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Kathy Hill, Skagit County Auditor

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RECORDING REQUESTED BY:

COMMONWEALTH LAND TITLE

WHEN RECORDED MAIL TO:

HEADLANDS MORTGAGE COMPANY
1160 NORTH DUTTON AVENUE, SUITE 250
SANTA ROSA, CA 95401
LOAN NUMBER: 596259

ISLAND TITLE COMPANY

QA-3476

SPACE ABOVE FOR RECORDER'S USE ONLY

SUBORDINATION AGREEMENT

Title of Document

Grantor: HEADLANDS MORTGAGE COMPANY

Grantee: MORTGAGE INVESTORS CORPORATION

(Additional names on Page 2 of Document)

Legal Description: Lot 99, Skyline No. 8, according to the Plat thereof recording in Volume 9 of Plats, Pages 72 through 74, records of Skagit County, Washington; Situated in Skagit County, Washington.

Tax ID#: 3824-000-099-0000; R59758

Reference Numbers: 9806190129, 9902100106, and 200003130098

THIS PAGE ADDED TO PROVIDE ADEQUATE SPACE FOR RECORDING INFORMATION

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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 DECEMBER 7, 1998, by GEORGE E. ANKLEY AND RHONDA K. ANKLEY, HUSBAND AND WIFE, owner of the land hereinafter described and hereinafter referred to as "Owner", and HEADLANDS MORTGAGE COMPANY, A CALIFORNIA CORPORATION, present owner and holder of the deed of trust and note first hereinafter described and hereinafter referred to as "Beneficiary".

WHEREAS, Owner did execute a deed of trust, dated JUNE 10, 1998, with CHICAGO TITLE INSURANCE COMPANY, as trustee, covering:

SEE COMPLETE LEGAL DESCRIPTION IN SAID DEED OF TRUST.

to secure a note in the sum of \$27,000.00, dated JUNE 10, 1998, in favor of HEADLANDS MORTGAGE COMPANY, which deed of trust was recorded JUNE 19, 1998, as Document/Instrument No. 9806190129, Official Records of said County.

WHEREAS, Owner has executed or is about to execute a deed of trust and note with a balance of \$154,850.00, in favor of MORTGAGE INVESTORS CORPORATION, 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. *Auditor's File No. 200003130098, being a re-record of 9902100106.

WHEREAS, it is a condition precedent to obtaining said loan from Lender 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.

WHEREAS, Lender is willing to make said loan provided the deed of trust securing the same is a lien or charge upon the 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.



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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.

NOW THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which 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 first 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 agreements as to such subordination including, but not limited to, 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 of 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.



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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.

Beneficiary:

HEADLANDS MORTGAGE COMPANY,
A CALIFORNIA CORPORATION

Owner:

George E. Ankley
GEORGE E. ANKLEY

By:

Lawrence A. Koagedal
Lawrence A. Koagedal
Vice President

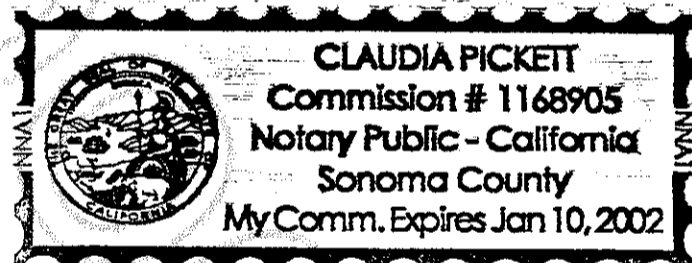
Rhonda K. Ankley
RHONDA K. ANKLEY

STATE OF CALIFORNIA
COUNTY OF SONOMA

On DECEMBER 7, 1998, before me, a Notary Public, personally appeared, Lawrence A. Koagedal, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Claudia Pickett



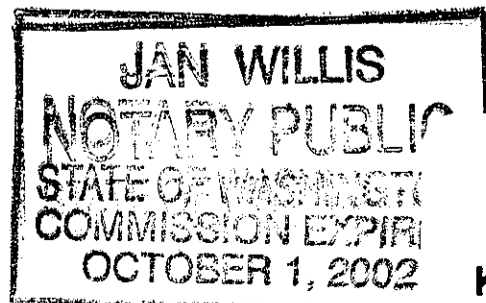
STATE OF WASHINGTON
COUNTY OF SKAGIT

On 10 Dec 1998, before me, JAN WILLIS, a Notary Public, personally appeared

personally known to me (or 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.

WITNESS my hand and official seal.

Jan Willis



Kathy Hill, Skagit County Auditor