

When Recorded Return to:
Spring Meadows, L.L.C.
P.O. Box 302
Bow, WA 98232



200310020177
Skagit County Auditor
10/2/2003 Page 1 of 5 11:36AM

LAND TITLE COMPANY OF SKAGIT COUNTY

108940

Subordination Agreement

Grantor(s):

Spring Meadows, LLC

Woodsdale LLC

Additional names on page ___ of document

Grantee(s):

Whidbey Island Bank

Additional names on page ___ of document

Legal Description (abbreviated):

Lt 1, BSP PL03-0071 IN 29-34-4 EWM

Additional legal description on page ___ of document

Assessor's Tax Parcel Number:

340429-3-023-0300

Reference (Auditor File Numbers of Documents assigned, released or amended):

200310020175
200310020176

Additional references on page ___ of document

UNWITNESSED
NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE REAL PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS SUBORDINATION AGREEMENT is made and entered into as of September 30, 2003, by and between **Whidbey Island Bank**, a corporation ("**Whidbey Island**"), **Woodsdale LLC**, a limited liability company ("**Woodsdale**"), and **Spring Meadows, LLC**, a limited liability company ("**Spring Meadows**").

RECITALS

A. **Spring Meadows** is the beneficiary under a Deed of Trust or the owner and holder of a Mortgage dated September 30, 2003, which is recorded in the records of Skagit County under Auditor's File No. 200310020176 (the "Subordinated Deed of Trust ") covering that certain real property (the "Real Property") legally described as follows:

Lot 1 of Binding Site Plan No. PL03-0071, recorded May 7, 2003, under Auditor's File No. 200305070015, records of Skagit County, Washington, and being a portion of the Southeast 1/4 of the Southwest 1/4 of Section 29, Township 34 North, Range 4 East, W.M.

B. **Woodsdale** is the owner of the Real Property and the Grantor-Trustor under the Deed of Trust.

C. **Whidbey Island** will become the beneficiary under a Deed of Trust dated September _____, 2003, executed by **Woodsdale**, which is to be recorded concurrently herewith ("**Whidbey Island's Deed of Trust**") under Auditor's File No. 200310020175 (the superior deed of trust).

AGREEMENTS

In consideration of the mutual promises and covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, **Whidbey Island, Woodsdale, and Spring Meadows** hereby agree as follows:

1. In consideration of the benefits to **Spring Meadows** from **Whidbey Island**, and to induce **Whidbey Island** to advance funds and make the loan secured by **Whidbey Island's Deed of Trust** and all agreements in connection therewith, **Spring Meadows** does hereby unconditionally subordinate the lien of its deed of trust held by **Spring Meadows** in the above Subordinated Deed of Trust to the lien of **Whidbey Island's Deed of Trust**, and all advances or charges made or

Subordination Agreement

Page 2

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Elliott W. Johnson Inc. P.S.
711 South First Street
Mount Vernon, WA 98273
(360) 336-6502 Fax 336-6503



200310020177
Skagit County Auditor

10/2/2003 Page 2 of 5 11:36AM

occurring thereunder, including any extension or renewal thereof.

2. **Spring Meadows** acknowledges that, prior to the execution hereof, **Spring Meadows** has had the opportunity to examine the terms of **Whidbey Island's** Deed of Trust and agreements relating thereto, consents to and approves the same, and recognizes that **Whidbey Island** has no obligation to **Spring Meadows** to advance any funds under **Whidbey Island's** Deed of Trust, and any application or use of such funds for purposes other than those provided for in **Whidbey Island's** Deed of Trust or agreements relating thereto shall not defeat the subordination and encumbrance herein made in whole or in part.

3. It is understood by the parties hereto that **Whidbey Island** would not make the loan secured by **Whidbey Island's** Deed of Trust without this Subordination Agreement.

4. **Whidbey Island** agrees to provide **Spring Meadows** with reasonable notice and a reasonable opportunity to cure in the event of any default by **Woodsdale** under **Whidbey Island's** Deed of Trust and all agreements in connection therewith.

5. This Subordination Agreement shall be the whole and only agreement between the parties hereto with regard to the subordination of **Spring Meadows'** Deed of Trust to the lien of **Whidbey Island's** Deed of Trust and shall supersede and cancel any prior agreements as to such, or any subordination, including without limitation those provisions, if any, contained in **Spring Meadows'** Deed of Trust which provide for the subordination of the lien or charge thereof to a deed of trust to be thereafter executed.

6. The heirs, administrators, assigns, and successors in interest of **Woodsdale, Spring Meadows, and Whidbey Island** shall be bound by this Agreement.

EXECUTED as of the day and year first above written.

Woodsdale:

Woodsdale LLC,
a limited liability company

 MANAGING MEMBER
By Michael L. Woods, Managing Member

 Managing Member
By Patricia R. Woods, Managing Member



Whidbey Island:

Whidbey Island Bank,
a corporation

By [Signature]

Its V.P.

Spring Meadows:

Spring Meadows, LLC,
a limited liability company

By [Signature]
Michael Fohn, Managing Member

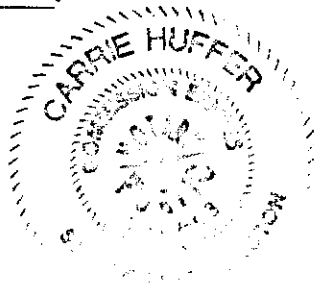
Its Managing Member.

State of Washington)
) ss.
County of Skagit)

Michael L. Woods

I certify that I know or have satisfactory evidence that Michael L. Woods and Patricia R. Woods appeared before me and acknowledged that he/she/they signed this instrument, on oath stated that he/she/they was authorized to execute the instrument and acknowledged it to be the free and voluntary act of Woodsdale LLC for the uses and purposes mentioned in the instrument.

Dated: 10/01/03



[Signature]

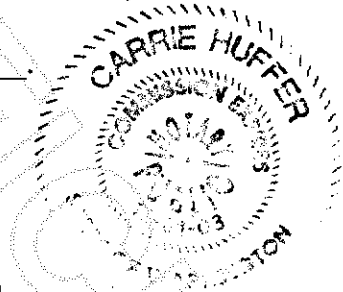
Notary Public
My appointment expires: 12/31/2003



State of Washington)
) ss.
County of Skagit)

I certify that I know or have satisfactory evidence that Michael Fohn
appeared before me and acknowledged that he/she/they signed this instrument, on oath stated that
he/she/they was authorized to execute the instrument and acknowledged it to be the free and
voluntary act of **Spring Meadows, LLC** for the uses and purposes mentioned in the instrument.

Dated: 10/02/03



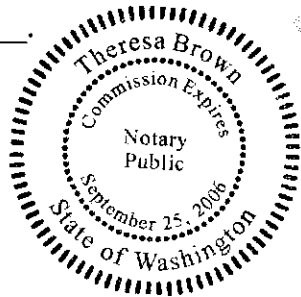
Carrie Huffer

Notary Public
My appointment expires: 12/31/2003

State of Washington)
) ss.
County of Skagit)

I certify that I know or have satisfactory evidence that Richard Thompson
appeared before me and acknowledged that he/she/they signed this instrument, on oath stated that
he/she/they was authorized to execute the instrument and acknowledged it to be the free and
voluntary act of Whidbey Island Bank for the uses and purposes mentioned in the instrument.

Dated: 10/2/03



Theresa Brown

Notary Public
My appointment expires: 9/25/06

