

AFTER RECORDING MAIL TO:

Whidbey Island Bank-Burlington
P.O. Box 302/1800 S. Burlington Blvd.
Burlington, WA 98233



Kathy Hill, Skagit County Auditor
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Filed for Record at Request of
Land Title Company of Skagit County
Escrow Number: P-93950-E

LAND TITLE COMPANY OF SKAGIT COUNTY **Subordination Agreement**

Reference Number(s):

Grantor(s): Clear Lake LLC

Grantee(s): Whidbey Island Bank

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

The undersigned subordinator and owner agrees as follows:

1. Clear Lake LLC

referred to herein as "subordinator", is the owner and holder of a mortgage dated August 16th, 2000 which is recorded in volume _____ of Mortgages, page _____ under auditor's file No. 200008170080, records of Skagit County.

2. Whidbey Island Bank

referred to herein as "lender", is the owner and holder of a mortgage dated August 17th, 2000 executed by Brian E. Lipscomb, a single person (which is recorded in volume _____ of Mortgages, page _____, under auditor's file No. 200008170079 records of Skagit County) (which is to be recorded concurrently herewith). (Includes additional property)

3. BRIAN E. LIPSCOMB, a single person

referred to herein as "owner", is the owner of all the real property described in the mortgage identified above in Paragraph 2.

4. In consideration of benefits to "subordinator" from "owner", receipt and sufficiency of which is hereby acknowledged, and to induce "lender" to advance funds under its mortgage and all agreements in connection therewith, the "subordinator" does hereby unconditionally subordinate the lien of his mortgage identified in Paragraph 1 above to the lien of "lender's" mortgage, identified in Paragraph 2 above, and all advances or charges made or accruing thereunder, including any extension or renewal thereof.

5. "Subordinator" acknowledges that, prior to the execution hereof, he has had the opportunity to examine the terms of "lender's" mortgage, note and agreements relating thereto, consents to and approves same, and recognizes that "lender" has no obligation to "subordinator" to advance any funds under its mortgage or see to the application of "lender's" mortgage funds, and any application or use of such funds for purposes other than those provided for in such mortgage, note or agreements shall not defeat the subordination herein made in whole or in part.

6. It is understood by the parties hereto that "lender" would not make the loan secured by the mortgage in Paragraph 2 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 or charge of the mortgage first above mentioned to the lien or charge of the mortgage in favor of "lender" above referred to and shall supercede and cancel any prior agreements as to such, or any, subordination including, but not limited to, those provisions, if any, contained in the mortgage first above mentioned, which provide for the subordination of the lien or charge thereof to a mortgage or mortgages to be thereafter executed.

8. The heirs, administrators, assigns and successors in interest of the "subordinator" shall be bound by this

agreement. Where the word "mortgage" appears herein it shall be considered as "deed of trust", and gender and number of pronouns considered to conform to undersigned.

Executed this 17th day of August, 2000

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

W A Rimmer
Clear Lake LLC
(Subordinator)

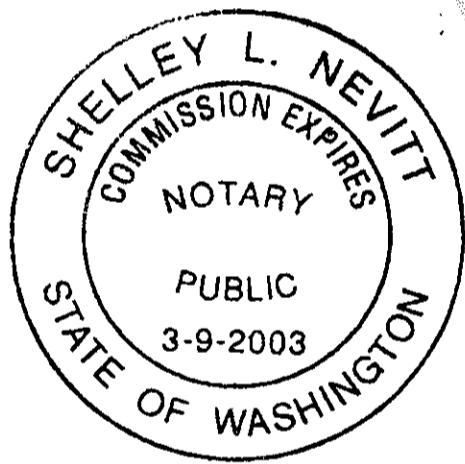
Brian E. Lipscomb
Brian E. Lipscomb
(Owner)


STATE OF Washington }
County of Skagit } SS:

I certify that I know or have satisfactory evidence that William A. Rimmer signed this instrument, on oath stated that he is authorized to execute the instrument and acknowledged it as the Managing Member of Clear Lake LLC to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated: August 17, 2000

Shelley L. Nevitt
Shelley L. Nevitt
Notary Public in and for the State of Washington
Residing at Mount Vernon
My appointment expires: 3/09/2003




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ACKNOWLEDGMENT

ATTACHED TO and made a part
of Subordination Agreement

STATE OF Washington }
County of Skagit } SS:

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

Dated: August 17th, 2000



Shelley L. Nevitt
Notary Public in and for the State of Washington
Residing at Mount Vernon
My appointment expires: 3/09/2003

