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200511100166
Skagit County Auditor

11/10/2005 Page 1 of 4 3:40PM

Return Address
DAVID F. GUMAER P.S.
9 S. Washington, Suite 215
Spokane, WA 99201

LAND TITLE OF SKAGIT COUNTY
114861-S

SUBORDINATION AGREEMENT

Reference #: 200502020100 Additional 200310020176
Grantor: SPRING MEADOWS, LLC
Additional on page _____
Grantee: U.S. Small Business Administration
Additional on page _____

Legal Description:

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.

Situate in the County of Skagit, State of Washington.

Assessor's Tax Parcel ID No. 8043-000-001-0000.

This agreement is entered into between SPRING MEADOWS, LLC, (hereinafter referred to as "Lender") and the Small Business Administration, an Agency of the United States of America (hereinafter referred to as "SBA") this 6th day of November, 2005.

WHEREAS, LENDER is the owner and holder of the following document executed by Woodsdale, LLC, a Washington Limited Liability Company (hereinafter referred to as Borrower):

Deed of Trust dated September 30, 2003, and filed under Skagit County Auditor's File No. 200310020176 on October 2, 2003, records of Skagit County, Washington.

WHEREAS, SBA is about to make a Loan to the Borrower in the principal amount of Six Hundred Sixty Two Thousand Dollars and No Cents (\$662,000.00). Said Loan is or will be secured by a Deed of Trust on the real property encumbered by the Lender's Deed of Trust recorded with the Skagit County Auditor's Office under Recording No. 200310020176 on October 2, 2003. The SBA has declined to make the Loan to the Borrower without Lender first

Handwritten initials/signatures

subordinating its Deed of Trust described above to the Deed of Trust held by the SBA and filed with the Skagit County Auditor's office under Recording No. 200502020100 as security for said Loan.

NOW THEREFORE, in consideration of the foregoing premises, it is agreed as follows:

1. Subordination. Lender hereby subordinates the lien of his Deed of Trust described above to the SBA's Deed of Trust filed with the ~~Wierce~~ Skagit County Auditor's Office under recording No. 200502020100. This subordination is limited to the \$662,000.00 face amount of the promissory note executed by borrower with respect to Loan No. CDC 671006 40 04 WA as of the date of the note, and thereafter to the declining principal balance, the interest rate as stated therein, the payment of any taxes, assessments, attorney's fees, insurance, interest and any other advances reasonably necessary to protect the property or any collateral securing the loan; the SBA's security interest(s) or the priority of the lien, and any extension of said Loan.

2. No Intervening Liens. This subordination shall be effective only if there are no intervening liens between the Lender's Deed of Trust and the SBA's Deed of Trust as identified above other than by Whidbey Island Bank which is the third party lender on Loan No. CDC 671006 40 04 WA.

3. Effect on Lender Deed of Trust. All other terms and conditions of the Lender's Deed of Trust shall remain in full force and effect.

4. Notification of Default. Lender agrees to furnish SBA, or its successors in interest, (1) written notice of any default by Borrower under the terms and conditions of its loan with Borrower within (30) days of the date of said default, and (2) in addition to any lawfully required notice, written notice of any foreclosure sale sixty (60) days prior to the date of said sale. SBA's address for notice purposes shall be as follows:

U.S. Small Business Administration
c/o Northwest Business Development Association
9 S. Washington, Suite 215
Spokane, WA 99201

Or such other address as SBA shall provide to Lender.

5. Merger. This agreement shall be the sole agreement between the parties hereto with regard to the subordination of the lien of the Deed of Trust first above mentioned to the lien of the Deed of Trust in favor of SBA referred to herein and shall supercede and cancel any prior agreements to the same.



6. Binding Effect. This agreement shall be binding upon and inure to the benefit of the parties hereto and his respective heirs, successors and assigns.

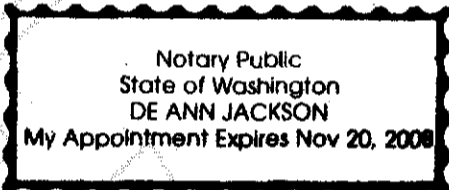
Executed this 8th day of November, 2005

U.S. SMALL BUSINESS ADMINISTRATION

BY [Signature]
ITS Lead Lender Relations Specialist

SPRING MEADOWS, LLC

BY: [Signature]
ITS Managing member



STATE OF WASHINGTON)
County of KING) ss

This certifies that before me on this day personally appeared MARK ANTSILO, as LEAD LENDER RELATIONS SPRT, SEATTLE District Office of the Small Business Administration, an Agency of the United States of America, and acknowledged to me that he/she executed the foregoing instrument as the free and voluntary act and deed of the Small Business Administration for the uses and purposes therein mentioned, and on oath stated that he/she was duly and regularly authorized to execute the same on its behalf.

Given under my hand and official seal this 8th day of November, 2005.

DeAnn JACKSON
Notary Public in and for the State of Washington, residing at SEATTLE, WA
My commission expires 11-20-2008.

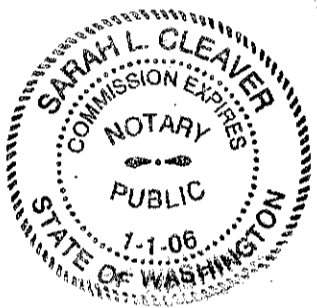


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STATE OF WASHINGTON)
County of Skagit) ss

This certifies that before me on this day personally appeared Mike Fohn, as Managing Member of Spring Meadows, LLC, and acknowledged to me that he/she executed the foregoing instrument as the free and voluntary act and deed of such limited liability company for the uses and purposes therein mentioned, and on oath stated that he/she was duly and regularly authorized to execute the same.

Given under my hand and official seal this 7th day of February, 2005.



Sarah Cleaver
Notary Public in and for the State
of WA residing at Burlington
My commission expires 1-1-06.



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Skagit County Auditor