

AFTER RECORDING MAIL TO:

Name Schwabe, Williamson & Wyatt
Address 700 Washington Street, Suite 701
City/State Vancouver, WA 98660
Attn: Matthew S. Bisturis

502 30770

Document Title(s): Subordination Agreement

1.

Reference Number(s) of Documents

2008170099

Grantor(s):

1. Chinidere LLC
2. Regal - A Land Acquisition & Development LLC

[] Additional information on page of document

Grantee(s):

1. Aspen Development LLC, A Washington limited liability company
- 2.

[] Additional information on page of document

Abbreviated Legal Description:

Lot 1 of the Feliz Short Plat recorded in Auditor's File No. 2008170088, Skamania County Records

Tax Parcel Number(s):

03-75-36-3-0-1200-00

[X] Complete legal description is on page Exhibit "A" of document

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.

SUBORDINATION AGREEMENT

Grantor: Chinidere, LLC, a Washington limited liability company, and Regal-A Land Acquisition & Development LLC, a Washington limited liability company

Grantee: Aspen Development, LLC, a Washington limited liability company

Legal Description: Lot 1 of FELIZ SHORT PLAT, recorded under Auditor's File No. 2008170088, records of Skamania County, Washington.

Assessor's Tax ID No.: 03753630120000

This Subordination Agreement ("Agreement") is executed by CHINIDERE, LLC, a Washington limited liability company ("Chinidere"), and REGAL- A LAND ACQUISITION & DEVELOPMENT LLC, a Washington limited liability company ("Regal") for the benefit of ASPEN DEVELOPMENT LLC, a Washington limited liability company ("Aspen").

RECITALS

Regal is the owner in fee of certain property located in Skamania County, Washington and more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference (the "Property").

Regal purchased the Property from Chinidere and in conjunction therewith, Regal has executed a deed of trust with respect to the Property dated May 30, 2008 and recorded June 4, 2008 in the Official Records of Skamania County, Washington under File No. 2008170099, securing payment of indebtedness owed by Regal to Chinidere ("Chinidere Deed of Trust") in the principal amount of One Million One Hundred Seventy Seven Thousand Nine Hundred Ninety Four and 60/100 dollars (\$1,177,994.60).

Regal has applied to Aspen for a loan in the amount of One Million Two Hundred Thousand dollars (\$1,200,000.00) (the "Loan") to be secured by a deed of trust of even date

herewith. Aspen's deed of trust shall hereinafter be referred to as the "Aspen Deed of Trust". Under the terms of the Loan, Regal is to pay Aspen all principal and interest due and owing under the Loan no later than December 22, 2008.

To induce Aspen to make the Loan, Regal and Chinidere have agreed that the Chinidere Deed of Trust shall be subordinate to the Aspen Deed of Trust as provided herein and the parties now desire to evidence such subordination.

AGREEMENT

Therefore, to induce Aspen to make the Loan and for other good and valuable consideration inuring to the benefit of Regal and Chinidere, Regal and Chinidere hereby acknowledge and agree to the following:

1. Subordination. Chinidere, being the holder of the Chinidere Deed of Trust, hereby agrees to subordinate the Chinidere Deed of Trust to the Aspen Deed of Trust, and all advances or charges made or accruing thereunder, but no extension or renewal thereof. Provided, however, that Chinidere will not subordinate the Chinidere Deed of Trust in an amount that exceeds One Million Two Hundred Thousand dollars (\$1,200,000.00). Any portion of a loan by Aspen in excess of \$1,200,000.00 will have a priority subordinate to the Chinidere Deed of Trust. The consent of Chinidere under this Agreement shall not be deemed a consent to any other financing against the Property.

2. Use of Loan Proceeds. Regal shall use the Loan proceeds only for construction of the development commonly known as Chinidere Mountain Estates Subdivision or to pay amounts owing to Chinidere. Regal's use of Loan proceeds for any other purpose will defeat Chinidere's obligation herein to subordinate the Chinidere Deed of Trust to the Aspen Deed of Trust and shall constitute a default under the Chinidere Deed of Trust and shall render the above referenced subordination null and void.

3. Chinidere Deed of Trust to Have Second-Position Priority. To the extent the Chinidere Deed of Trust is subordinated as provided in this Agreement, Chinidere shall thereafter hold a second-priority security interest to the Aspen Deed of Trust and to the Property. Regal represents and warrants to Chinidere that it has not allowed the subject property to become encumbered by any liens that would prevent the Chinidere Deed of Trust from taking a second-priority position after the Chinidere Deed of Trust is subordinated as provided in this Agreement and Regal agrees to provide Chinidere proof of same through a Lender's Policy of title insurance at Regal's sole cost and expense.

4. Consideration for Subordination. As provided in Section 1(B)(a) of the Chinidere Deed of Trust, Regal is required to pay Chinidere \$150,000 as consideration for entering into this Subordination Agreement. Regal has paid \$51,000 of the required amount to date. Regal will pay the remaining \$99,000 to Chinidere upon the release of the Loan funds from Aspen through escrow at First American Title Insurance Company to Regal as required by the

Chinidere Deed of Trust. Regal acknowledges that its failure to pay the outstanding \$99,000 upon release of the Loan funds will constitute a default under the Chinidere Deed of Trust and will void Chinidere's obligation to subordinate pursuant to this Agreement.

5. Notice of Default. Regal and Aspen expressly agree to immediately notify Chinidere of any default under the Aspen Deed of Trust as required by Section 1 of the Chinidere Deed of Trust. Regal's failure to immediately notify Chinidere of any such default and to give Chinidere the opportunity to cure such default will be a default by Regal under the terms of the Chinidere Deed of Trust. As additional consideration for Chinidere's agreements provided herein, prior to Aspen accelerating its Deed of Trust, commencing foreclosure action, or pursuing any other remedy under the Aspen Deed of Trust (each, an "Enforcement Action"), Aspen agrees to provide Chinidere with a Default Notice with respect to such Loan Default giving rise to such Enforcement Action, and agrees to provide Chinidere with the right, but not the obligation, to cure such default. Chinidere shall have twenty (20) business days after receipt of such Default Notice and any applicable cure period by Regal ("Regal Cure Period") to cure, or in the case of a non-monetary default, to commence and diligently pursue cure of such default ("Chinidere Cure Period"); it being agreed that until the expiration of such Chinidere Cure Period, without Regal or Chinidere having cured, or in the case of a non-monetary default having commenced and diligently pursued the cure of such Loan Default, Aspen shall not commence an Enforcement Action, nor shall Aspen impose any default rate, late payment charges or other fees as a result of such default.

6. Modifications. If Aspen seeks to modify the Aspen Deed of Trust or any terms of the Loan, Regal shall give notice of such proposed modification to Chinidere and obtain Chinidere's express written consent.

7. Termination of Aspen Deed of Trust. Upon Regal's repayment of the Loan by December 22, 2008, the Aspen Deed of Trust shall terminate and the Chinidere Deed of Trust shall return to its first-position priority.

8. Representations. Regal warrants that it has included or will include all of the terms and conditions contained in Section 1 of the Chinidere Deed of Trust in any loan agreements with Aspen, as required by Section 1(B)(f) of the Chinidere Deed of Trust.

9. Attorney Fees. In the event of litigation or other proceedings (including bankruptcy) brought to enforce or interpret any provision of this Agreement, the prevailing party shall be entitled to recover, in addition to all other sums and relief, its reasonable costs and attorney fees incurred both at and in preparation for trial and any appeal or review, such amount to be set by the courts before which the matter is heard.

10. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

11. **Counterparts.** This Agreement may be executed in multiple counterparts and shall be binding upon each party who executes a counterpart hereof regardless of whether that counterpart is executed by the other parties, so long as at least one counterpart of this Agreement is executed by each party. Any party may assemble multiple signature pages of this Agreement for the purposes of recording a counterpart hereof.

EXECUTED to be effective as of the 27 day of October, 2008.

CHINIDERE:

CHINIDERE, LLC, a Washington limited liability company

By: [Signature]
John Feliz, Managing Member

ASPEN:

ASPEN DEVELOPMENT, LLC, a Washington limited liability company

By: _____

Name: Del

Title: next pay

REGAL:

REGAL- A LAND ACQUISITION & DEVELOPMENT LLC, a Washington limited liability company

By: [Signature]

Name: Rock

Title: Member

By: [Signature]

Name: Gary Albers

Title: member

[Notary Acknowledgements on following pages.]

11. **Counterparts.** This Agreement may be executed in multiple counterparts and shall be binding upon each party who executes a counterpart hereof regardless of whether that counterpart is executed by the other parties, so long as at least one counterpart of this Agreement is executed by each party. Any party may assemble multiple signature pages of this Agreement for the purposes of recording a counterpart hereof.

EXECUTED to be effective as of the 27 day of October, 2008.

CHINIDERE:

CHINIDERE, LLC, a Washington limited liability company

By: [Signature]
John Feliz, Managing Member

ASPEN:

ASPEN DEVELOPMENT, LLC, a Washington limited liability company

By: [Signature]
Name: REN O. GRENDAHL
Title: MANAGING MEMBER

REGAL:

REGAL- A LAND ACQUISITION & DEVELOPMENT LLC, a Washington limited liability company

By: [Signature]
Name: Richard Smith
Title: Member
By: [Signature]
Name: Gary Albers
Title: member

[Notary Acknowledgements on following pages.]

STATE OF WASHINGTON)

: ss.

County of Clark)

I certify that I know or have satisfactory evidence that JOHN FELIZ 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 the MANAGING MEMBER of CHINIDERE, LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

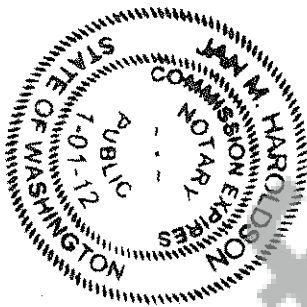
Dated: 10/27/2008

[Signature]

Notary Public

Printed Name: JAN M. HAN

My Appointment Expires: 1/1/2012



STATE OF

ss.

County of

I certify that I know or have satisfactory evidence that _____ 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 the _____ of ASPEN DEVELOPMENT LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____

Notary Public

Printed Name: _____

My Appointment Expires: _____

*See separate
California
Acknowledgment*

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF California)SS
 COUNTY OF San Francisco)

File No:

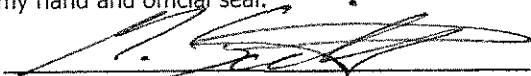
APN No:

On October 28, 2008 before me, M. Schmidt, Notary Public, personally appeared Ren O. Grendahl who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature




This area for official notarial seal.

**OPTIONAL SECTION
CAPACITY CLAIMED BY SIGNER**

Though statute does not require the Notary to fill in the data below, doing so may prove invaluable to persons relying on the documents.

- ☐ INDIVIDUAL
☐ CORPORATE OFFICER(S) TITLE(S)
☐ PARTNER(S) ☐ LIMITED ☐ GENERAL
☐ ATTORNEY-IN-FACT
☐ TRUSTEE(S)
☐ GUARDIAN/CONSERVATOR
☐ OTHER

SIGNER IS REPRESENTING:

 Name of Person or Entity

 Name of Person or Entity

OPTIONAL SECTION

Though the data requested here is not required by law, it could prevent fraudulent reattachment of this form.

THIS CERTIFICATE MUST BE ATTACHED TO THE DOCUMENT DESCRIBED BELOW

TITLE OR TYPE OF DOCUMENT: _____

NUMBER OF PAGES _____ DATE OF DOCUMENT _____

SIGNER(S) OTHER THAN NAMED ABOVE _____

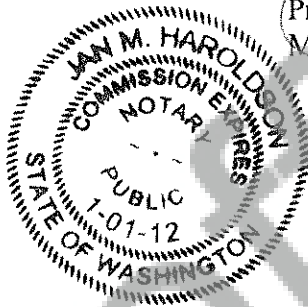
STATE OF WASHINGTON)

County of Clark) : ss.

I certify that I know or have satisfactory evidence that Gary Albers 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 the member of REGAL- A LAND ACQUISITION & DEVELOPMENT LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 10/27/2008

Notary Public

Printed Name: JAN HAROLDSONMy Appointment Expires: 1/1/2012

STATE OF WASHINGTON)

County of Clark) : ss.

I certify that I know or have satisfactory evidence that Rick Leavitt 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 the Member of REGAL- A LAND ACQUISITION & DEVELOPMENT LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 10/28/08

Notary Public

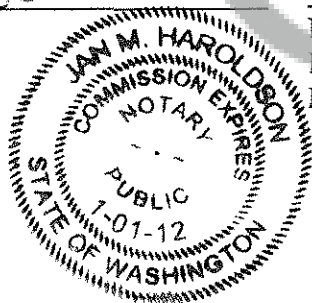
Printed Name: JAN M HAROLDSONMy Appointment Expires: 1/1/2012

EXHIBIT "A"

Legal Description

Lot 1 of FELIZ SHORT PLAT, recorded under Auditor's File No. 2008170088,
records of Skamania County, Washington.