

When Recorded Return To:

Name: Horizon Bank
Address: 1500 Cornwall Avenue
City, State, Zip: Bellingham, Wa 98225



200108090130
Skagit County Auditor

8/9/2001 Page 1 of 2 11:28:58AM

Filed for Record at Request of:

Chicago Title
Insurance Company
PO Box 1115
1616 Cornwall Avenue, Ste 115
Bellingham, WA 98225

Escrow No.: 151773

ISLAND TITLE COMPANY

A10709

Abbreviated Legal:
Additional Legal(s) on page:
Assessor's Tax Parcel No.: 350125-0-126-0016

SUBORDINATION AGREEMENT

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. Donald S. Strock, an unmarried person, referred to herein as "subordinator", is the owner and holder of a mortgage dated which is recorded in Auditor's File No. 200108090129, records of Skagit County.
2. Horizon Bank referred to herein as "lender" is the owner and holder of the mortgage dated, August 1, 2001, executed by CC & R LLC, a Washington Limited Liability Company (which is recorded under Auditor's File No. 200108090128, records of Skagit County) (which is to be recorded concurrently herewith).
3. CC & R LLC, a Washington Limited Liability Company 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" mortgagee 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 supersede 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.

NOTICE: THIS SUBORDINATION AGREEMENT 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 WITH THEIR ATTORNEYS WITH RESPECT THERETO.

Donald S. Strock

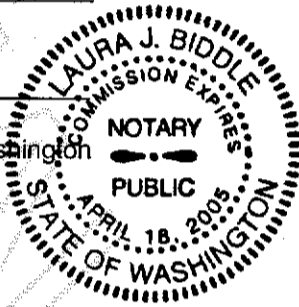
Donald S. Strock

STATE OF WASHINGTON
COUNTY OF WHATCOM

I certify that I know or have satisfactory evidence that Donald S. Strock and _____ the person(s) who appeared before me, and said person(s) acknowledged that they signed this instrument and acknowledged it to be their free and voluntary act for the uses and purposes therein mentioned in this instrument.

Dated: August 3, 2001

Laura J. Biddle
Laura J. Biddle
Notary Public in and for the State of Washington
Residing at Bellingham
My appointment expires: 4-18-05



200108090130

Skagit County Auditor