

**Return Address:**

Parkwood Place Holdings LLC  
Attn: Bill Dyer  
3311 S Rainbow Blvd #209  
Las Vegas NV 89146



Skagit County Auditor  
12/9/2014 Page 1 of 10 3:18PM \$81.00

**Document Title:**

Intercreditor and Subordination Agreement

**Reference Number** (if applicable): \_\_\_\_\_

201308020175 and 201412090078

**Grantor(s):** \_\_\_\_\_  additional grantor names on page \_\_\_\_

- 1) PW Creek Inc. *Land Title*
- 2) \_\_\_\_\_ *150817-02*

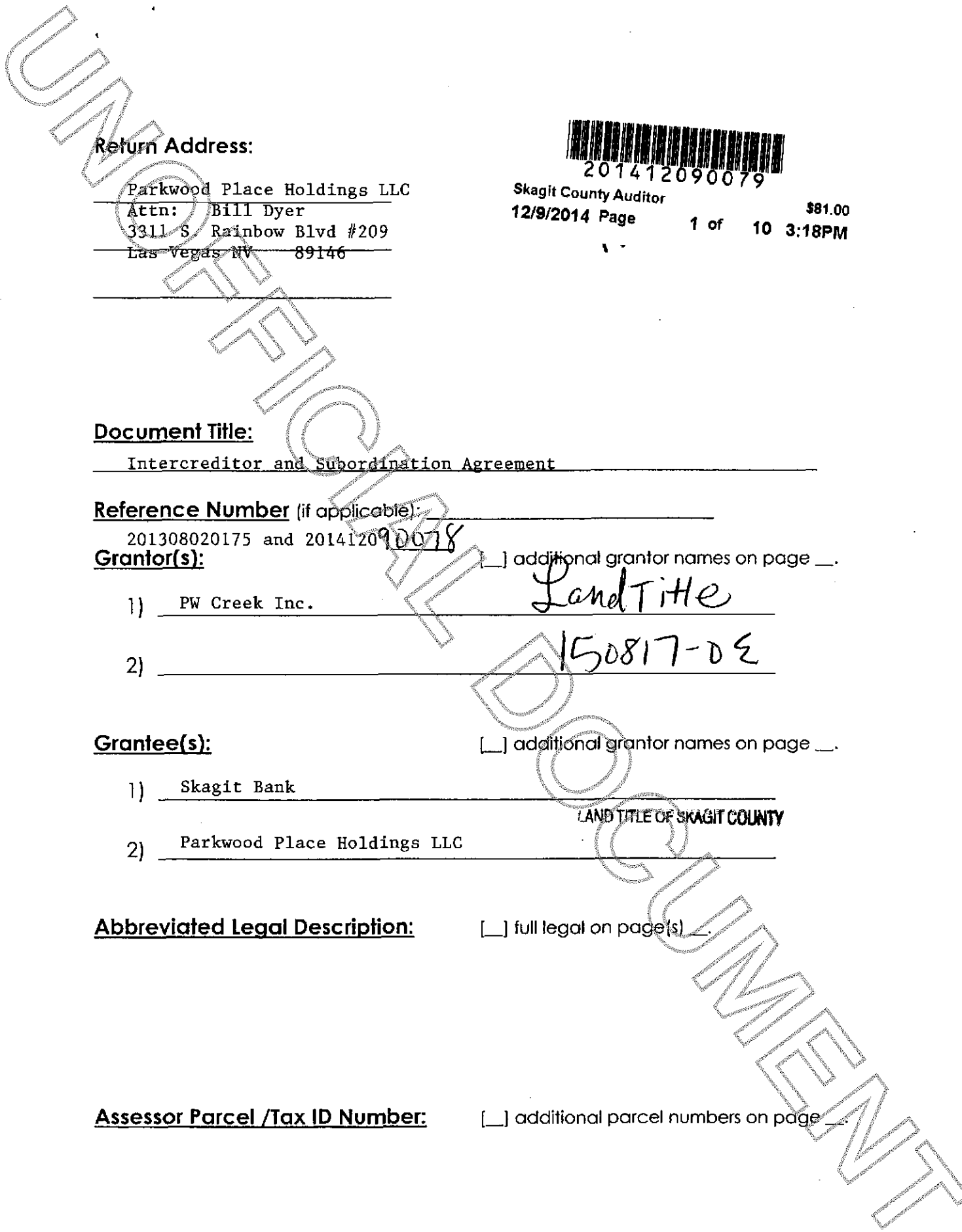
**Grantee(s):** \_\_\_\_\_  additional grantor names on page \_\_\_\_

- 1) Skagit Bank
- 2) Parkwood Place Holdings LLC

LAND TITLE OF SKAGIT COUNTY

**Abbreviated Legal Description:** \_\_\_\_\_  full legal on page(s) \_\_\_\_

**Assessor Parcel /Tax ID Number:** \_\_\_\_\_  additional parcel numbers on page \_\_\_\_



Recorded at the Request of, and  
after recording return to:

Parkwood Place Holdings, LLC  
3311 S. Rainbow Blvd., Suite 209  
Las Vegas, Nevada 89146  
Attn: Bill Dyer

### INTERCREDITOR AND SUBORDINATION AGREEMENT

THIS INTERCREDITOR AND SUBORDINATION AGREEMENT (the "Agreement") is made and entered into effective this 4<sup>th</sup> day of December, 2014 by Skagit Bank, a Washington State chartered commercial bank (the "Subordinate Lender") and Parkwood Place Holdings, LLC, a Nevada limited liability company, or its successors and assigns from time to time ("Senior Lender"); and

WHEREAS, Senior Lender is the beneficiary of a Deed of Trust dated August 2, 2013, (the "Senior Deed of Trust"), encumbering that certain real property described on Exhibit "A" attached hereto and made a part hereof (the "Real Property") to secure a note by PW Creek, Inc. ("Borrower") in the sum of \$2,340,000 dated August 2, 2013 (the "Senior Note"), which Senior Deed of Trust was recorded on August 2, 2013 as Instrument No. 201308020175, Official Records of Skagit County, Washington (the obligation described in the Senior Note shall be called the Senior Loan); and

WHEREAS, the Senior Deed of Trust, the Senior Note and all other documents evidencing or securing the loan from Senior Lender to Borrower are defined herein as the "Senior Loan Documents"; and

WHEREAS, Borrower has executed or is about to execute a deed of trust dated on or about the date of this Agreement (the "Subordinate Deed of Trust"), for the benefit of Subordinate Lender encumbering the Real Property and additional real property to secure a promissory note in the sum of \$2,210,000.00 dated on or about the date of this Agreement (the "Subordinate Note"), which Subordinate Deed of Trust has been or will be recorded concurrently herewith in the Official Records of Skagit County, Washington (the obligation described in the Subordinate Note shall be called the Subordinate Loan); and

Recorded on December 9, 2014, under AF No. 201412090078.

WHEREAS, the Subordinate Deed of Trust, the Subordinate Note and all other documents evidencing or securing the loan from Subordinate Lender to Borrower are defined herein as the "Subordinate Loan Documents"; and

WHEREAS, the Borrower is seeking Final Plat Approval (as defined in Section 21 below) for a portion of the Real Property identified in Exhibit B, below ("Phase II") and Senior Lender and Subordinate Lender have agreed that Senior Lender will release the Senior Deed of Trust and all other liens and encumbrances held by Senior Lender from fifteen (15) lots of Phase II upon Final Plat Approval and that Senior Lender will release the Senior Deed of Trust and all



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other liens and encumbrances held by Senior Lender from the remaining five (5) lots of Phase II upon Final Plat Approval of Phase II upon receipt of a payment from Borrower of \$250,000.00, plus interest; and

WHEREAS, Subordinate Lender has requested that, as a condition precedent to making the Subordinate Loan, that the Subordinate Deed of Trust and this Agreement be recorded on the Real Property, and Senior Lender has consented to the Subordinate Lender's request; and

WHEREAS, Subordinate Lender and Senior Lender have agreed to the exchange of easements for ingress, egress and utilities, in the event that either or both the Senior Loan and the Subordinate Loan are foreclosed.

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 Senior Lender to make the loan above referred to, it is hereby declared, understood and agreed as follows.

1. The Senior Deed of Trust and the other Senior Loan Documents, and any renewals or extensions thereof, up to the principal amount of \$2,090,000, shall, except as provided below, unconditionally be and remain at all times a security interest, charge, lien, encumbrance and other interest in the Real Property prior and superior to the security interest, charge, lien, encumbrance or other interest in the Real Property created by or pursuant to the Subordinate Deed of Trust and other Subordinate Loan Documents.
2. The Subordinate Deed of Trust and the other Subordinate Loan Documents, and any renewals or extensions thereof, up to the principal amount of \$2,210,000.00, shall unconditionally be and remain at all times a security interest, charge, lien, encumbrance and other interest in Lots 17, 18, 19 and 58 – 69 of Phase II of the Real Property (the "Phase II Lots"), as designated on the proposed plat of Twin Brooks 2 attached hereto as Exhibit C" and incorporated herein by this reference (the "Twin Brooks Plat"), prior and superior to the security interest, charge, lien, encumbrance or other interest in the Phase II Lots created by or pursuant to the Senior Deed of Trust and other Senior Loan Documents.

Senior Lender intentionally and unconditionally waives, relinquishes and subordinates the lien and charge of the Senior Deed of Trust in favor of the lien and charge upon the Phase II Lots of the Subordinate Deed of Trust and all present or future liens and security interests granted by Borrower on such lots to the Subordinate Lender as security for the Subordinate Loan and the lien of any new indebtedness of the Borrower to the Subordinate Lender incurred by the Borrower in order to retire the Subordinate Loan, and understands that in reliance upon, and in consideration of this waiver, relinquishment and subordination, specific loans and advances have been 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 have been or be entered into but for said reliance upon this waiver, relinquishment and subordination;

3. Upon Final Plat Approval for Phase II, Senior Lender shall immediately thereafter release the Senior Deed of Trust and all other liens and encumbrances held by Senior Lender on the Phase II



Lots. In addition, following Final Plat Approval, in the event that either Borrower or Subordinate Lender provide payment to Senior Lender in the amount of Two Hundred Fifty Thousand and No/100's Dollars (\$250,000.00), plus accrued interest on the Senior Loan through the date of such payment, then Senior Lender shall immediately thereafter release the Senior Deed of Trust and all other liens and encumbrances held by Senior Lender from all of Phase II, including, without limitation, Lots 20, 57, 71, 72, 70 of the Twin Brooks Plat.

4. In the event that Senior Lender takes title to the Real Property and Subordinate Lender takes title to either Phase II and/or that certain real property located between Phase II and Division Street ("Phase I"), then Senior Lender and Subordinate Lender shall take all such actions as are reasonably necessary to (i) exchange easements for ingress, egress and utilities over, under and across their respective parcels, and (ii) adopt mutually acceptable CC&Rs for the Phase I lots and the Real Property for the benefit of the parcel(s) held by the other party.
5. Subordinate Lender shall deliver to Senior Lender copies of any notice of default or other notice given or received by Subordinate Lender with respect to the Subordinate Loan Documents.
6. Senior Lender shall deliver to Subordinate Lender copies of any notice of default or other notice given or received by Senior Lender with respect to the Senior Loan Documents.
7. This Agreement shall be the whole and only agreement with regard to the relative subordination of the Senior Deed of Trust and the Subordinate Deed of Trust and shall supersede and cancel any prior agreements.
8. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by facsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses set forth below. Any party may change its address for notices under this Agreement, by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. The notice addresses for the parties are as follows:

If to Senior Lender:                      Parkwood Place Holdings, LLC  
3311 S. Rainbow Blvd., Suite 209  
Las Vegas, NV 89146  
Attention: Bill Dyer  
Phone: (702) 257-0021  
Facsimile No. (702) 257-0031  
bill\_ifa@yahoo.com

If to Subordinate Lender:              Skagit Bank  
Attn: Tim FitzGerald  
Senior Vice President  
Business Banking Manager  
121 N. Spruce St. / P.O. Box 285



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Burlington, WA 98233  
Phone: (360) 855-7700  
Fax: (360) 755-9860  
timothyf@skagitbank.com

9. The parties hereto shall execute such further documents or instruments and take such further action as may be reasonably necessary from time to time to carry out the intent of this Agreement.
10. No provision of this Agreement may be changed, waived, discharged or terminated orally, by telephone or by any other means except by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.
11. Subordinate Lender and Senior Lender each hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.
12. Nothing contained in this Agreement is intended to modify the loan agreements between Senior Lender and Borrower or Subordinate Lender and Borrower.
13. All covenants and agreements contained in this Agreement shall bind the parties hereto and their successors and assigns and shall inure to the benefit of each other party and their successors and assigns.
14. If any provision or part of any provision of this Agreement shall for any reason be held or deemed to be invalid, illegal or unenforceable in any respect, then this Agreement shall be construed as if such invalid, illegal or unenforceable provision or part thereof had never been contained herein and the remaining provisions or parts thereof shall remain in full force and effect.
15. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.
16. This Agreement shall be governed by, construed under and enforced in accordance with federal law and the laws of the State of Washington. The parties hereto consent to the jurisdiction and venue of the Skagit County Superior Court for any dispute arising out of or related to this Agreement.
17. The parties hereto have had the opportunity to review this agreement with legal counsel of their choice. No interpretation of this Agreement shall be made based upon which party drafted all or any portion of this Agreement.
18. Nothing contained in this Agreement shall be deemed to indicate that this Agreement has been entered into for the benefit of any person or entity other than the Subordinate Lender or Senior Lender. Nothing provided in this Agreement is intended to create a joint venture, partnership, tenants in common or joint tenant relationship between or among any of the parties hereto.



19. This Agreement shall terminate only upon full and final payment of all amounts due under the Senior Loan and the Subordinate Loan.

20. This Agreement may be executed in several counterparts and by each of the parties hereto on separate counterparts, each of which shall be deemed an original and all of which shall be taken together and constitute one document.

21. For purposes of this Agreement, the capitalized term "Final Plat Approval" shall mean that the final plat of Phase II has been approved by Senior Lender and Subordinate Lender and recorded in the County Recorder's Office for Skagit County, Washington and that all fees, permits, bonds and other regulatory approvals have been paid for and/or obtained.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

**SUBORDINATE LENDER:**

Skagit Bank, a Washington State chartered commercial bank

By: *Lisa Cassidy*  
Name: Lisa Cassidy  
Title: Vice President

**SENIOR LENDER:**

Parkwood Place Holdings, LLC,  
a Nevada limited liability company  
By: Parkwood Managers, LLC,  
a Nevada limited liability company

By: *William Dyer*  
William Dyer, Manager



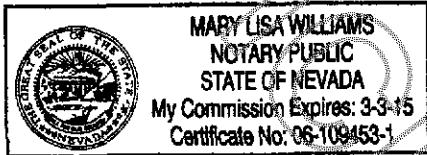
STATE OF NEVADA }

SS.

COUNTY OF CLARK

On this day personally appeared before me WILLIAM DYER, to me known to be the Manager of Parkwood Managers, LLC, a Nevada limited liability company, known to me to be the Manager of Parkwood Place Holdings, LLC, a Nevada limited liability company, the party that executed the foregoing instrument, and acknowledged such instrument to be the free and voluntary act and deed of such party, for the uses and purposes therein mentioned, and on oath stated that he/she was duly authorized to execute such instrument.

Given under my hand and official seal this 4 day of December, 2014.



Mary Lisa Williams  
Printed Name  
Mary Lisa Williams  
Notary Public in and for the State of  
Nevada, residing at  
Clark County, Nevada  
My Commission Expires  
3/3/2015

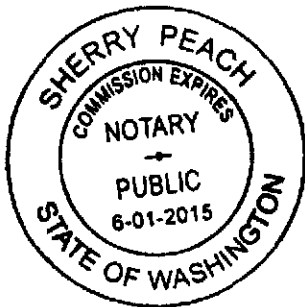
STATE OF WASHINGTON }

SS.

COUNTY OF SKAGIT

On this day personally appeared before me Risa Cassidy,  
to me known to be the VP of SKAGIT BANK, a  
Washington State chartered commercial bank, the party that executed the foregoing instrument,  
and acknowledged such instrument to be the free and voluntary act and deed of such party, for  
the uses and purposes therein mentioned, and on oath stated that he/she was duly authorized to  
execute such instrument.

Given under my hand and official seal this 9th day of Dec, 2014.



Sherry Peach  
Printed Name  
Sherry Peach  
Notary Public in and for the State of  
Wash, residing at  
Burlington  
My Commission Expires  
6-1-15



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**EXHIBIT "A"**  
**REAL PROPERTY LEGAL DESCRIPTION**

That portion of the Southeast  $\frac{1}{4}$  of the Northwest  $\frac{1}{4}$  and the Northeast  $\frac{1}{4}$  of the Northwest  $\frac{1}{4}$  of Section 22, Township 34 North, Range 4 East, W.M., being more particularly described as follows:

Beginning at the Northeast corner of Tract 4 of Short Plat No. 42-83, approved March 14, 1984 and filed March 19, 1984 in Book 6 of Short Plats, page 127, under Auditor's File No. 8403190045, records of Skagit County, Washington, said point being on the East line of the Southeast  $\frac{1}{4}$  of the Northwest  $\frac{1}{4}$  of said subdivision;

thence North  $88^{\circ}23'52''$  West along the North line of said Short Plat, a distance of 679.16 feet to the Northwest corner of Tract 3 of said Short Plat; thence North  $01^{\circ}20'17''$  East, a distance of 648.89 feet;

thence North  $21^{\circ}10'00''$  West, a distance of 1,070.00 feet;

thence North  $60^{\circ}33'00''$  West, a distance of 289.66 feet to the West line of the Northeast  $\frac{1}{4}$  of the Northwest  $\frac{1}{4}$  of said subdivision;

thence North  $01^{\circ}30'33''$  East along said West line, a distance of 200.00 feet to the Northwest corner of the Northeast  $\frac{1}{4}$  of the Northwest  $\frac{1}{4}$  of said subdivision;

thence South  $88^{\circ}27'44''$  East along the North line of the Northeast  $\frac{1}{4}$ , of the Northwest  $\frac{1}{4}$  of said subdivision, a distance of 1,343.62 feet to the Northeast corner of the Northeast  $\frac{1}{4}$  of the Northwest  $\frac{1}{4}$  of said subdivision;

thence South  $01^{\circ}20'17''$  West along the East line of said subdivision, a distance of 1,972.34 feet to the point of beginning.

Situate in the City of Mount Vernon, County of Skagit, State of Washington.



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**Exhibit B**  
**Legal Description of Phase II**

**TWIN BROOKS 2 – PHASE 2 BOUNDARY**

That portion of the Southeast ¼ of the Northwest ¼ and the Northeast ¼ of the Northwest ¼ of Section 22, Township 34 North, Range 4 East, W.M., being more particularly described as follows:

Beginning at the Northeast corner of Tract 4 of Short Plat No. 42-83, approved March 14, 1984 and filed March 19, 1984 in Book 6 of Short Plats, page 127, under Auditor's File No. 8403190045, records of Skagit County, Washington, said point being on the East line of the Southeast ¼ of the Northwest ¼ of said subdivision;  
Thence North 1°20'17" East along said East line, said line also being the West line of Skagit Highlands Division IV, recorded under Auditor's File No. 200608230062, and the West line of Skagit Highlands Division 3, recorded under Auditor's File No 200605150163, a distance of 837.51 feet;  
Thence North 88°39'43" West, a distance of 121.83 feet;  
Thence North 79°43'04" West, a distance of 47.00 feet;  
Thence South 10°16'56" West, a distance of 91.79 feet to the beginning of a tangent curve to the left, having a central angle of 1°09'54", a radius of 323.50 feet, an arc length of 6.58 feet;  
Thence North 84°23'26" West, a distance of 55.07 feet;  
Thence South 21°56'33" West a distance of 130.34 feet to the beginning of a non-tangent curve to the left having a central angle of 3°53'02", a radius of 200.00 feet, an arc length of 13.56 feet, and a chord bearing South 72°41'01" East;  
Thence South 74°37'32" East tangent to said curve a distance of 51.28 feet;  
Thence South 15°22'28" West a distance of 47.00 feet;  
Thence North 74°37'32" West a distance of 9.06 feet;  
Thence South 13°14'12" West a distance of 118.05 feet;  
Thence North 78°37'10" West a distance of 75.93 feet;  
Thence North 43°34'53" West, a distance of 30.84 feet;  
Thence South 8°45'32" West, a distance of 110.19 feet;  
Thence North 81°14'28" West, a distance of 55.66 feet;  
Thence South 8°52'17" West, a distance of 115.41 feet;  
Thence South 13°51'47" East, a distance of 150.18 feet;  
Thence South 7°46'37" East, a distance of 128.14 feet to a point on the North line of Tract 3 of said Short Plat;  
Thence South 88°23'52" East along said North line of said Tract 3 and Tract 4, a distance of 387.43 feet to the Point of Beginning.

Situate in the City of Mount Vernon, County of Skagit, State of Washington.

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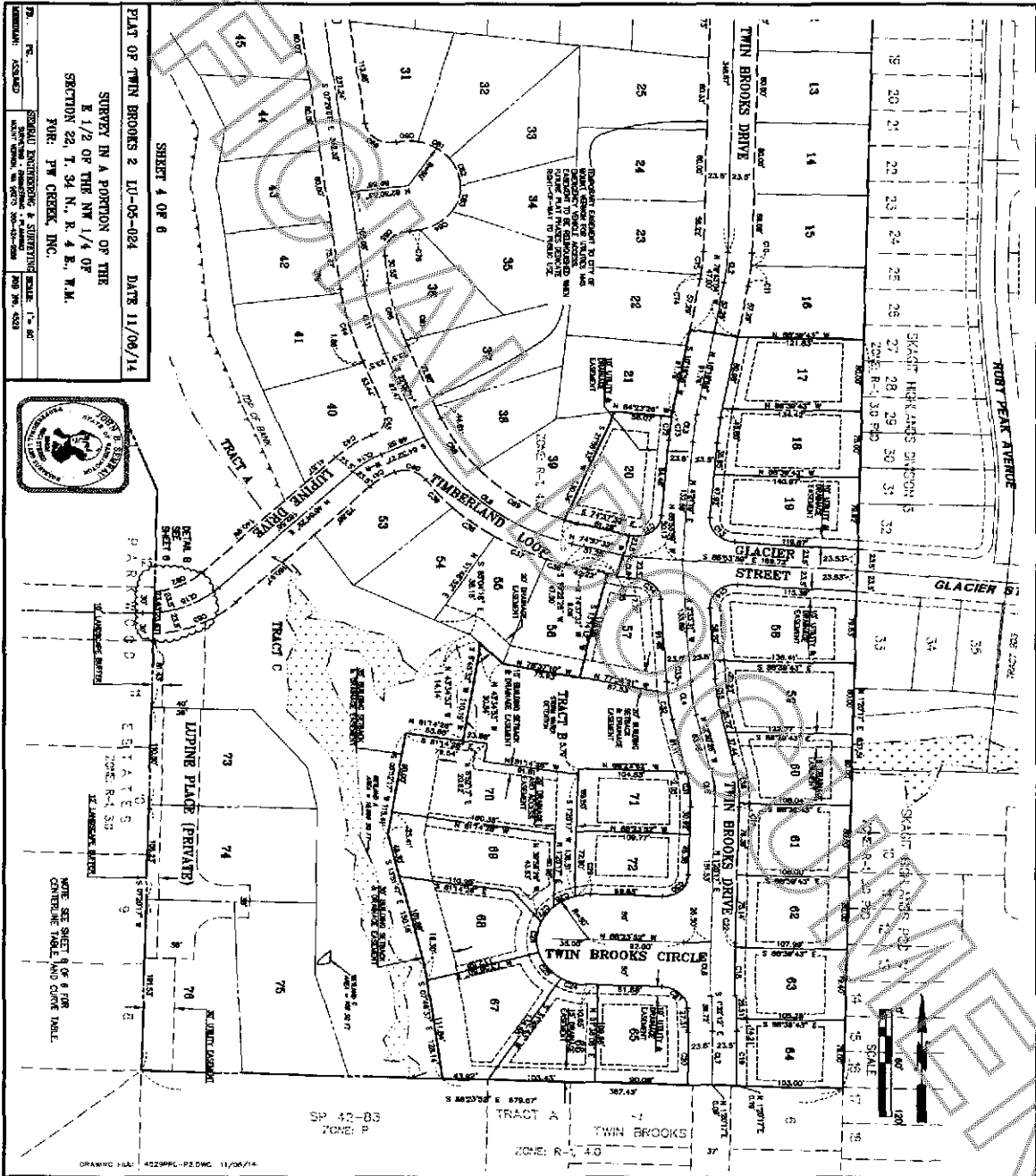
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**EXHIBIT "C"**  
**TWIN BROOKS PLAT - PHASE II**



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