

WHEN RECORDED RETURN TO:



201102150237
Skagit County Auditor

2/15/2011 Page 1 of 6 1:59PM

Chicago Title Insurance Company

425 Commercial Street, Mount Vernon, Washington 98273 620012417

DOCUMENT TITLE(s)

1. SUBORDINATION AGREEMENT
- 2.
- 3.

REFERENCE NUMBER(s) OF DOCUMENTS ASSIGNED OR RELEASED:

200304180056 and 200611200071 and 201102150236

Additional numbers on page _____ of the document

GRANTOR(s):

1. Anacortes Hospitality, Inc., a Washington corporation
- 2.
- 3.

Additional names on page _____ of the document

GRANTEE(s):

1. Fortune Oil Company
2. R.E. Powell Distributing
- 3.

Additional names on page _____ of the document

LEGAL DESCRIPTION: LOTS 1 & 2, CITY OF ANACORTES SHORT PLAT NO. 03-006

Complete legal description is on page 1 of the document

ASSESSOR'S PROPERTY TAX PARCEL ACCOUNT NUMBER(s):

P19989 340205-0-040-0302 P121424 340205-0-040-0800

Melody Demosssett for Marie Palick

(sign only if applicable) I am requesting an emergency nonstandard recording for an additional fee as provided in RCW 36.18.010. I understand that the recording processing requirements may cover up or otherwise obscure some part of the text of the original document.

This cover sheet is for the County Recorder's indexing purposes only.
 The Recorder will rely on the information provided on the form and will not read the document to verify the accuracy or completeness of the indexing information provided herein.

RECORDING REQUESTED BY:

WHEN RECORDED MAIL TO:
Pacific International Bank
1155 130TH STREET
SEATTLE, WA 98133

ESCROW NO:
TITLE ORDER NO: 620012417

SPACE ABOVE THIS LINE FOR RECORDER'S USE

APN: P19989, P121424, 340205-0-040-0302 and 340205-0-040-0800

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.

THIS AGREEMENT, made January 3, 2011 by

Anacortes Hospitality, Inc., a Washington Corporation

owner of the land hereinafter described and hereinafter referred to as "Owner," and

R.E. Powell Distributing

present owner and holder of the deed of trust and note first hereinafter described and hereinafter referred to as "Beneficiary;"

WITNESSETH

THAT WHEREAS, **Anacortes Hospitality, Inc., a Washington Corporation** did execute a deed of trust, May 1, 2000, to **TransNation Title Insurance Company** as trustee, covering:

LOTS 1 AND 2 OF CITY OF ANACORTES SHORT PLAT NO. ANA 03-006, RECORDED JANUARY 9, 2004, UNDER AUDITOR'S FILE NO. 200401090068, RECORDS OF SKAGIT COUNTY, WASHINGTON; AND BEING A PORTION OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER AND OF GOVERNMENT LOT 3, SECTION 5, TOWNSHIP 34 NORTH, RANGE 2 EAST OF THE WILLAMETTE MERIDIAN.

SITUATED IN SKAGIT COUNTY, WASHINGTON

to secure a note in the sum of **\$78,249.49** in favor of **Fortune Oil Company** which deed of trust was recorded as Instrument No. **200304180056**, on **April 18, 2003** in book _____, page _____, Official Records of said county; and which deed of trust was assigned to **R.E. Powell Distributing** on **November 20, 2006** as instrument No. **200611200071**.

WHEREAS, Owner has executed, or is about to execute, a deed of trust and note in the sum of **\$2,100,000.00** Dated, February 2, 2011 in favor of **Pacific International Bank** hereinafter referred to as "Lender," payable with interest and upon the terms and conditions described therein, which deed of trust is to be recorded concurrently herewith; and

WHEREAS, it is a condition precedent to obtaining said loan that said deed of trust last above mentioned shall unconditionally be and remain at all times a lien or charge upon the land hereinbefore described, prior and superior to the lien or charge of the deed of trust first above mentioned; and



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WHEREAS, lender is willing to make said loan provided the deed of trust securing the same is a lien or charge upon the above described property prior and superior to the lien or charge of the deed of trust first above mentioned and provided

that Beneficiary will specifically and unconditionally subordinate the lien or charge of the deed of trust first above mentioned to the lien or charge of the deed of trust in favor of Lender; and

WHEREAS, it is to the mutual benefit of the parties hereto that Lender make such loan to Owner; and Beneficiary is willing that the deed of trust securing the same shall, when recorded, constitute a lien or charge upon said land which is unconditionally prior and superior to the lien or charge of the deed of trust first above mentioned.

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NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, and in order to induce Lender to make the loan above referred to, it is hereby declared, understood and agreed as follows:

- (1) That said deed of trust securing said note in favor of Lender, and any renewals or extensions thereof, shall unconditionally be and remain at all times a lien or charge on the property therein described, prior and superior to the lien or charge of the deed of trust above mentioned.
- (2) That Lender would not make its loan above described without this subordination agreement.
- (3) That this agreement shall be the whole and only agreement with regard to the subordination of the lien or charge of the deed of trust first above mentioned to the lien or charge of the deed of trust in favor of Lender above referred to and shall supersede and cancel, but only insofar as would affect the priority between the deeds of trust hereinbefore specifically described, any prior agreement as to such subordination including, but not limited, those provisions, if any, contained in the deed of trust first above mentioned, which provide for the subordination of the lien or charge thereof to another deed or deeds of trust or to another mortgage or mortgages.

Beneficiary declares, agrees and acknowledges that:

- (a) He consents to and approves (i) all provisions of the note and deed of trust in favor of Lender above referred to, and (ii) all agreements, including but not limited to any loan or escrow agreements, between Owner and Lender for the disbursement of the proceeds of Lender's loan;
- (b) Lender in making disbursements pursuant to any such agreement is under no obligation or duty to, nor has Lender represented that it will, see to the application of such proceeds by the person or persons to whom Lender disburses such proceeds and any application or use of such proceeds for purposes other than those provided for in such agreement or agreements shall not defeat the subordination herein made in whole or in part;
- (c) He intentionally and unconditionally waives, relinquishes and subordinates the lien or charge of the deed of trust first above mentioned in favor of the lien or charge upon said land of the deed of trust in favor of Lender above referred to and understands that in reliance upon, and in consideration of, this waiver, relinquishment and subordination, specific loans and advances are being and will be made and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for said reliance upon this waiver, relinquishment and subordination; and
- (d) An endorsement has been placed upon the note secured by the deed of trust first above mentioned that said deed of trust has by this instrument been subordinated to the lien or charge of the deed of trust in favor of Lender above referred to.



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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.

R.E. Powell Distributing

Anacortes Hospitality, Inc.

By: [Signature]
Fortune Oil Company Inc.

By: _____
Jung, Woon, President of Anacortes Hospitality, Inc.

By: Albert D. Rosellini Jr. President
Beneficiary

By: _____
Jung, In-Ja, Vice President of Anacortes Hospitality, Inc.
Owner

(ALL SIGNATURES MUST BE ACKNOWLEDGED)

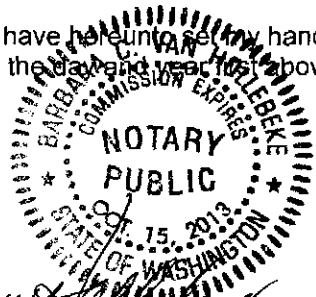
CORPORATE ACKNOWLEDGMENT

STATE OF Wa. Halimé County ss:

On this 17th day of Jan. 2011, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Susan Christensen, to me known to be the treasurer, respectively, of the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that HE authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year first above written.

My commission expires:



[Signature]
Notary Public in and for the State of Washington,
residing at:



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R.E. Powell Distributing

Anacortes Hospitality, Inc.

By: _____

By: Jung, Woon, President of Anacortes Hospitality, Inc.

Fortune Oil Company

By: [Signature] President

By: Jung, In-Ja, Vice President of Anacortes Hospitality, Inc.

By: _____

Beneficiary

Owner

(ALL SIGNATURES MUST BE ACKNOWLEDGED)

CORPORATE ACKNOWLEDGMENT

STATE OF Washington, King County ss:

On this 8th day of Feb, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Albert Osellon, to me known to be the President, respectively, of the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he IS authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year first above written.

My commission expires: 7/29/12
[Notary Seal]

Notary Public in and for the State of Washington, residing at: Bellevue, WA



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R.E. Powell Distributing

Anacortes Hospitality, Inc.

By: _____

By: [Signature]
Jung, Woon, President of Anacortes Hospitality, Inc.

Fortune Oil Company

By: [Signature]
Jung, In-Ja, Vice President of Anacortes Hospitality, Inc.

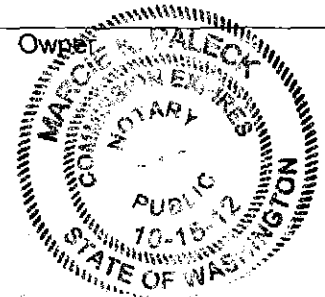
By: _____

By: _____

Beneficiary

(ALL SIGNATURES MUST BE ACKNOWLEDGED)

CORPORATE ACKNOWLEDGMENT



STATE OF WASHINGTON, SKAGIT County ss:

On this 3rd day of FEBRUARY 2011, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared JUNG WOON JUNG IN-JA, to me known to be the PRESIDENT + VICE PRESIDENT, respectively, of the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that _____ IS authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year first above written.

My commission expires: October 15 2012
MARCIE K. PALECK

[Signature]

Notary Public in and for the State of Washington, residing at: Mount Vernon

