

When recorded return to:

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



200602150081
Skagit County Auditor

2/15/2006 Page 1 of 3 11:20AM

FIRST AMERICAN TITLE CO.

87322E-2

SUBORDINATION AGREEMENT

Grantors: SEAS, Inc., a Washington corporation

Grantees: Pension Portfolio Services, Inc., a Washington corporation

Legal Description:

Tract 2, Short Plat No. MV-3-92, approved February 27, 1992, and recorded February 28, 1992, under Auditor's File No. 9202280046, in Volume 10 of Short Plats, Pages 64 and 64, records of Skagit County, Washington and being a portion of the Northeast 1/4 of the Southwest 1/4 of Section 16, Township 34 North, Range 4 East, W.M.

Assessor's Property Tax Parcel or Account No.: 340416-0-002-0100 (P104938)

Reference Nos of Documents Assigned or Released: 200306040081

200602150080

SUBORDINATION AGREEMENT

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 INTEREST

The undersigned subordinator and owner agrees as follows:

1. SEAS, Inc. referred to herein as "Subordinator," is the owner and holder of a mortgage dated June 3, 2003, under Auditor's File No. 200306040081, records of Skagit County.

2. Pension Portfolio Services, Inc., Lender, is the owner and holder of a mortgage dated Feb. 14, 2006, executed by Pasquale J. Senatore, Jr., under Auditor's File No. 200602150080, records of Skagit County.

3. Pasquale J. Senatore, Jr., 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 "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 his mortgage 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 lien or charge of the mortgage 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 Lender

Lender

SEAS, Inc.

Pension Portfolio Services, Inc.

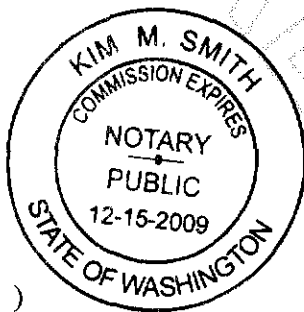
Gale A. Hickok
Gale A. Hickok, President

James E. Bolduc
James E. Bolduc, President

State of Washington)
)ss
County of Skagit)

I certify that I know or have satisfactory evidence that James E. Bolduc is the person who appeared before me; that he acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged as President of Pension Portfolio Services, Inc., to be the free and voluntary act of him for the uses and purposes contained in the instrument.

DATED: Feb. 14, 2006.

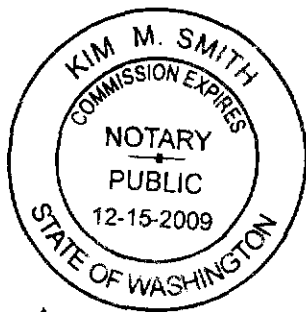


Kim M. Smith
Kim M. Smith, Notary Public
My commission expires: 12/15/09

State of Washington)
)ss
County of Skagit)

I certify that I know or have satisfactory evidence that Gale A. Hickok is the person who appeared before me; that he acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged as the President of SEAS, Inc., to be the free and voluntary act of him for the uses and purposes contained in the instrument.

DATED: Feb. 14, 2006.



Kim M. Smith
Kim M. Smith, Notary Public
My commission expires: 12/15/09

Subordination Agreement
LTV\Senatore



200602150081
Skagit County Auditor