

When recorded mail to:
Mike S. DeLeo
Peterson Russell Kelly, PLLC
1850 Skyline Tower
10900 NE Fourth St.
Bellevue, WA 98004



201110260058
Skagit County Auditor

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CHICAGO TITLE
620013454

Document Title:	SUBORDINATION AGREEMENT
Grantor:	LINDAL CEDAR HOMES, LLC
Grantee:	WASHINGTON TRUST BANK
Legal Description:	PORTION OF BLOCKS 3, 4, 6-9/ ALBERTSON'S ADDITION/ VOLUME 4/ PAGE 1/ RECORDS OF SKAGIT COUNTY, WASHINGTON
Additional Description:	PAGE 9
Reference No.:	N/A
Tax Parcel Nos.:	P72436 and 4078-009-011-0007

SUBORDINATION

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE REAL 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. Lindal Cedar Homes, Inc. whose address is 4300 South 104th Place, Seattle, WA 98178 and referred to herein as "Subordinator," is the present owner and holder of a Promissory Note ("Subordinator's Note") secured by a Deed of Trust and Security Agreement ("Subordinator's Deed of Trust") dated October 23, 2008, which was recorded under Auditor's File No. 200810230008, records of Skagit County, Washington.

2. Washington Trust Bank, referred to herein as "Lender" is the owner and holder of a Deed of Trust ("Lender's Deed of Trust") dated as of September 9, 2011, executed by Spruce Street, LLC, a Washington limited liability company, as Grantor, in favor of Lender as Beneficiary, which Lender's Deed of Trust was recorded under Auditor's File No. 201110260057, records of Skagit County, Washington (which is to be recorded concurrently herewith). The legal description of the real property (the "Real Property") encumbered by the Subordinator's Deed of Trust and Lender's Deed of Trust is attached hereto as Exhibit A and is incorporated herein by this reference.

3. In consideration of benefits to Subordinator from Owner, the receipt and sufficiency of which are hereby acknowledged, and to induce Lender to advance funds under Lender's Deed of Trust and all agreements in connection therewith, the Subordinator does hereby unconditionally subordinate the liens and interests granted under Subordinator's Deed of Trust and Subordinator's Assignment of Leases in and against the Real Property to the lien and interest of Lender's Deed of Trust in and against the Real Property, and all advances or charges made or accruing thereunder, including any extension or renewal thereof.

4. Subordinator acknowledges that, prior to the execution hereof, it has had the opportunity to examine the terms of Lender's Deed of Trust, the Promissory Note secured by such Lender's Deed of Trust ("Lender's Note") and agreements relating thereto, consents to and approves same, and recognizes that Lender has no obligation to Subordinator to advance any funds under Lender's Deed of Trust or see to the application of Lender's loan evidenced by the Lender's Note (the "Loan"), which is secured by Lender's Deed of Trust, and any application or use of such funds for purposes other than those provided for in Lender's Deed of Trust, Lender's Note or agreements shall not defeat the subordination herein made in whole or in part.

5. Subordinator acknowledges that of the Lender's Note and Lender's Deed of Trust will prohibit payment of interest or principal on the Subordinator's Note and/or Subordinator's Deed of Trust and that Lender shall retain full payment blockage rights by the Borrower on the Subordinator's Note.

6. It is understood by the parties hereto that Lender would not make the Loan secured by Lender's Deed of Trust 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 and/or charge and/or interest of Subordinator's Deed of Trust and shall supersede and cancel any prior agreements as to such, or any, previous subordination.

8. The successors and assigns in interest of the Subordinator shall be bound by this agreement.

Executed this ___ day of September 2011.

LINDAL CEDAR HOMES, INC.
a Washington corporation

By: 
Robert W. Lindal
Title: President



NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE ENTITY 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 WITH THEIR ATTORNEYS WITH RESPECT THERETO.

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this 8th day of September 2011, I certify that I know or have satisfactory evidence that Robert W. Lindal 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 President of **LINDAL CEDAR HOMES, INC.** to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Sherrill H. McCullough
Printed Name: Sherrill H. McCullough
Notary Public in and for the State of Washington
Residing at: Psidium
My Appointment Expires: 6/10/14

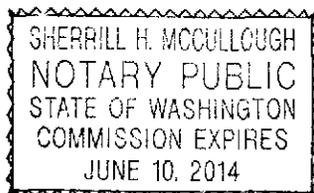


EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

That portion of the East Half and the North 25 feet of the West Half of Block 3; all of Block 4, in Skagit County, Washington, described as follows:

The East Half and the North 25 feet of the West Half of Block 3; all of Block 4, EXCEPT the North 25 feet of the West Half;

the South 13 feet of Lot 8, Block 6 and all of Blocks 7, 8 and 9 inclusive, all located in Albertson's Addition to the Town of Burlington, according to the plat thereof, recorded in Volume 4 of Plats, page 1, records of Skagit County, Washington;

Also together with those portions of Acre Street and Mount Vernon Street vacated by City of Burlington Ordinance No. 874 and that portion of Byron Street vacated by City of Burlington Ordinance No. 880;

EXCEPT the West 15 feet of Byron Street adjacent to Block 5 of said Plat;

AND EXCEPT the East 15 feet of the North 50 feet of Byron Street as vacated by said Ordinance No. 880.

SITUATE IN THE COUNTY OF SKAGIT, STATE OF WASHINGTON

Subordination Agreement

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