



200712100078

Skagit County Auditor

12/10/2007 Page 1 of 3 9:16AM

AFTER RECORDING RETURN TO:

NAME: CITY BANK
ADDRESS: 14807 HIGHWAY 99
CITY/STATE: LYNNWOOD, WA 98087

LAND TITLE OF SKAGIT COUNTY

126986 PA

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 INSTRUMENT.

The undersigned subordinator and owner agrees as follows:

1. R.E. POWELL DISTRIBUTING referred to herein as "subordinator," is the owner and holder of a mortgage dated May 1, 2000 which is recorded in volume N/A of Mortgages, page N/A under auditor's file No. 200304180056, records of Skagit County, Washington, more thoroughly described as follows:

The Real Property is located at 7601 State Route 20, Anacortes, WA. 98221

The Real Property tax identification numbers are 340205-0-040-0302 & 340205-0-040-0800

2. City Bank referred to herein as "lender," is the owner and holder of a mortgage dated November 26, 2007 in the amount of \$2,124,175.04 executed by Anacortes Hospitality, Inc (which is recorded in volume N/A of Mortgages, page N/A under auditor's file No. 200712040010, records of Skagit County, Washington (which is to be recorded concurrently herewith).

3. Anacortes Hospitality, Inc referred to herein as "owner," are the owners 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.

Executed this ____ day of November, 2007.

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 PURPOSES OTHER 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.

IN WITNESS WHEREOF, this Instrument has been duly executed by the Subordinator the day and year first written above.

SUBORDINATOR: R.E. Powell Distributing

By: *Anthony Powell* Treasurer
Signature and Title



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Skagit County Auditor

STATE OF WASHINGTON)

ACKNOWLEDGEMENT -Individual

COUNTY OF: (Yakima))

On this 30th day of November, 2007, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared (Linda Christensen) to me known to be the Treasurer of R.E. Powell Distributing the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath states that she is authorized to execute the said instrument and that the seal affixed (if any) is the corporate seal of said corporation.

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

My appointment expires

Notary Public
State of Washington
BARBARA C VAN HOLLEBEKE
MY COMMISSION EXPIRES
October 15, 2009



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