



201207090095

Skagit County Auditor

7/9/2012 Page

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9 3:17PM

After recording return to:

Eric K. Glidewell, Esq.

Womble Carlyle Sandridge & Rice, LLP

271 17th Street NW, Suite 2400

Atlanta, Georgia 30363

CHICAGO IC 40564

STATE OF WASHINGTON)

COUNTY OF SKAGIT)

CROSS-REFERENCE TO DEED OF TRUST

recorded as document number 200704250001, and

AGREEMENT recorded as document number

201101140041, and Addendum to Agreement

recorded as document number 201101140042, all in

the Office of the Skagit County Auditor in Skagit

County, Washington

201207090094

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT (this "Agreement") is entered into effective as of June 1 2012, by and among CASCADE CHRISTIAN CENTER OF SKAGIT VALLEY, a Washington non-profit corporation ("Church"), FIRST BAPTIST CHURCH OF MOUNT VERNON, a Washington non-profit corporation ("Junior Creditor"), and RELIANCE TRUST COMPANY, a Georgia bank and trust company ("Trustee"), in its capacity as Trustee for the holders of the First Security Instrument Bonds Series 2007 dated April 20, 2007 issued by Church (collectively, the "Bonds").

RECITALS

A. Church and Trustee have heretofore entered into that certain Trust Indenture dated April 20, 2007 (the "Original Trust Indenture"), in connection with the issuance of the Bonds by Church;

B. Pursuant to the terms of the Bonds and the Original Trust Indenture, Church obligated itself to make monthly sinking fund payments to the Trustee and semi-annual distributions of principal and interest to the holders of the Bonds (the "Bondholders");

C. As collateral for the Bonds pursuant to the terms of the Original Trust Indenture, Church pledged to Trustee certain real and personal property (the "Property") described in that certain Deed of Trust, Assignment of Rents and Security Agreement, Financing Statement, and Fixture Filing dated April 17, 2007 recorded on April 25, 2007 as document number 200704250001 in the Office of the Skagit County Auditor in Skagit County, Washington (the "Senior Mortgage");

D. Church is indebted to Junior Creditor as evidenced by that certain Revolving Line of Credit Agreement dated June 17, 2009 recorded as document number 201101140041, as modified by that certain Addendum to the Revolving Line of Credit Agreement dated December 31, 2012 recorded as document number 201101140042, all in the Office of the Skagit County Auditor in Skagit County, Washington, which agreement purports to grant a junior mortgage interest in the Property (together with all other documents, agreements or instruments executed in connection with or evidencing any obligations owed by Church to Junior Creditor and all Uniform Commercial Code Financing Statements filed in favor of Junior Creditor in connection therewith, collectively the "Junior Secured Documents");

E. Church defaulted in the performance of the terms, conditions and covenants of the Original Trust Indenture by failing to pay in full when due the sinking fund payments on the Bonds and by failing to pay in full when due the interest maturities under the terms of the Bond;

F. Trustee and Church have entered into that certain Supplemental Trust Indenture of even date herewith (the "Supplemental Indenture"), pursuant to a final non-appealable order entered on April 30, 2012 by the Superior Court, Fulton County, Georgia, Case No. 2011CV209387;

G. In connection with the execution and delivery of the Supplemental Trust Indenture, Trustee and Church have modified the Senior Mortgage pursuant to that certain Modification Agreement of even date herewith, (the "Modification Agreement") (the Original Trust Indenture, the Supplemental Indenture, the Senior Mortgage, the Modification Agreement, and all other documents, agreements or instruments executed in connection with or evidencing any obligations owed by Church to Trustee and all Uniform Commercial Code Financing Statements filed in favor of Trustee in connection therewith are collectively referred to herein as the "Senior Secured Documents");

H. Trustee and Junior Creditor desire to enter into this Agreement to (i) confirm the priority of the security interests of Trustee in the assets and properties of Church, including, without limitation, the Property and (ii) address related matters; and

I. Church and Junior Creditor are entering into this Agreement to, among other things, induce Trustee to enter into the Supplemental Indenture and Modification Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and Ten Dollars (\$10.00), in hand paid by each of the parties hereto to the others, the receipt and sufficiency of which are hereby acknowledged, the parties mutually agree as follows:

1. SUBORDINATION BY JUNIOR CREDITOR.

(a) Junior Creditor hereby subordinates all claims, security interest and liens it may have against, or with respect to any of the Property to any security interest, lien or claim of Trustee. The Junior Secured Documents, and all right, title and interest thereunder, are hereby subordinated in all respects and subject to and junior to the Senior Secured Documents, so that the Senior Secured Documents and security interests in and to the Property stated therein and all assets and revenues related to the Property named therein, shall be superior in all respects to the rights of Junior Creditor, its successors and assigns under the Junior Secured Documents or otherwise, and Trustee's liens and security interest in the Property named therein shall constitute first priority liens and security interests in such Property.



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(b) The subordinations and priorities specified herein are applicable irrespective of the time, manner or order of creation, attachment or perfection of any security interests, liens or other claims, or the time or order of filing of any financing statements, or the giving or failure to give notice of the acquisition or expected acquisition of any purchase money security interest or other security interests.

(c) To the extent that Trustee receives payment of the Indebtedness (defined below) owed to Trustee by Church prior to the termination of this Agreement, which payment is thereafter set aside or required to be repaid in whole or in part, then, to the extent of any sum not finally retained by Trustee, the subordination of the interest of Junior Creditor in the Property shall be reinstated and in full force and effect notwithstanding termination of this Agreement.

(d) Until Trustee has notified Junior Creditor that all Indebtedness owed to Trustee by Church has been indefeasibly paid in full, Junior Creditor hereby agrees not to enforce its security interest in any of the Property, including without limitation any security interests granted under any of the Junior Secured Documents, nor to attach, levy upon, execute against, exercise any rights to, assert any claim on or interest in, take any action against, notify account debtors of, or institute any proceedings with respect to any of the Property.

(e) Junior Creditor hereby agrees that if at any time it should receive or otherwise be in possession of any of the Property, or any money, property, or proceeds at any time and from time to time through foreclosure or bankruptcy or insolvency proceedings or otherwise under or with respect to any of its liens and security interests in any Property, the Property and such money, and proceeds relating thereto shall, until the Indebtedness owed by Church to Trustee has been indefeasibly paid in full, be received or held by Junior Creditor in trust for Trustee segregated from all other properties it owns or holds, and Junior Creditor shall turn over to Trustee the identical remittances as promptly as possible with all necessary endorsements thereon to be applied by Trustee to the payment of all costs and expenses including reasonable attorney fees and legal expenses incurred by Trustee in seeking to collect or enforce any rights under any of the Property and in seeking to collect the Indebtedness owed by Church to Trustee and to enforce rights under any agreement or instrument relating to any of the indebtedness owed by Church to Trustee, and to the payment of the remainder of the Indebtedness owed by Church to Trustee.

(f) The foregoing notwithstanding, nothing in this Agreement shall prohibit Church from making, or Junior Creditor from accepting, regularly scheduled payments under the Junior Secured Documents.

(g) The word "Indebtedness" as used herein shall mean any and all advances, debts, obligations and liabilities of Church heretofore, now or hereafter made, incurred or created, whether voluntary or involuntary and however arising, whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, and whether Church may be liable individually or jointly with others, including without limitation, obligations and liabilities arising from notes, repurchase agreements and trust receipts, and any and all interest and other amounts thereon which may accrue subsequent to Church becoming subject to any state or federal debtor-relief statute.

2. Agreement to be Continuing; Application to Church's Indebtedness. This Agreement shall be a continuing agreement and shall apply to any and all Indebtedness of Church to Trustee including, without limitation, the Indebtedness evidenced by the Senior Secured Documents (the "Senior Debt") and any and all Indebtedness of Church to Junior Creditor including, without

limitation, the Indebtedness evidenced by the Junior Secured Documents (the "Junior Debt"), in each case that is now existing or hereafter arising, including any Indebtedness arising under successive transactions, related or unrelated, and notwithstanding that from time to time all Indebtedness theretofore existing may have been paid in full. This Agreement shall constitute the entire agreement between the parties with respect to the subject matter hereof and shall not be amended except with the written consent of both Junior Creditor and Trustee. The subordinations and priorities specified herein shall remain in full force and effect, regardless of whether either party rescinds, amends, waives any provision of, terminates or reforms, by litigation or otherwise, its respective financing agreement or agreements or any other agreement with Church.

3. Representations and Warranties; Information. Church and Junior Creditor represent and warrant to Trustee that at the time of and immediately after giving effect to this Agreement and the Senior Secured Documents: (a) no interest in any Junior Debt has been assigned or otherwise transferred to any person or entity; (b) payment of the Junior Debt has not been heretofore subordinated to any other creditor of Church; (c) Junior Creditor has the requisite power and authority to enter into and perform its obligations under this Agreement; and (d) no default or event of default has occurred and is continuing under any of the Subordinated Secured Documents. Junior Creditor further represents and warrants to Trustee that it has established adequate, independent means of obtaining from Church on a continuing basis financial and other information pertaining to Church's financial condition. Junior Creditor agrees to keep adequately informed from such means of any facts, events or circumstances which might in any way affect Junior Creditor's risks hereunder, and Junior Creditor agrees that Trustee shall have no obligation to disclose to such Junior Creditor information or material about Church which is acquired by Trustee in any manner. Trustee may, at Trustee's sole option and without obligation to do so, disclose to Junior Creditor any information or material relating to Church which is acquired by Trustee by any means, and Church hereby agrees to and authorizes any such disclosure by Trustee.

4. Consent. Junior Creditor hereby consents to (a) the indebtedness and liens created in favor of Trustee pursuant to the Senior Secured Documents and (b) Church's execution of the Senior Secured Documents. Further, Junior Creditor hereby waives compliance with any provision in the Subordinated Secured Documents which prohibits, or has the effect of prohibiting, the indebtedness created by the Senior Secured Documents or the creation of Trustee's liens on the Property.

5. Breach of Agreement by Church or Junior Creditor. In the event of any breach of this Agreement by Church or Junior Creditor, then and at any time thereafter Trustee shall have the right to declare immediately due and payable all or any portion of any Senior Debt, without presentment, demand, or any other notices of any kind, including without limitation notice of nonperformance, protest, notice of protest, notice of dishonor, notice of intention to accelerate or notice of acceleration, all of which are expressly waived by Church and Junior Creditor.

6. Costs, Expenses and Attorneys' Fees. If any party hereto institutes any arbitration or judicial or administrative action or proceeding to enforce any provisions of this Agreement, or alleging any breach of any provision hereof or seeking damages or any remedy, the losing party or parties shall pay to the prevailing party or parties all costs and expenses, including reasonable attorneys' fees (to include outside counsel fees), actually expended or incurred by the prevailing party or parties in connection therewith, whether incurred at the trial or appellate level, in an arbitration proceeding or otherwise, and including any of the foregoing incurred in connection with any bankruptcy proceeding (including without limitation, any adversary proceeding, contested matter or motion brought by Trustee or any other person) relating to Church, Junior Creditor or any other person or entity.



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7. **Notices.** All notices, requests, consents and other communications required or permitted to be given under this Agreement shall be in writing, shall be delivered (i) when hand-delivered (either in person by the party giving such notice, or by its designated agent, or by commercial courier); or (iii) on the third (3rd) business day (which term means a day when the United States Postal Service, or its legal successor is making regular deliveries of mail on all of its regularly appointed week-day rounds in Atlanta, Georgia) following the day (as evidenced by proof of mailing) upon which such notice is deposited, postage pre-paid, certified mail, return receipt requested, and shall be addressed as set forth below (unless and until changed by a party by notice given in accordance herewith):

Trustee:

Reliance Trust Company
1100 Abernathy Road NE, Suite 400
Atlanta, Georgia 30328-5634
Attn: Kathy Knapp

Junior Creditor:

First Baptist Church of Mount Vernon
103 N. Fifth Street
Mount Vernon, Washington 98273
Attn: GARY DURANCEAU

Church:

CASCADE CHRISTIAN CENTER OF SKAGIT VALLEY
2901 Martin Road
Mount Vernon, Washington 98273
Attention: Gary Duranceau, President

8. **MISCELLANEOUS.**

(a) Trustee shall have no direct or indirect obligations to Junior Creditor of any kind with respect to the manner or time in which Trustee exercises (or refrains from exercising) any of its rights or remedies with respect to the Senior Debt, Church or any of Church's assets. Junior Creditor understands that there may be various agreements between Trustee and Church evidencing and governing the Senior Debt, and Junior Creditor acknowledges and agrees that such agreements are not intended to confer any benefits on Junior Creditor. Junior Creditor further acknowledges that Trustee may administer the Senior Debt and any of Trustee's agreements with Church in any way Trustee deems appropriate, without regard to Junior Creditor or the Junior Debt. Junior Creditor waives any right Junior Creditor might otherwise have to require a marshalling of any security held by Trustee for all or any part of the Senior Debt or to direct or affect the manner or timing with which Trustee enforces any of its security. Nothing in this Agreement shall impair or adversely affect any right, privilege, power or remedy of Trustee with respect to the Senior Debt, Church or any assets of Church, including, without limitation, Trustee's right to: (a) waive, release or subordinate any of Trustee's security or rights; (b) waive or ignore any defaults by Church; and/or (c) restructure, renew, modify or supplement the Senior Debt, or any portion thereof, or any agreement with Church relating to any Senior Debt. All rights, privileges, powers and remedies of Trustee may be exercised from time to time by Trustee without notice to or consent of Junior Creditor.



(b) No other person shall have or obtain any right, benefit, priority or interest under this Agreement.

(c) No delay on the part of Junior Creditor or Trustee in exercising any right, power or privilege granted hereunder shall operate as a waiver thereof and no purported waiver of any default, breach or violation of any term or provision contained herein shall be deemed to be a waiver of such term or provision unless the waiver is in writing and signed by the waiving party. No such waiver shall in any event be deemed a waiver of any subsequent or other default, breach or violation. The rights or remedies herein expressly specified are cumulative and not exclusive of any other rights and remedies which the parties would otherwise have.

(d) This Agreement shall be binding upon and inure to the benefit of the heirs, executors, administrators, legal representatives, successors and assigns of the parties.

(e) This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall be deemed to constitute one agreement.

(f) All words used herein in the singular shall be deemed to have been used in the plural where the context so requires.

(g) If any provision of this Agreement shall be held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such waiver or other provision or any remaining provisions of this Agreement.

(h) This Agreement shall be governed by and construed in accordance with the laws of the State of Georgia.

(i) Time is of the essence hereunder.

(Signatures on following page)



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IN WITNESS WHEREOF, Church, Trustee, and Junior Creditor have executed and delivered this Subordination Agreement under seal and have intended the same to be and become effective as of the day and year first above written.

CHURCH:

CASCADE CHRISTIAN CENTER OF SKAGIT VALLEY

Wayne Hawkins

WITNESS

Name: WAYNE HAWKINS

By: Gary Duranceau

Name: Gary Duranceau

Title: President

ACKNOWLEDGEMENT

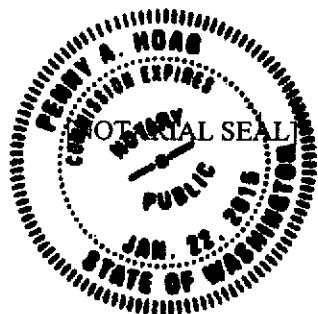
STATE OF WASHINGTON)

) ss.

COUNTY OF SKAGIT)

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Gary Duranceau known to me to be the President of CASCADE CHRISTIAN CENTER OF SKAGIT VALLEY, a nonprofit corporation organized and existing under the laws of the State of Washington, that executed the foregoing instrument, and being known to me to be the person who executed the foregoing instrument on behalf of said corporation, and acknowledged to me that such individual executed the same as the act of such corporation for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 12th day of June, 2012.



Penny A. Hoag
Notary Public in and for Skagit
County, Washington

Printed Name: Penny A. Hoag

My Commission Expires: 1-22-2015



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JUNIOR CREDITOR:

FIRST BAPTIST CHURCH OF MOUNT VERNON

Wayne Hawkins

WITNESS

Name: WAYNE HAWKINS

By: David B. Cleave

Name: DAVID B. CLEAVE

Title: Finance Committee Chair & Outreach Ch.

ACKNOWLEDGEMENT

STATE OF WASHINGTON)

) ss.

COUNTY OF Skagit)

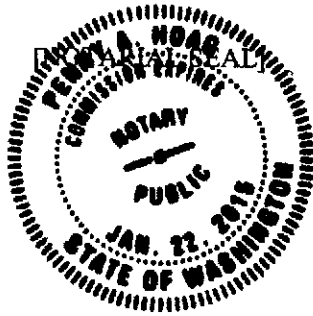
BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared David Cleave known to me to be the Board Chairman of FIRST BAPTIST CHURCH OF MOUNT VERNON, a nonprofit corporation organized and existing under the laws of the State of Washington, that executed the foregoing instrument, and being known to me to be the person who executed the foregoing instrument on behalf of said corporation, and acknowledged to me that such individual executed the same as the act of such corporation for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 12th day of June, 2012.

Penny A. Hoag
Notary Public in and for Skagit
County, Washington

Printed Name: Penny A. Hoag

My Commission Expires: 12-2015



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TRUSTEE:

Signed, sealed and delivered in the
presence of the following two witnesses:

RELIANCE TRUST COMPANY,
in its capacity as Trustee for the Bondholders

Print Name: LINDA C. DOZIER-JONES

By: Kathy E Knapp
Name: Kathy E. Knapp
Title: Vice President

ACKNOWLEDGEMENT

STATE OF GEORGIA)

) ss.

COUNTY OF Fulton)

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Kathy E. Knapp, known to me to be the Vice President of Reliance Trust Company, a Georgia bank and trust company, that executed the foregoing instrument, and being known to me to be the person who executed the foregoing instrument on behalf of said corporation, and acknowledged to me that such individual executed the same as the act of such corporation for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 21st day of June,
2012.

Julia Beebe
Notary Public in and for Gwinnett
County, Georgia

Printed Name: JULIA BEEBE

My Commission Expires: January 4, 2015

[NOTARIAL SEAL]



[Signature Page 3 of 3 to Subordination]



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