

WHEN RECORDED RETURN TO:

Name: Island Title Company  
Address: P.O. Box 670  
City, State, Zip Burlington, WA 98233



200305090190  
Skagit County Auditor

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# Island Title Company

~~CHICAGO TITLE CO.~~  
CZ6766 ✓

## 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:

- The Foxhall Company, LLC, a California Limited Liability Company and S-W Land Company, L.L.C., a Washington limited liability company**, referred to herein as "subordinator", is the owner and holder of a mortgage dated **9th day of September 2002**, which is recorded in volume \_\_\_\_\_ of Mortgages, page \_\_\_\_\_, under Auditor's File No. **200209200005**, records of Skagit County, Washington.  
**Parties are subordinating their interest as to the real property described in the attached legal description: See exhibit "A" attached hereto and by reference made a part hereof. Said Deed of Trust covers more property than is being subordinated with this subordination agreement.**
- Whidbey Island Bank** referred to herein as "lender" is the owner and holder of the mortgage dated 30<sup>th</sup> day of **April, 2003**, executed by **SAUK MOUNTAIN VILLAGE, L.L.C., A Washington Limited Liability Company** (which is recorded in volume \_\_\_\_\_ of Mortgages, page \_\_\_\_\_, under Auditor's File No. 200305090179), records of **Skagit** County, Washington) (which is to be recorded concurrently herewith).
- SAUK MOUNTAIN VILLAGE, L.L.C. 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.
- 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.
- "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.
- It is understood by the parties hereto that "lender" would not make the loan secured by the mortgage in Paragraph 2 without this agreement.
- 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.
- 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 30<sup>th</sup> day of April, 2003.

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.

SAUK MOUNTAIN VILLAGE, L.L.C.

*[Signature]*  
FREDERICK FLEMMING, MEMBER

*[Signature]*  
David A. Welts, Member

FOXHALL COMPANY L.L.C.

*[Signature]*  
JOHN D. FLEMMING, MEMBER

S-W LAND COMPANY L.L.C.

*[Signature]*  
JAMES B. JONES, MEMBER

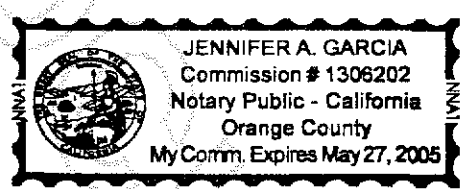
STATE OF CALIFORNIA  
COUNTY OF

I certify that I know or have satisfactory evidence that JAMES B. JONES to me known to be the , Member respectively of S-W LAND COMPANY LLC the entity that he executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of the said entity, for the uses and purposes therein mentioned, and on oath state that he is/are authorized to execute the said instrument on behalf of said entity.

Dated: April 30, 2003

*[Signature]*

Notary Public in and for the State of California  
Residing at  
My appointment expires:



200305090190  
Skagit County Auditor

STATE OF WASHINGTON  
COUNTY OF SKAGIT

I certify that I know or have satisfactory evidence that FREDERICK FLEMMING AND DAVID WELTS to me known to be the MEMBERS, of SAUK MOUNTAIN VILLAGE, L.L.C. the entity that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of the said entity, for the uses and purposes therein mentioned, and on oath state that they is/are authorized to execute the said instrument on behalf of said entity.

Dated: May 8<sup>th</sup> 2003

Marcie K. Paleck

Marcie K. Paleck  
Notary Public in and for the State of Washington  
Residing at Mount Vernon  
My appointment expires: October 15, 2004

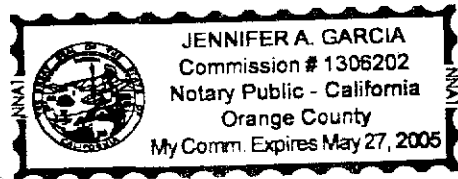


STATE OF CALIFORNIA  
COUNTY OF

I certify that I know or have satisfactory evidence that JOHN D. FLEMMING to me known to be the MEMBER of FOXHALL COMPANY, L.L.C. the entity that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of the said entity, for the uses and purposes therein mentioned, and on oath state that he is/are authorized to execute the said instrument on behalf of said entity.

Dated: April 30, 2005

J. Garcia  
Notary Public in and for the State of CALIFORNIA  
Residing at  
My appointment expires:



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Skagit County Auditor

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**EXHIBIT "A"**

**LEGAL DESCRIPTION**

Parcel "A":

The North 430 feet of the South 638.55 feet of the East 569.09 feet of the Northwest 1/4 of the Northeast 1/4 of Section 18, Township 35 North, Range 5 East, W.M.

EXCEPT road;

TOGETHER WITH that vacated portion of Fruitdale Road that has reverted thereto by operation of law.

(Also known as Parcel 1 of that certain Survey recorded under Auditor's File No. 9805290110).

Parcel "B":

That portion of the East 569.09 feet of the Northwest 1/4 of the Northeast 1/4 of Section 18, Township 35 North, Range 5 East, W.M., lying Southerly and Westerly of Fruitdale Road;

ALSO EXCEPT the South 638.55 feet thereof.

(Also known as Parcel 2 of that certain Survey recorded under Auditor's File No. 9805290110).



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Skagit County Auditor