

Return Address:
Northwest Farm Credit Services
PO Box 966
Burlington, WA 98233



201105310069
Skagit County Auditor

5/31/2011 Page 1 of 5 9:39AM

LAND TITLE OF SKAGIT COUNTY

139398-0

Please print neatly or type information

Document 1 Title: Subordination Agreement	
Reference #s: 200906120126; 200808260112; 201004050192;	
Additional Reference #s on page 201007270076; 201105310068	
Grantors:	Grantees:
Northwest Farm Credit Services, PCA	Northwest Farm Credit Services, FLCA

Additional grantors on page

Additional grantees on page

Document 2 Title:	
Reference #s:	
Additional Reference #s on page	
Grantors:	Grantees:

Additional grantors on page

Additional grantees on page

Legal description (abbreviated form: i.e. lot, blk, plat or S,T,R quarter/quarter):

SW1/4 of SW1/4, 5-33-4 E.W.M.

Additional legal is on page 2

Assessor's Property Tax Parcel/Account Numbers:

330405-3-005-0001

p16391

SUBORDINATION AGREEMENT

WHEREAS, Northwest Farm Credit Services, PCA, (hereinafter referred to as "PCA") is the holder of loans to Smith and Morrison Farms, L.L.C., a limited liability company; Bradley S. Smith; Patricia A. Smith; Richard H. Smith; Darrin L. Morrison; Keith E. Morrison; Marily J. Morrison; Wendy M. Morrison; Jennifer J. Smith, ("Borrower"), designated as Loan Nos. 68428-241, 68428-242, and 53185-243, evidenced as follows:

Note dated June 11, 2009, in the face amount of \$597,920.00 and secured by Mortgage given to Northwest Farm Credit Services PCA, dated June 11, 2009, recorded on June 12, 2009, as Instrument No. 200906120126, records of Skagit County, State of Washington, covering in whole or in part the property described in Exhibit A attached hereto and incorporated herein by this reference, ("Property").

Note dated March 31, 2010, in the face amount of \$359,550.00 and secured by Mortgage given to Northwest Farm Credit Services PCA, dated August 20, 2008, recorded on August 26, 2008, as Instrument No. 200808260112 and a Mortgage dated March 31, 2010, recorded on April 5, 2010, as Instrument No. 201004050192, records of Skagit County, State of Washington, covering in whole or in part the property described in Exhibit A attached hereto and incorporated herein by this reference, ("Property").

Note dated July 14, 2010, in the face amount of \$346,369.54 and secured by Mortgage given to Northwest Farm Credit Services PCA, dated July 14, 2010, recorded on July 27, 2010, as Instrument No. 201007270076, records of Skagit County, State of Washington, covering in whole or in part the property described in Exhibit A attached hereto and incorporated herein by this reference, ("Property").

WHEREAS, Borrower has applied for a loan from Northwest Farm Credit Services, FLCA (hereinafter referred to as FLCA) to be designated as Loan No. 68428-441, and evidenced as follows:

Note dated May 23, 2011, in the face amount of 278,400.00, and secured by Mortgage given to FLCA, dated May 23, 2011, recorded on May 31, 2011, as Instrument No. 201105310068, records of Skagit County, State of Washington, and Financing Statement filed on _____, as filing No. _____, records of Skagit County, State of Washington, covering in whole or in part the Property.

NOW, THEREFORE, in consideration of FLCA making Loan No. 68428-441 to Borrower, FLCA, PCA, and Borrower agree as follows:

PCA's interest in the Property under the Loan Nos. 68428-241, 68428-242, and 53185-243 is subordinate to FLCA's interest in the Property under Loan No. 68428-441, including all interest, advances or charges made or accruing under Loan No. 68428-441, if any.

In the event Borrower shall default in the obligations to FLCA under Loan No. 68428-441 prior to satisfaction of Loan Nos. 68428-241, 68428-242, and 53185-243, the proceeds from any foreclosure sale, less expenses of the sale, shall be distributed first to Loan No. 68428-441 with the balance of the proceeds, if any, distributed to Loan Nos. 68428-241, 68428-242, and 53185-243.

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This Agreement does not affect Lender's right to enforce any Loan documents, for either Loan No. 68428-441 or Loan Nos. 68428-241, 68428-242, and 53185-243, in accordance with their terms and this Agreement does not alter the relative priority of liens on any collateral other than the Property.

This Agreement shall be for the benefit of and binding upon the heirs, personal representatives, successors and assigns of all parties to this Agreement.

Dated: May 23, 2011

NORTHWEST FARM CREDIT SERVICES, PCA

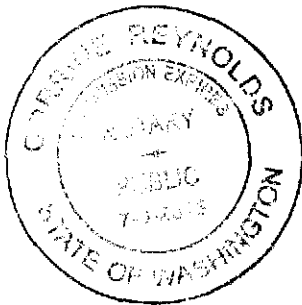
By: [Signature]
Authorized Agent

NORTHWEST FARM CREDIT SERVICES, FLCA

By: [Signature]
Authorized Agent

STATE OF Washington
County of Skagit) ss.

On this 27th day of May, 2011, before me personally appeared Jon Vanderkey, known to me to be an authorized agent of the Northwest Farm Credit Services, PCA, that executed the within instrument, and acknowledged to me that such corporation executed the same as its free act and deed; and on oath stated that he/she was authorized to execute said instrument.



Corkine Reynolds
Printed Name Corkine Reynolds
Notary Public for the State of Washington
Residing at LaConner
My commission expires 7/3/12

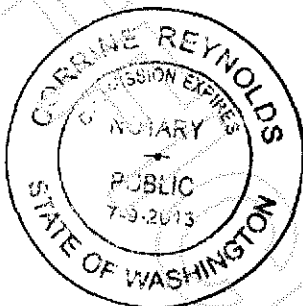
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STATE OF Washington
County of Skagit)ss.

On this 27th day of May, 2011, before me personally appeared Jon Vander Keay, known to me to be an authorized agent of the Northwest Farm Credit Services, FLCA, that executed the within instrument, and acknowledged to me that such corporation executed the same as its free act and deed; and on oath stated that he/she was authorized to execute said instrument.



Corrine Reynolds
Printed Name Corrine Reynolds
Notary Public for the State of Washington
Residing at Lalorner
My commission expires 7/9/13

BORROWER(S):

The undersigned hereby acknowledges the foregoing Subordination Agreement and confirms that notwithstanding the Subordination Agreement, the obligations of each of the undersigned under or in connection with the Loan Documents executed by it are and shall remain in full force and effect, in accordance with their respective terms.

Smith and Morrison Farms, L.L.C., a limited liability company

By: Richard H. Smith
Richard H. Smith, a Manager

By: Darrin L. Morrison
Darrin L. Morrison, a Manager

Bradley S. Smith
Bradley S. Smith

Patricia A. Smith
Patricia A. Smith

Richard H. Smith
Richard H. Smith

Darrin L. Morrison
Darrin L. Morrison

Keith E. Morrison
Keith E. Morrison

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Marilyn J. Morrison
Marilyn J. Morrison

Wendy M. Morrison
Wendy M. Morrison

Jennifer J. Smith
Jennifer J. Smith

UNOFFICIAL DOCUMENT

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