactory evidence that William E. Munson is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the President of William E. Munson Company to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.



(Seal or stamp)

Dated May 30, 2008

Marcia J. Jennings
(Signature)

Marcia J. Jennings
(Print Name)

NOTARY PUBLIC in and for the State of
WA, residing at Sedro Woolley.
My appointment expires: 10/5/2008.



Jan M. Munson
Jan M. Munson

STATE OF WASHINGTON)
COUNTY OF Skagit) ss.

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

Dated May 30, 2008

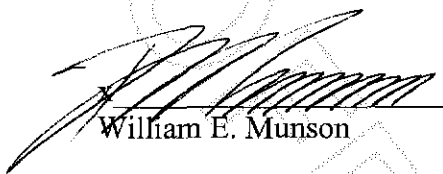
Marcia J. Jennings
(Signature)

Marcia J. Jennings
(Print Name)

NOTARY PUBLIC in and for the State of
WA, residing at Sedro Woolley.
My appointment expires: 10/5/2008.

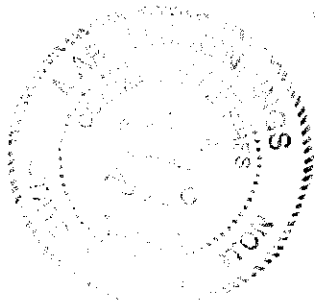
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William E. Munson

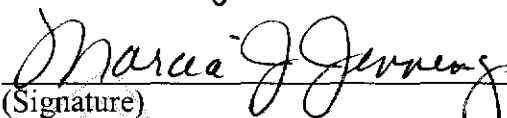
STATE OF WASHINGTON)
COUNTY OF Skagit) ss.

I certify that I know or have satisfactory evidence that William E. Munson is the person who appeared before me, and said person acknowledged that he signed this instrument and acknowledged it to be the free and voluntary act for the uses and purposes mentioned in the instrument.



(Seal or stamp)

Dated May 30, 2008


(Signature)

Marcia J. Jennings
(Print Name)

NOTARY PUBLIC in and for the State of
WA, residing at Sedro Woolley.
My appointment expires: 10/5/2008.



EXHIBIT "A"

Lots 1B and 1C of BAY RIDGE BUSINESS PARK BINDING SITE PLAN, BSP NO. 00-154, approved October 29, 2001, and recorded October 29, 2001, under Auditor's File No. 200110290120, records of Skagit County, Washington; being a portion of Lot 1, SKAGIT COUNTY SHORT PLAT NO. 96-012 in the East Half of the Northeast Quarter of Section 3, Township 34 North, Range 3 East of the Willamette Meridian.

Situated in Skagit County, Washington.

- END OF EXHIBIT "A" -



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Skagit County Auditor