

After Recording Return To:

Island Title Company
P O Box 670
Burlington WA 98233



200105300070

, Skagit County Auditor

5/30/2001 Page 1 of 8 12:56:01PM

SUBORDINATION AGREEMENT AND AGREEMENT REGARDING FIRST LIEN

Island Title B17978

Escrow BE4943

Grantor(s): SEAVER, JAMES M. and SEAVER, PAMELA L.
RUSSELL, JAMES A. and RUSSELL, VICKI A.

Additional names on page ___ of document

Grantee(s): WASHINGTON FEDERAL SAVINGS

Additional names on page ___ of document

Abbreviated Legal Description (lot, block and plat name, or section-township-range):

Lot 5, Block M. MAP OF LA CONNER, Vol. 2, Pg. 49

Additional legal description is on page 7 of document

Assessor's Property Tax Parcel Account Number(s): 4123-013-005-0002

Reference Numbers of Assigned or Released Documents (if applicable):

Reference numbers of additional documents on page ___ of document

SUBORDINATION AGREEMENT AND AGREEMENT REGARDING FIRST LIEN

This Subordination Agreement and Agreement Regarding First Lien (this "Agreement") is entered into this 29th day of May, 2001, by and between

Washington Federal Savings ("Mortgagee"), and James M. Seaver and Pamela L. Seaver, husband and wife, and James A. Russell and Vicki A. Russell, husband and wife ("Second Lender"). Second Lender is the holder of a promissory note executed by Nord Northwest Corporation, a Washington corporation, and Richard G. and Dawn M. Nord, husband and wife ("Borrower"), which note ("Second Note") is to be secured by a deed of trust ("Second Deed of Trust") in favor of Second Lender covering certain real property owned by Nord Northwest Corporation legally described on Exhibit A attached hereto and incorporated herein by this reference (the "Property").

1. **First Mortgage.** Mortgagee is presently the holder and owner of a promissory note executed by Borrower in the original amount of Two Hundred Twenty Four Thousand and no/100s** Dollars (\$224,000.00), dated May 29, 2001, as renewed or consolidated (the "Note"), together with a deed of trust dated May 29, 2001, which secures the Note and which was recorded on May 30, 2001, under Skagit County Auditor's No. 2001053000068 (the "Mortgage") and creates a lien against the Property.

2. **Status and Future Advances.** The Note and Mortgage are presently in good standing. There have been no amendments or modifications to the terms of the Mortgage. There is presently no default thereunder, nor has any event occurred which would constitute a default but for the passage of time or the giving of notice or both. There is due on the Note and there is secured by the Mortgage an unpaid balance of not more than Two Hundred Twenty Four Thousand Dollars (\$224,000.00) as of May 29, 2001, with accrued interest thereon having been paid through May 29, 2001. Mortgagee will not, except with prior approval by Second Lender, make further advances to be secured by the Mortgage other than those made for payment of insurance premiums for the Property, delinquent taxes, or repairs necessary to preserve the Property to the extent such obligations are not performed by the Borrower under the terms of the Mortgage.

3. **Other Encumbrances.** Mortgagee has no notice of any mortgages, liens, or encumbrances against the Property other than the Note and Mortgage and the Second Note and Second Deed of Trust.



4. **Subordination.** Second Lender hereby agrees that the Second Deed of Trust* and all right, title and interest of Second Lender in, to and under the Second Deed of Trust is now, and shall at all times continue to be, unconditionally subject and subordinate in each and every respect, to the Mortgage and to any and all renewals, modifications, extensions, substitutions, replacements and/or consolidations of the Mortgage made in accordance with this Agreement. Notwithstanding anything to the contrary in the Note or Mortgage, Mortgagee hereby consents to the Second Deed of Trust and confirms that the execution and recording of the Second Deed of Trust does not create a default under the Mortgage.

**under Auditor's File Number 200105300069.

5. **Notice of Default; Opportunity to Cure.** Mortgagee will not take any steps to realize upon the Property without first giving Second Lender written notice of its intention to take such action and specifying the event or events of default then outstanding. Second Lender shall then have a period of not more than twenty (20) days from the date it received such written notice to cure such default, and Mortgagee shall take no action so long as Second Lender cures such default.

6. **Notice.** Notice shall be given by personal delivery to or by registered or certified mail directed to the parties at the address set forth below. Unless hereafter changed in writing, the addresses to which notices should be sent are as follows:

6.1 Mortgagee:

Washington Federal Savings

P.O. Box 428

Stanwood, Washington 98292

6.2 Second Lender:

c/o James Seaver

7007 58th Drive N.E.

Marysville, WA 98270

7. **Condemnation and Insurance.** In the event of a condemnation or recovery of insurance proceeds, all sums payable to Borrower under the Mortgage shall be paid directly to Second Lender to be applied to amounts owing under the Second Note and Second Deed of Trust. Second Lender shall pay any excess to Borrower or such other party as shall be entitled thereto.



8. **Reliance by Second Lender.** Mortgagee acknowledges that Second Lender is relying on the confirmations and agreements set forth herein as a material consideration to consummating the contemplated transaction between Second Lender and Borrower.

9. **Assumption by Assignee.** Mortgagee agrees that it shall not transfer the Note and Mortgage to any assignee who does not assume and agree to be bound by the terms hereof.

DATED as of the date first above written.

MORTGAGEE:

Washington Federal Savings

By

Jed C. Johnson
Its Assistant Vice President and
Branch Manager

SECOND LENDER:

[Signature]
JAMES M. SEAVER

Pamela L. Seaver
PAMELA L. SEAVER

[Signature]
JAMES A. RUSSELL

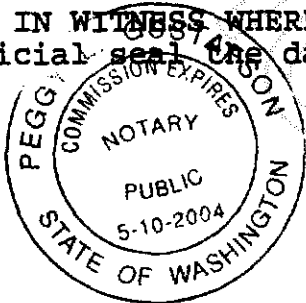
Vicki A. Russell
VICKI A. RUSSELL



STATE OF WASHINGTON)
)
COUNTY OF SNOHOMISH) SS.

On this 29TH day of MAY, 2001, before me, a Notary Public in and for the State of Washington, personally appeared TED JOHNSON, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument, on oath stated that HE was authorized to execute the instrument, and acknowledged it as the ASSISTANT VICE PRESIDENT of WASHINGTON FEDERAL SAVINGS to be the free and voluntary act and deed of said WASHINGTON FEDERAL SAVINGS for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

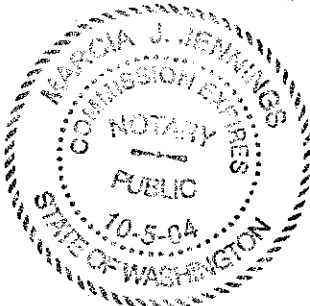


Peggy J. Gustafson
PEGGY J. GUSTAFSON
(Print Name)
NOTARY PUBLIC in and for the State
of Washington, residing at CAMANO ISL
My appointment expires 5-10-2004

STATE OF WASHINGTON)
)
COUNTY OF Skagit) SS.

On this 22nd day of May, 2001, before me, a Notary Public in and for the State of Washington, personally appeared JAMES M. SEAVER, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument and acknowledged it to be his free and voluntary act and deed for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.



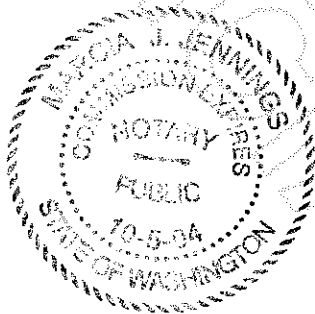
Marcia J. Jennings
Marcia J. Jennings
(Print Name)
NOTARY PUBLIC in and for the State
of Washington, residing at Sedro Woolley
My appointment expires 10/5/2004



STATE OF WASHINGTON)
)
COUNTY OF Skagit) SS.

On this 22nd day of May 2001, before me, a Notary Public in and for the State of Washington, personally appeared PAMELA L. SEAVER, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument and acknowledged it to be her free and voluntary act and deed for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.



Marcia J. Jennings

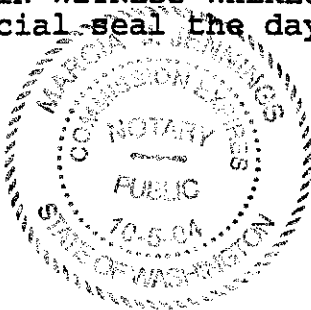
Marcia J. Jennings

(Print Name)
NOTARY PUBLIC in and for the State
of Washington, residing at Sedro Woolley
My appointment expires 10/5/2004

STATE OF WASHINGTON)
)
COUNTY OF Skagit) SS.

On this 22nd day of May, 2001, before me, a Notary Public in and for the State of Washington, personally appeared JAMES A. RUSSELL, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument and acknowledged it to be his free and voluntary act and deed for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.



Marcia J. Jennings

Marcia J. Jennings

(Print Name)
NOTARY PUBLIC in and for the State
of Washington, residing at Sedro Woolley
My appointment expires 10/5/2004



STATE OF WASHINGTON)
)
COUNTY OF Skagit) ss.

On this 22nd day of May 2001, before me, a Notary Public in and for the State of Washington, personally appeared VICKI A. RUSSELL, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument and acknowledged it to be her free and voluntary act and deed for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.



Marcia J. Jennings
Marcia J. Jennings
(Print Name)
NOTARY PUBLIC in and for the State
of Washington, residing at Skagit County
My appointment expires 10/5/2004



EXHIBIT "A"

Lot 5, Block M, MAP OF LA CONNER, according to the plat thereof, recorded in Volume 2 of Plats, page 49, records of Skagit County, Washington;

TOGETHER WITH that portion of adjacent vacated alley through said block, which would revert by operation of law.

Situated in Skagit County, Washington.

- END OF EXHIBIT "A" -



200105300070

, Skagit County Auditor