



200301310134

Skagit County Auditor

WHEN RECORDED RETURN TO

1/31/2003 Page 1 of 2 11:35AM

Name First American Title of Skagit County

Address 1301-B Riverside Drive

City, State, Zip Mount Vernon, WA 98273

00000001

Filed for Record at Request of First American Title of Skagit County

FIRST AMERICAN TITLE CO.

## 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.

The undersigned subordinator and owner agrees as follows:


1. referred to herein as "subordinator", is the owner and holder of a Deed of Trust and a Security interest in Goods under Financing Statement dated July 7, 2000, which is recorded on July 12, 2000 under auditor's file No. 200007120063 and 200007120064, respectively, records of SKAGIT County, which secures that certain Indemnity Agreement dated July 7, 2000.
2. Horizon Bank referred to herein as "lender", is the owner and holder of a mortgage dated January 30, 2003 executed by Skagit County Title Company, dba First American Title of Skagit County (which is under auditor's file No. 1200301310133), records of SKAGIT County) (which is to be recorded concurrently herewith).
3. Skagit County Title Company, dba First American Title of Skagit County referred to herein as "owner", is the owner of all the real property described in the mortgage identified above in Paragraph 2.
4. In consideration of benefits to "subordinator" from "owner", receipt and sufficiency of which is hereby acknowledged, and to induce "lender" to advance funds under its mortgage and all agreements in connection therewith, the "subordinator" does hereby unconditionally subordinate the lien of his mortgage identified in Paragraph 1 above to the lien of "lender's" mortgage, identified in Paragraph 2 above, and all advances or charges made or accruing thereunder, including any extension or renewal thereof.
5. "Subordinator" acknowledges that, prior to the execution hereof, he has had the opportunity to examine the terms of "lender's" mortgage, note and agreements relating thereto, consents to and approves same, and recognizes that "lender" has no obligation to "subordinator" to advance any funds under its mortgage or see to the application of "lender's" mortgage funds, and any application or use of such funds for purposes other than those provided for in such mortgage, note or agreements shall not defeat the subordination herein made in whole or in part.
6. It is understood by the parties hereto that "lender" would not make the loan secured by the mortgage in Paragraph 2 without this agreement.
7. This agreement shall be the whole and only agreement between the parties hereto with regard to the subordination of the lien or charge of the mortgage first above mentioned to the lien or charge of the mortgage in favor of "lender" above referred to and shall supercede and cancel any prior agreements as to such, or any, subordination including, but not limited to, those provisions, if any, contained in the mortgage first above mentioned, which provide for the subordination of the lien or charge thereof to a mortgage or mortgages to be thereafter executed.
8. The heirs, administrators, assigns and successors in interest of the "subordinator" shall be bound by this agreement. Where the word "mortgage" appears herein it shall be considered as "deed of trust", and gender and number of pronouns considered to conform to undersigned.

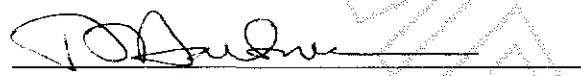
Executed this 29<sup>th</sup> day of January, 2003

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.

Skagit County Title Company  
A Washington Corporation

First American Title Insurance Company,  
a California Corporation

  
James B. Koetje, President

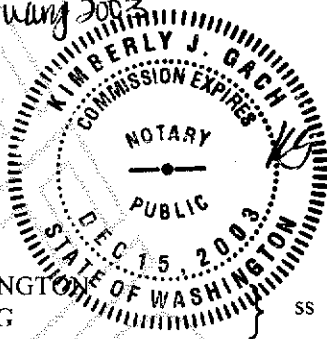
  
Name: Thomas S. Hartman  
Title: Vice-President

STATE OF Washington  
COUNTY OF Skagit

} ss

I certify that I know or have satisfactory evidence that **James B. Koetje** is the person[s] who appeared before me, and said person[s] acknowledged that he signed this instrument, on oath stated that he authorized to execute the instrument and acknowledged it as the **President** of **Skagit County Title Company, Washington State Corporation** to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated: 30th January 2003



Kimberly J. Gach

Notary Public in and for the State of Washington  
Residing at MT. VERNON  
My appointment expires: 12/15/03

STATE OF WASHINGTON  
COUNTY OF KING

} ss

I certify that I know or have satisfactory evidence that **Thomas S. Hartman** 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 **Vice-President of First American Title Insurance Company, a California Corporation** to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated: January 29, 2003



Kathleen M. Huchel

Notary Public in and for the State of Washington  
Residing at Seattle  
My appointment expires: June 14, 2006



200301310134  
Skagit County Auditor

1/31/2003 Page

2 of

2 11:35AM