



200305290133
Skagit County Auditor

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Return Address:

Washington Community Reinvestment Association
P.O. Box 2609
Seattle, WA 98111-2609
Loan No. 1-010189

LAND TITLE COMPANY OF SKAGIT COUNTY

OPTION SUBORDINATION AGREEMENT

Reference numbers of related documents:
on page _____ of document

200305290131

Grantor(s):

- 1. Brickyard Creek, LLC
- 2. Logan Hill, LLC
- 3.

etc. additional names on page _____ of document

Grantee(s):

- 1. Washington Community Reinvestment Association
- 2.
- 3.

etc. additional names on page _____ of document

Legal Description:

- 1. Tr. D of SW SP 5-78 in 13-35-4 E W.M.
- 2. Additional legal description is on page 4 of document

Assessor's Property Tax Parcel Account Number(s): 350413-4-002-0703

Return Address:

**Washington Community Reinvestment Association
P.O. Box 2609
Seattle, WA 98111-2609
Loan No. 1-010189**

OPTION SUBORDINATION AGREEMENT

This Agreement is made as of the 1st day of May 2003, by BRICKYARD CREEK, LLC, a Washington limited liability company ("Subordinator"), and LOGAN HILL, LLC, a Washington limited liability company ("Owner"), with references to the following facts:

A. Owner heretofore executed and delivered a first amended and restated operating agreement dated March 18, 2002 in which Section 8.6 ("Option Agreement"), Owner granted Subordinator the option to purchase the real property legally described in Exhibit A attached hereto ("Property") and other property described therein.

B. WASHINGTON COMMUNITY REINVESTMENT ASSOCIATION, a Washington nonprofit corporation ("Lender") has agreed to make a loan of \$910,000.00 to Owner secured by a multifamily deed of trust, assignment of rents and security agreement covering the Property ("Deed of Trust").

C. Lender has required that Owner and Subordinator enter into a subordination agreement in favor of Lender.

NOW, THEREFORE, for good and valuable consideration, receipt whereof is hereby acknowledged, the parties agree as follows:

1. Subordinator and owner hereby authorize Lender to insert the recording data of the Deed of Trust in the space provided below when the Deed of Trust has been recorded. The Deed of Trust was recorded May 29, 2003, under Skagit County, Washington, recording No. 200305290133.

2. Subordinator hereby subordinates the Option Agreement and all of its rights thereunder in and to the Property to the lien of the Deed of Trust and all advances or charges made or accruing thereunder, including any extension, renewal or modification thereof.

3. Subordinator acknowledges that Subordinator:

(a) has had the opportunity to examine the terms of the Deed of Trust and the note and agreements relating thereto prior to the execution hereof;

(b) consents to and approves the same;

(c) agrees that Lender has no obligation to Subordinator to advance any funds under the Deed of Trust or to see to the application of any funds advanced by Lender; and



- (d) recognizes that any application of use of such funds for purposes other than those provided for in the Deed of Trust, or any note or other agreements secured thereby or related thereto shall not defeat, in whole or in part, the subordination made herein.

Lender may, without notice to Subordinator, amend or modify the Deed of Trust, the Note, and all agreements relating thereto (the "Loan Documents"), release any or all parties liable for the indebtedness secured by the Deed of Trust, and release all or any security for the indebtedness secured by the Deed of Trust. Subordinator waives any right to require marshalling of assets or to require Lender to proceed against or exhaust any specific security for the indebtedness secured by the Deed of Trust, and any defense arising out of the loss or impairment of any right of subrogation to the lien of the Deed of Trust.

4. It is understood, acknowledged and agreed by the parties hereto that Lender would not make the loan secured by the Deed of Trust without this Agreement.

5. This Agreement is the entire agreement between the parties hereto with regard to the subordination of the Option Agreement and all of Subordinator's rights in and to the Property to the lien or charge of the Deed of Trust and shall supersede and cancel any prior agreements as to such, or any, subordination. This Agreement shall be governed by the laws of the state in which the Property is located. In any action, suit or appeal therefrom, involving the enforcement or interpretation of this Agreement, the prevailing party shall be entitled to recover from the other party or parties its costs incurred therein, including reasonable attorney fees. This Agreement shall inure to the benefit of and bind the heirs, personal representatives, successors, and assigns of the parties hereto.

6. Lender may, without notice to Subordinator, amend or modify the Deed of Trust, the Note, and all agreements relating thereto (the "Loan Documents"), release any or all parties liable for the indebtedness secured by the Deed of Trust, and release all or any security for the indebtedness secured by the Deed of Trust. Subordinator waives any right to require marshalling of assets or to require Lender to proceed against or exhaust any specific security for the indebtedness secured by the Deed of Trust, and any defense arising out of the loss or impairment of any right of subrogation to the lien of the Deed of Trust.

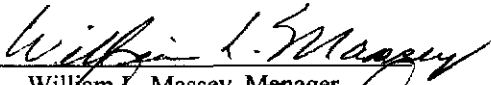
EXECUTED as of the day and year first above written.

OWNER:

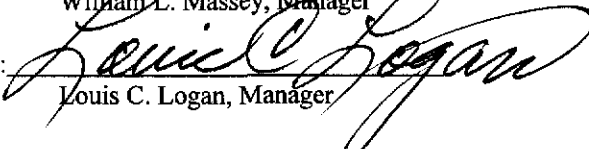
LOGAN HILL, LLC, a Washington limited liability company

By: Brickyard Creek, LLC, a Washington limited liability company,
Managing Member

BY:


William L. Massey, Manager

BY:


Louis C. Logan, Manager



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SUBORDINATOR:

Brickyard Creek, LLC, a Washington limited liability company,

BY: William L. Massey
William L. Massey, Manager

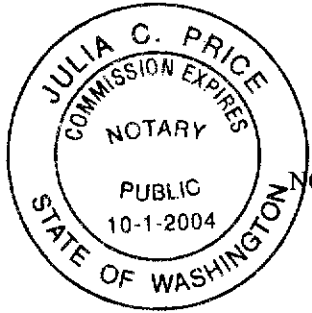
BY: Louis C. Logan
Louis C. Logan, Manager

NOTARY

STATE OF WASHINGTON)
) ss.
COUNTY OF Island)

On this 21st day of May, 2003, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared William L. Massey, to me known to be the person who signed as Manager of Brickyard Creek, LLC, a Washington limited liability company, the company acting as managing member of LOGAN HILL, LLC, a Washington limited liability company, the limited liability company that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of the company as general partner and of the limited partnership for the uses and purposes therein mentioned; and on oath stated that he was duly elected, qualified and acting as said officer of the company and that he was authorized to execute the said instrument on behalf of the company and that the seal affixed, if any, is the corporate seal of the company, and that the company was authorized to execute said instrument on behalf of the limited liability company.

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



Julia C. Price
(Signature of Notary)
Julia C. Price
(Print or stamp name of Notary)

NOTARY PUBLIC in and for the State of Washington,
residing at Oak Harbor
My appointment expires: 10/1/04



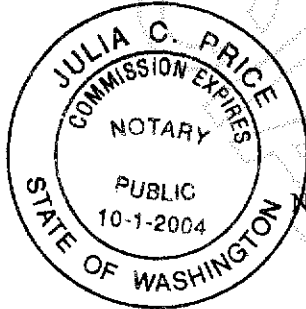
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STATE OF WASHINGTON)
) ss.
COUNTY OF Island)

On this 21st day of May, 2003, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Louis C. Logan, to me known to be the person who signed as Manager of Brickyard Creek, LLC, a Washington limited liability company, the company acting as managing member of LOGAN HILL, LLC, a Washington limited liability company, the limited liability company that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of the company as general partner and of the limited partnership for the uses and purposes therein mentioned; and on oath stated that he was duly elected, qualified and acting as said officer of the company and that he was authorized to execute the said instrument on behalf of the company and that the seal affixed, if any, is the corporate seal of the company, and that the company was authorized to execute said instrument on behalf of the limited liability company.

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



Julia C. Price
(Signature of Notary)
Julia C. Price
(Print or stamp name of Notary)

NOTARY PUBLIC in and for the State of Washington,
residing at Oak Harbor
My appointment expires: 10/1/04



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EXHIBIT "A"

LEGAL DESCRIPTION

Legal Description:

Located in the County of Skagit, State of Washington, and described as follows:

Tract D, City of Sedro Woolley Short Plat No. SW 5-78, approved June 29, 1984 and recorded June 29, 1984, in Volume 6 of Short Plats, page 162, under Auditor's File No. 8406290013, records of Skagit County, Washington; being a portion of the Northeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 13, Township 35 North, Range 4 East, W.M.

End of Exhibit A



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