

State of Washington
Pollution Liability Insurance Agency
1015-10th Avenue SE
P.O. Box 40930
Olympia, WA 98504-0930



200508050140
Skagit County Auditor

8/5/2005 Page 1 of 2 3:29PM

LAND TITLE OF SKAGIT COUNTY

Subordination Agreement

RECEIVED
AUG 24 2005
POLLUTION LIABILITY
INSURANCE AGENCY

Reference #: USTCAP-PVT-055-93
Grantor: State of Washington Pollution Liability Insurance Agency
Grantee(s): Jon W & Chom Prigg
Legal Description (abbreviated): a ptn of Gov lot 11, 7-35-11 E.W.M.
Assessor's Tax Parcel ID# P45929 and P45913

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.

The undersigned subordinator and owner agree as follows:

1. State of Washington Pollution Liability Insurance Agency (PLIA) referred to herein as "subordinator," is the owner and holder of a lien dated May 10, 1994, which is recorded in volume 1337 of Mortgages, 298, under auditor's file 9406030079 records of Skagit County, Washington.
2. Skagit State Bank referred to herein as "lender," is the owner and holder of a mortgage dated April 15, 2005 executed by Jon W & Chom Prigg. (Which is recorded in volume n/a of Mortgages, page n/a, under auditor's file 200504290099) (Which is to be recorded herewith.)
3. Jon W & Chom Prigg referred to herein as "owner," is the owner of all the real property described in the mortgage identified above in Paragraph 2.
4. In consideration of benefits to "subordination" 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 changes 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. The parties understand 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 lien or change of the mortgage first above mentioned to the lien or change 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 lien or change 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.

9. 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 IMPORVEMENT OF THE LAND BUT MAY NOT BE USED FOR ANY PURPOSE WHICH IS NOT RELATED TO THE BUSINESS OPERATION LOCATED ON THE DESCRIBED PROPERTY. IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS SUBORDINATION AGREEMENT, THE PARTIES CONSULT WITH THEIR ATTORNEYS WITH RESPECT THERETO.

Executed this 19 day of July, 2005

[Signature]
John P. Regg

[Signature]
Pollution Liability Insurance
Agency, Subordinator

State of WASHINGTON
County of SKAGIT

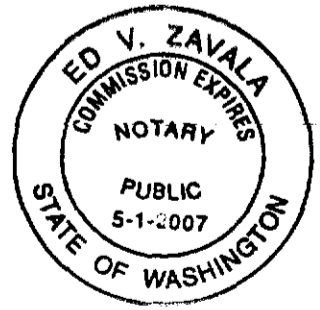
On this day personally appeared before me JOHN & CARM PRZEGG to me known to be the individual described in and who executed the within foregoing instrument, and acknowledged that THEY signed the same as THEIR free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 19th day of JULY, 2005.

[Signature]

Notary Public in and for the state of WASHINGTON
Residing at SKAGIT CO.

5/01/07
My appointment expires:



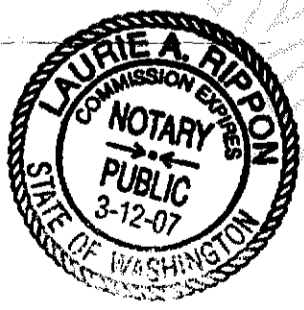
On this 28 of July, 2005, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Lynn Gooding, to me now to be the Acting Director of Washington State Pollution Liability Insurance Agency, the agency that executed the foregoing instrument, to be the free and voluntary act and deed of said agency, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

Witness my hand and official seal hereto affixed the day and year first above written.

[Signature]

Notary Public in and for the State of Washington
Residing at Olympia
Accounting Manager
Title

3-12-07
My appointment expires:



[Barcode]
200508050140
Skagit County Auditor