

RECORDING REQUESTED BY  
AND WHEN RECORDED  
MAIL TO:

Skagit State Bank  
Arlington  
20313 77<sup>th</sup> Ave NE  
P.O. Box 100  
Arlington, WA 98223



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Skagit County Auditor

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LAND TITLE COMPANY OF SKAGIT COUNTY

107158-P

**SUBORDINATION AGREEMENT**  
(Service Station No. 208417)

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.

THIS AGREEMENT, made this 21<sup>st</sup> day of July, 2003, by JMJ INVESTMENTS INC., owner of the land hereinafter described and hereinafter referred to as "Owner", and Chevron U.S.A. Inc., a Pennsylvania corporation, present owner and holder of the deed of trust first hereunder described and hereinafter referred to as "Chevron", and Skagit State Bank, hereinafter referred to as "Lender";

WITNESSETH

WHEREAS, Owner did execute a deed of trust dated October 30, 1996, to First American Title Insurance Company, as trustee covering the real property located in Skagit County, State of Washington, described in Exhibit "A", attached hereto and hereby incorporated by reference, to secure Owner's obligations to Chevron under that certain loan agreement, which deed of trust was recorded on November 16, 1998, as instrument number 9811160023 in the Official Records of Skagit County ("Chevron Deed of Trust"); and

WHEREAS, Owner has granted Chevron a lien upon and security interest in certain of its personal property, whether now owned or hereafter acquired, as evidenced by the filing of that certain UCC-1 financing statement filed with the County Recorder on November 16, 1998, as filing number 9811160025 and as provided in the loan agreement (?) between Chevron and Owner (such personal property lien together with the line of the Chevron Deed of Trust are referred to herein as the "Chevron Liens"); and

WHEREAS, Owner has executed, or is about to execute, a deed of trust ("Senior Deed of Trust") and related loan documents in the sum of \$701,338.34, dated as of July 15, 2003, in favor of Lender, payable with interest and upon the terms and conditions described therein, which Senior Deed of Trust is to be recorded concurrently herewith; and

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WHEREAS, it is a condition precedent to obtaining said loan from Lender that the Senior Deed of Trust shall unconditionally be and remain at all times a lien or charge upon the land hereinbefore described, which Senior Deed of Trust is to be recorded concurrently herewith; and

WHEREAS, Lender is willing to make said loan provided that the lien of the Senior Deed of Trust and the lien of Lender against the personal property of Owner (the "Senior Liens") are liens or charges upon the above described property prior and superior to the Chevron Liens and provided that Chevron will specifically and unconditionally subordinate the Chevron Liens to the Senior Liens.

WHEREAS, it is to the mutual benefit of the parties hereto that Lender make such loan to Owner; and Chevron is willing that the Senior Liens securing the same shall, when recorded, constitute a lien or charge upon said land and personal property which is, up to the amount of \$701,338.34, unconditionally prior and superior to the Chevron Liens.

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, and in order to induce Lender to make the loan above referred to, it is hereby declared, understood and agreed as follows:

1. That said Senior Liens securing said note in favor of Lender, and any renewals or extensions thereof so long as the total sum does not increase, shall unconditionally be and remain at all times a lien or charge on the property therein described, prior and superior to the Chevron Liens.
2. That Lender would not make its loan above described without this subordination agreement.
3. That this agreement shall be the whole and only agreement with regard to the subordination of the Chevron Liens to the Senior Liens and shall supersede and cancel, but only insofar as would affect the priority between the deed of trust and financing statements hereinabove specifically described, any prior agreements as to such subordination including, but not limited to, those provisions, if any, contained in the Chevron Deed of Trust, which provide for the subordination of the lien or charge thereof to another deed or deeds of trust or to another mortgage or mortgages.
4. If Owner is not the dealer at the property described here but is a guarantor of all the obligations of that dealer to Chevron, then Owner confirms the continuing validity and enforceability of any and all such guaranties, notwithstanding the subordination of Chevron's security interest in Owner's personal property contained herein.

Chevron declares, agrees and acknowledges that it intentionally and unconditionally waives, relinquishes and subordinates the Chevron Liens in favor of the Senior Liens and understands that in reliance upon, and in consideration of, this waiver, relinquishment and subordination specific loans and advances are being and will be made and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for said reliance upon this waiver, relinquishment and subordination.

**NOTICE: UNLESS OTHERWISE AGREED TO IN WRITING BY CHEVRON, AT CHEVRON'S SOLE DISCRETION, THE PROCEEDS OF THE LOAN SECURED BY THE SENIOR DEED OF TRUST WILL BE EXPENDED SOLELY FOR THE FINANCING OR REFINANCING OF CONSTRUCTION OF CERTAIN IMPROVEMENTS ON THE PROPERTY DESCRIBED HEREIN, INCLUDING INTEREST, LOAN FEES, OVERHEAD AND OTHER**



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**PROJECT-RELATED EXPENSES, ALL IN ACCORDANCE WITH THE PROVISIONS OF THE LOAN.**

Chevron:

CHEVRON U.S.A INC.

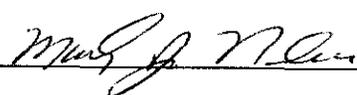
By: 

Name: JAMES L. COALSON  
ASSISTANT SECRETARY

Its: \_\_\_\_\_

Owner:

JMJ INVESTMENTS INC.

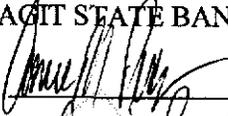
By: 

Name: Mark J. Nelson

Its: President

Lender:

SKAGIT STATE BANK

By: 

Name: Amie Peggam

Its: AVL Branch Manager



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State of Texas  
City of Houston ss  
County of Harris

On July 21, 2003, before me, Bence Marie Brown, a Notary Public in and for the State of Texas, personally appeared \_\_\_\_\_ of Chevron U.S.A Inc., personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he or she executed the within instrument in his or her authorized capacity, and that by his or her signature on the within instrument, the person or the entity upon behalf of which the person acted executed the within instrument.

Witness my hand and official seal.

Signature Bence Marie Brown

State of Washington  
City of Arlington ss  
County of Snohomish

On July 25, 2003, before me, Amie Pegram, a Notary Public in and for the State of Washington, personally appeared Mark Nelson, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he or she executed the within instrument in his or her authorized capacity, and that by his or her signature on the within instrument, the person or the entity upon behalf of which the person acted executed the within instrument.

Witness my hand and official seal.

Signature Amie Pegram

State of Washington  
City of Arlington ss  
County of Snohomish

On July 25, 2003, before me, Elaine M Sloan, a Notary Public in and for the State of Washington, personally appeared Amie Pegram, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he or she executed the within instrument in his or her authorized capacity, and that by his or her signature on the within instrument, the person or the entity upon behalf of which the person acted executed the within instrument.

Witness my hand and official seal.

Signature Elaine M Sloan



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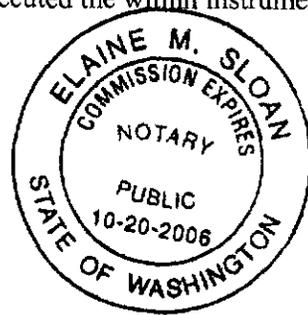
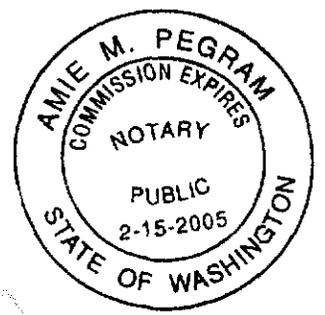


EXHIBIT "A"

The land referred to herein is situated in the County of SKAGIT, State of Washington, and is described as follows:

Parcel A

That portion of the Southwest  $\frac{1}{4}$  of Section 29, Township 34 North, Range 4 East, W.M., described as follows:

Beginning at a point 50 feet Southeasterly (when measured radially) from Highway Engineer's Station F 9 2+00, as shown on Washington State Highway Department right of way map SR5 MP222.08 to MP225.62, Johnson Road to Blackburn Street, Sheet 9 of 23 sheets, latest revision date September 10, 1971, said point being on a 250 foot radius curve concave to the Southeast, radial at said point bearing South 74 degrees 58' 06" East; thence Northerly along said curve 132.00 feet; thence South 45 degrees 07' 01" East 145.49 feet to a point on the Northwesterly margin of the DL Ramp, as shown in said map; thence South 24 degrees 15' 30" West 96.00 feet to a point 110 feet Northerly from (when measured at right angles to) Highway Engineer's Station A16+00; thence South 84 degrees 40' 07" West 100.50 feet to a point 100 feet Northerly from (when measured at right angles to) Highway Engineer's Station A15+00; thence North 18 degrees 34' 00" West 91.47 feet to the point of beginning.

Parcel B

That portion of the Southwest  $\frac{1}{4}$  of Section 29, Township 34 North, Range 4 East, W.M., Skagit County, Washington, described as follows:

Commencing at a point 50 feet Southeasterly (when measured radially) from Highway Engineer's Station F9 2+00, as shown on Washington State Highway Department Right-of-Way Map SR5 MP222.08 to MP225.62, Johnson Road to Blackburn Street, Sheet 9 of 23 sheets, latest revision date, September 10, 1971, said point being on a 250 foot radius curve concave to the Southeast, a radial at said point bearing South 74 degrees 58' 06" East; thence Northerly along said curve, 132.00 feet to the true point of beginning; thence South 45 degrees 07' 01" East, 145.49 feet to a point on the Northwesterly margin of the DL Ramp, as shown on said map; thence North 24 degrees 15' 30" East along said Northwesterly margin, 256.63 feet to a point 250 feet Westerly (when measured radially) from Station 67+00 on the centerline of said SR5; thence North 20 degrees 02' 30" East, 125.54 feet to a point 50 feet Southeasterly (when measured radially) from Station F9 7+50, as shown on said map, said point being on a 500 foot radius curve concave to the Northwest, a radial at said point bearing North 58 degrees 44' 02" West; thence Southerly along said curve, 158.07 feet to a point 50 feet Southeasterly (when measured at right angles) from Station F9 PC5+57.74; thence South 49 degrees 22' 45" West, 179.90 feet to a point 50 feet Southeasterly from Station F9 PT3+79.85, said point being the point of curvature of a 250 foot radius curve to the left; thence Southerly along said curve 17.87 feet to the true point of beginning.



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