

AFTER RECORDING RETURN TO:  
LLR GROUP, LLC  
P. O. Box 336 – 227 Freeway Drive, Suite B  
Mount Vernon, WA 98273



200710100084  
Skagit County Auditor

10/10/2007 Page 1 of 8 1:57PM

### SUBORDINATION AGREEMENT

Reference Nos.: 200507290124 (Deed of Trust)  
200709240171 (Deed of Trust)  
Grantor (s): DONALD D. YOUNGREN and SANDRA L.  
YOUNGREN, husband and wife  
Grantee (s): LLR GROUP, LLC, a Washington limited liability  
company  
Additional Grantor(s) on page(s):  
Additional Grantee(s) on page(s):  
Legal Description: Lots 1-6, Blk 8, Amended Burl.  
Abbreviated Form:  
Additional on Page:  
Assessor's Tax Parcel No: P71323 / 4076-008-006-0016

THIS SUBORDINATION AGREEMENT (the "Agreement"), dated this 27<sup>th</sup> day of September, 2007, is made by DONALD D. YOUNGREN and SANDRA L. YOUNGREN, husband and wife (the "Holder") for the benefit of LLR GROUP, LLC, a Washington limited liability company ("LLR Group").

#### WHEREAS:

1. Donald D. Youngren and Sandra L. Youngren, husband and wife, are the holders of a Promissory Note in the principal sum of One Hundred Thousand and no/100 Dollars (\$100,000.00) wherein Skagit Synergy, LLC, a Washington limited liability company, (hereinafter "Skagit Synergy") is the Maker. Said Promissory Note is secured by a Deed of Trust wherein Skagit Synergy is the Grantor, and First American Title of Skagit County is the Trustee, and Donald D. Youngren and Sandra L. Youngren, husband and wife, are the Beneficiaries. That certain Deed of Trust is dated July 22, 2005 and was recorded on July 29, 2005 under Auditor's File Number 200507290124, records of Skagit County, Washington and encumbers real property which is identified by Skagit County Assessor's tax parcel number P71323 and consists of Lots 1 to 6 of Block 8 of the "Amended Plat of Burlington, Skagit County, Wash."

2. Duane D. Youngren and Tiffany V. Youngren, husband and wife, and Skagit Synergy, jointly and severally, intend to execute and deliver to LLR Group, as Holder, a Promissory Note in the principal sum of Two Hundred Thirty-Six Thousand Nine Hundred and no/100 Dollars (\$236,900.00), which Note is to be secured by a Deed of Trust wherein Skagit Synergy is the Grantor, and Land Title Company of Skagit County is the Trustee, and LLR Group is the Beneficiary that encumbers real property which is identified by Skagit County Assessor's tax parcel number P71323 and consists of Lots 1 to 6 of Block 8 of the "Amended Plat of Burlington, Skagit County, Wash."

3. Donald D. Youngren and Sandra L. Youngren, husband and wife, desire to subordinate the Deed of Trust (as described in paragraph A above) to the Deed of Trust (as described in paragraph B above) to LLR Group.

### BACKGROUND

A. *Subordinated Debt.* The Holder has received a Promissory Note (the "Note") in the amount of One Hundred Thousand and no/100 Dollars (\$100,000.00) (the "Subordinated Debt") from Skagit Synergy (the "Maker"). Prior to the execution of this Subordination Agreement, the Subordinated Debt is secured by a first position Deed of Trust on real property which is identified by Skagit County Assessor's tax parcel number P71323 and consists of Lots 1 to 6 of Block 8 of the "Amended Plat of Burlington, Skagit County, Wash."

B. *Priority Debt.* Duane D. Youngren and Tiffany V. Youngren, husband and wife, and Skagit Synergy, jointly and severally, as Makers, will execute a Promissory Note in the principal amount of Two Hundred Thirty-Six Thousand Nine Hundred and no/100 Dollars (\$236,900.00) in favor of LLR Group, as Holder (the "Priority Debt"). Payment of this Promissory Note shall be secured by the following: i) a first position Deed of Trust upon the real property identified in paragraph A above; and ii) a second position Deed of Trust upon real property situate in Grant County, Washington and commonly known as 25077 Wanapum Street, S.W., Quincy, Washington, 98488.

C. This Agreement sets forth the parties' respective collection rights with respect to the Maker's indebtedness to each of them.

### AGREEMENT

The parties agree as follows:

1. *Lien Subordination.* All present and future liens and security interests granted by the Maker to the Holder as security for the Subordinated Debt, or for any other indebtedness arising under the Promissory Note and Deed of Trust identified in paragraph A above, shall be subordinated to all present and future liens and security interests granted by the Maker to LLR Group as security for the Priority Debt.

2. *Subordination of Debt.* The Subordinated Debt and any other indebtedness of the Maker to the Holder arising under the Promissory Note and Deed of Trust identified in



paragraph A above shall be subordinated to the Priority Debt, and to any new indebtedness of the Maker to LLR Group incurred by the Maker in order to retire the Priority Debt. The Holder may not collect any prepayment of the Subordinated Debt or accept, at any time, more than the regularly scheduled installments due on the Note without first obtaining LLR Group's written consent. The Note shall not be renewed, replaced, amended, or modified without LLR Group's written consent.

3. *Enforcement of Security.* The Holder shall not enforce the rights granted to it under the Note and Deed of Trust as identified in paragraph A above without the prior written consent of LLR Group.

4. *Consent.* Any consent or other communication required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given or made either (1) when delivered personally to the party to whom it is directed (or any officer or agent of the party), or (2) three days after being deposited in the United States certified or registered mail, postage prepaid, return receipt requested, and properly addressed to the party to whom it is directed. A communication will be deemed to be properly addressed if sent to the Maker at: 16497 Dunbar Road, Mount Vernon, Washington, 98273 or LLR Group at P. O. Box 336, 227 Freeway Drive, Suite B, Mount Vernon, Washington, 98273. The Maker or the Holder may at any time during the term of this Agreement change the address to which consents and other communications must be sent by providing written notice of a new address within the United States to the other party. Any change of address will be effective ten (10) days after notice is given.

5. *Governing Law.* This Agreement will be construed and the rights, duties, and obligations of the parties will be determined in accordance with the laws of the State of Washington.

6. *Successors and assigns.* This Agreement will bind and benefit the parties, and their respective heirs, executors, legal representatives, and permitted successors and assigns.

7. *Headings.* Headings used in this Agreement have been included for convenience and ease of reference only, and will not in any manner influence the construction or interpretation of any provision of this Agreement.

8. *Entire Agreement.* This Agreement represents the entire understanding of the parties with respect to the subject matter of this Agreement. There are no other prior or contemporaneous agreements, either written or oral, between the parties with respect to this subject.

9. *Waiver.* No right or obligation under this Agreement will be deemed to have been waived unless evidenced by a writing signed by the party against whom the waiver is asserted, or by its duly authorized representative. Any waiver will be effective only with respect to the specific instance involved, and will not impair or limit the right of the waiving party to insist upon strict performance of the right or obligation in any other instance, in any other respect, or at any other time.

10. *Severability.* The parties intend that this Agreement be enforced to the greatest extent permitted by applicable law. Therefore, if any provision of this Agreement, on its face



or as applied to any person or circumstance, is or becomes unenforceable to any extent, the remainder of this Agreement and the application of that provision to other persons, circumstances, or extent, will not be impaired.

11. *References.* Except as otherwise specifically indicated, all references to this Agreement include any subsequent amendments to this Agreement.

12. *Attorneys' Fees.* If any litigation or other dispute resolution proceeding is commenced between parties to this Agreement to enforce or determine the rights or responsibilities of the parties, the prevailing party or parties in the proceeding will be entitled to receive, in addition to whatever relief may be granted, its reasonable attorneys' fees, expenses, and costs incurred in preparing for and participating in the proceeding.

13. *Counterparts.* This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which together will constitute a single agreement.

14. *Further Assurances.* Each party agrees to take any further actions and to make, execute, and deliver any further written instruments as may be necessary to carry out the terms, provisions, intentions, and purposes of this Agreement.

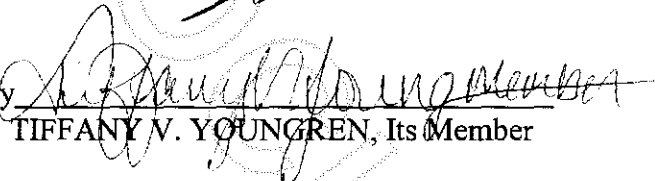
MAKER:

SKAGIT SYNERGY, LLC, a Washington  
limited liability company

By

  
DUANE D. YOUNGREN, Its Member

By

  
TIFFANY V. YOUNGREN, Its Member

HOLDER:

\_\_\_\_\_  
DONALD D. YOUNGREN

\_\_\_\_\_  
SANDRA L. YOUNGREN



or as applied to any person or circumstance, is or becomes unenforceable to any extent, the remainder of this Agreement and the application of that provision to other persons, circumstances, or extent, will not be impaired.

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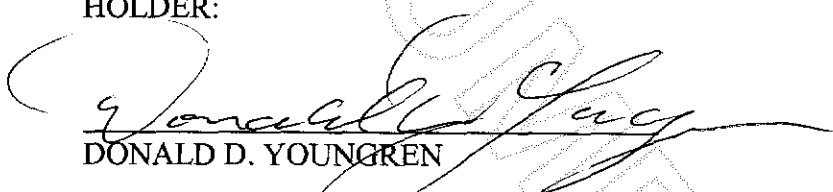
MAKER:

SKAGIT SYNERGY, LLC, a Washington  
limited liability company

By \_\_\_\_\_  
DUANE D. YOUNGREN, Its Member

By \_\_\_\_\_  
TIFFANY V. YOUNGREN, Its Member

HOLDER:

  
DONALD D. YOUNGREN

  
SANDRA L. YOUNGREN



STATE OF MONTANA )  
 )  
COUNTY OF STILLWATER ) ss.

I certify that I know or have satisfactory evidence that DONALD D. YOUNGREN and SANDRA L. YOUNGREN, husband and wife, are the persons who appeared before me, said persons acknowledged that they signed this instrument and acknowledged it to be their free and voluntary act for the uses and purposes mentioned in the instrument.

DATED: September 25, 2007.

Claudia J. Schreiner

NOTARY PUBLIC

Printed Name: Claudia J. Schreiner

My Appointment Expires: 01-14-2010

STATE OF WASHINGTON )  
 )  
COUNTY OF SKAGIT ) ss.

I certify that I know or have satisfactory evidence that DUANE D. YOUNGREN is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as a Member of SKAGIT SYNERGY, LLC, a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2007.

\_\_\_\_\_  
NOTARY PUBLIC

Printed Name: \_\_\_\_\_

My Appointment Expires: \_\_\_\_\_

STATE OF WASHINGTON )  
 )  
COUNTY OF SKAGIT ) ss.

I certify that I know or have satisfactory evidence that TIFFANY V. YOUNGREN is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as a



STATE OF MONTANA )  
 )  
COUNTY OF STILLWATER )

ss.

I certify that I know or have satisfactory evidence that DONALD D. YOUNGREN and SANDRA L. YOUNGREN, husband and wife, are the persons who appeared before me, said persons acknowledged that they signed this instrument and acknowledged it to be their free and voluntary act for the uses and purposes mentioned in the instrument.

DATED: September \_\_\_\_, 2007.

NOTARY PUBLIC

Printed Name: \_\_\_\_\_

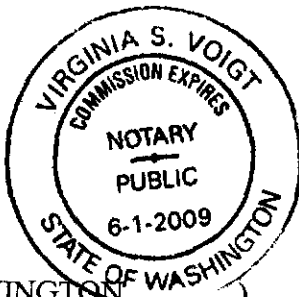
My Appointment Expires: \_\_\_\_\_

STATE OF WASHINGTON )  
 )  
COUNTY OF SKAGIT )

ss.

I certify that I know or have satisfactory evidence that DUANE D. YOUNGREN is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as a Member of SKAGIT SYNERGY, LLC, a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED this 21<sup>st</sup> day of September, 2007.



NOTARY PUBLIC

Printed Name: VIRGINIA S. VOIGT

My Appointment Expires: 6/1/09

STATE OF WASHINGTON )  
 )  
COUNTY OF SKAGIT )

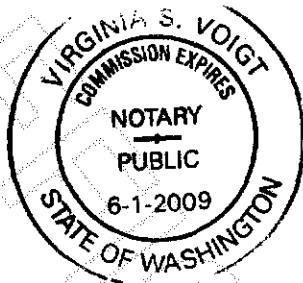
ss.

I certify that I know or have satisfactory evidence that TIFFANY V. YOUNGREN is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as a



Member of SKAGIT SYNERGY, LLC, a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED this 21<sup>st</sup> day of September, 2007.



Virginia S. Voigt  
NOTARY PUBLIC  
Printed Name: VIRGINIA S. VOIGT  
My Appointment Expires: 6/1/09

