



200410280229  
Skagit County Auditor

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When recorded return to:

Michael A. Winslow  
411 Main Street  
Mount Vernon, Washington 98273

**SUBORDINATION AGREEMENT**

*A82554-E-3*  
FIRST AMERICAN TITLE CO.

Grantors: Pier 61, Inc., a Washington Corporation

Grantees: Olaf Gildnes and Gayle Gildnes, husband and wife

Legal Description:

Building only on portion blocks 288 and 289 MAP OF THE CITY OF ANACORTES (see Exhibit A for full legal)

Assessor's Property Tax

Parcel or Account No.: (P56524) 3772-289-011-0006  
(P56526) 3772-289-020-0005  
(P56522) 3772-288-021-0006  
(P56525) 3772-289-014-0003

Reference Nos of Documents

Assigned or Released: Auditor File No. 9902180111  
Auditor File No. 200102280172  
*2004 1028 0228*

**ORIGINAL**

## SUBORDINATION AGREEMENT

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

The undersigned subordinator agrees as follows:

1. Pier 61, Inc., referred to herein as "Subordinator", is the owner and holder of a leasehold interest, dated February 18, 1999, which is recorded under Auditor's File No. 9902180111, and further referenced under Auditor's File No. 200102280172, records of Skagit County.
2. Olaf Gildnes and Gayle Gildnes, husband and wife, "Lender", are the owners and holders of a mortgage dated October 28, 2004, executed by Rhodo-Drona, LLC, a Washington Limited Liability Company (borrower), under Auditor's File No. 200410280228, records of Skagit County.
3. Rhodo-Drona, LLC, a Washington Limited Liability Company, primary tenant under a leasehold with the Port of Anacortes, is herein referred to as "Owner" and is the owner of all real property described in the mortgage identified 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 their leasehold interest as sub-tenant, as 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 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.
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 lease 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



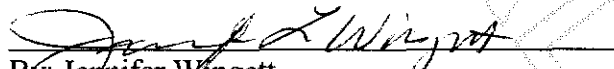
to such, or any, subordination including, but not limited to, those provisions, if any, contained in the mortgage first above mentioned, which provide for the subordination of the lien or charge thereof to a mortgage or mortgages to be thereafter executed.

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.

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.

Subordinating Leaseholder:

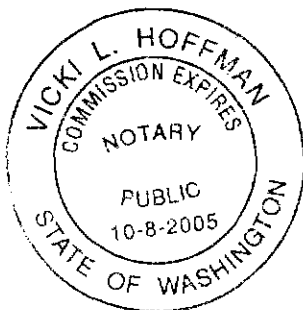
Pier 61, Inc.


  
By: Jennifer Wingett

State of Washington )  
  )ss  
County of Skagit )

I certify that I know or have satisfactory evidence that Jennifer L. Wingett is the person who appeared before me; that she acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged as the President of Pier 61, Inc., to be the free and voluntary act of her for the uses and purposes contained in the instrument.

DATED: October 28, 2004.



  
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Notary Public  
My commission expires: 10-8-05



The land referred to in this report/policy is situated in the State of Washington, County of Skagit, and is described as follows:

Parcel "A":

That portion of Blocks 288 & 289, "MAP OF THE CITY OF ANACORTES, SKAGIT COUNTY, WASHINGTON", according to the plat thereof recorded in Volume 2 of Plats, page 4 through 7, records of Skagit County, Washington, and of vacated 2<sup>nd</sup> Street abutting thereon, and of Tract 8, Plate 9, "TIDE AND SHORE LANDS OF SECTION 18, TOWNSHIP 35 NORTH, RANGE 2 EAST W.M.", as per the Official Map thereof on file in the Office of the Commissioner of Public Lands at Olympia, Washington, more particularly described as follows:

Beginning at the intersection of "T" Avenue and 6<sup>th</sup> Street, within the Plat of "MAP OF THE CITY OF ANACORTES, SKAGIT COUNTY, WASHINGTON"; thence North 0 degrees 35'27" East, along the centerline of "T" Avenue, 591.17 feet to the intersection of 4<sup>th</sup> Street and "T" Avenue, in said Plat; thence continue North 0 degrees 35'27" East, 452.00 feet to a point of intersection with the North line of the 16 foot alley within said Block 288, produced Westerly; thence South 89 degrees 24'51" East, along said line, a distance of 15.29 feet to the true point of beginning; thence North 0 degrees 35'27" East, 243.07 feet; thence South 89 degrees 18'28" East, 109.61 feet; thence South 0 degrees 35'27" West, 242.85 feet to the North line of said alley; thence North 89 degrees 24'51" West, along said line and said line extended a distance of 109.60 feet to the true point of beginning.



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EXHIBIT     A