

After Recording Return To:
Peter A. Deming
Attorney at Law
P.O. Box 68
Kent, WA 98035



200806300224

Skagit County Auditor

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LAND TITLE OF SKAGIT COUNTY

130102-P

SUBORDINATION AGREEMENT

Reference # of Related Documents: ²⁰⁰⁸⁰⁶³⁰⁰²¹⁸ 200806300215; 200702160124;
200702160125; 200801110084

Grantor: (1) Whidbey Island Bank

Grantee: (1) Ameritrust CDC

Abbreviated Legal: Lot 2, Blk 22, Syndicate Add. To LaConner

Tax Parcel ID No.: 4128-022-002-0001 (Property I.D. No.: P74397)

THIS AGREEMENT is made and entered into effective as of the 30th day of June, 2008, by Whidbey Island Bank, ("Bank"), whose address is 321 SE Pioneer Way, Oak Harbor, WA 98277.

WITNESSETH:

WHEREAS, Ameritrust CDC, a Washington nonprofit corporation, ("Mortgagee"), whose address is 1420 5th Avenue, Suite 2200, Seattle, WA 98101 has agreed to make a loan to McCarthy Investments, LLC, and Heron Inn, Inc., repayment of which is to be secured by a Deed of Trust, and Assignment of Leases and Rents (herein collectively referred to as the "Mortgage") on real estate (the "Premises") legally described as:

SEE EXHIBIT "A" ATTACHED HERETO AND BY THIS REFERENCE INCORPORATED HEREIN; and

*AF# 200806300215

**AF# 200806300218

WHEREAS, the Mortgage is to be recorded in the county where the Premises are situate; and

WHEREAS, Bank is the present Beneficiary under the following documents (the "Security Instruments") which encumber the Premises and the property which is collateral for the Mortgage:

- (1) Deed of Trust dated February 15, 2007 and recorded February 16, 2007, under Skagit County Auditor's File No. 200702160124, records of Skagit County, Washington;
- (2) Assignment of Rents dated February 15, 2007 and recorded February 16, 2007, under Skagit County Auditor's File No. 200702160125, records of Skagit County, Washington;
- (3) Deed of Trust dated January 11, 2008 and recorded January 11, 2008, under Skagit County Auditor's File No. 200801110084, records of Skagit County, Washington;

WHEREAS, as a condition precedent to Mortgagee's disbursement of loan proceeds, Mortgagee has required that Bank subordinate the Security Instruments and its interest in the Premises under the Security Instruments in all respects to the lien of the Mortgage; and

WHEREAS, Mortgagee is disbursing the loan proceeds in reliance upon the agreements contained in this Agreement.

NOW, THEREFORE, in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party hereto, it is hereby agreed as follows:

1. **SUBORDINATION**. The Security Instruments, and the rights of Bank in, to or under the Security Instruments, are hereby subjected and subordinated and shall remain in all respects and for all purposes subject, subordinate and junior to the lien of the Mortgage, and to the rights and interest of the holder of the Mortgage from time-to-time, as fully and with the same effect as if the Mortgage had been duly executed, acknowledged and recorded, and the indebtedness secured thereby had been fully disbursed prior to the execution and recording or filing of the Security Instruments.

2. **RELIANCE BY MORTGAGEE**. Bank is executing this instrument in order to induce Mortgagee to disburse the indebtedness secured by the Mortgage, and Bank further agrees that the disbursement by Mortgagee of all or any part of the indebtedness shall constitute conclusive reliance by Mortgagee upon this Agreement and the provisions hereof and the subordination effected hereby.



3. **SUCCESSORS AND ASSIGNS.** This Agreement and each and every covenant, agreement and other provisions hereof shall be binding upon Bank and Bank's heirs, administrators, representatives, successors and assigns, including without limitation each and every from time to time holder of the Security Instruments or any of them or any other person having an interest therein and shall inure to the benefit of Mortgagee and its successors and assigns.

4. **CHOICE OF LAW.** This Agreement is made and executed under and in all respects is to be governed and construed by the laws of the state where the Premises are situate.

5. **CAPTIONS AND HEADINGS.** The captions and headings of the various sections of this Agreement are for convenience only and are not to be construed as confining or limiting in any way the scope or intent of the provisions hereof. Whenever the context requires or permits, the singular shall include the plural, the plural shall include the singular and the masculine, feminine and neuter shall be freely interchangeable.

IN WITNESS WHEREOF, Bank has caused this Agreement to be executed as of the date first above.

[Signatures on Next Page]



BANK:
Whidbey Island Bank

By: Tim Northrop

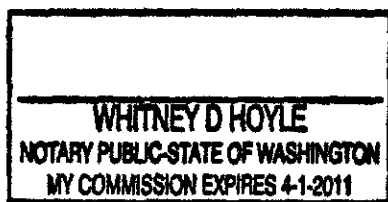
Print Name: Tim Northrop

Title: Vice President

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that Tim Northrop
is the person who signed this instrument, and acknowledged it as
the Vice President of WHIDBEY ISLAND
BANK to be the free and voluntary act of such entity for the uses and purposes mentioned in the
instrument.

DATED this 30th day of June, 2008.



Whitney D. Hoyle
Whitney D. Hoyle
[Print Name]

NOTARY PUBLIC in and for the State
of Washington.

My appointment expires: 4-1-2011



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Skagit County Auditor

EXHIBIT "A"
LEGAL DESCRIPTION

LOT 2, BLOCK 22, "MAP OF SYNDICATE ADDITION TO THE TOWN OF LA
CONNER, SKAGIT CO. WASH.", AS PER PLAT RECORDED IN VOLUME 2 OF
PLATS, PAGE 109, RECORDS OF SKAGIT COUNTY, WASHINGTON.

SITUATE IN THE TOWN OF LACONNER, COUNTY OF SKAGIT, STATE OF
WASHINGTON.



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Skagit County Auditor