

WHEN RECORDED RETURN TO:

Name: Lynn A. Squier
Address: 15207 Gibraltar
City, State, Zip Anacortes, WA 98221



200503010114
Skagit County Auditor

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Chicago Title Company - Island Division

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 subordination is for Lots 10, 27 and 39, FIR CREST PLANNED UNIT DEVELOPMENT, 200408310219. P121963, 121980, 121992 The undersigned subordinator and owner agrees as follows:

1. LYNN A. SQUIER referred to herein as "subordinator", is the owner and holder of a mortgage dated October 5, 2004 which is recorded in volume na of Mortgages, page na, under auditor's file No 200410060081 records of Skagit County.
2. WASHINGTON FEDERAL SAVINGS referred to herein as "lender" is the owner and holder of the mortgage dated _____, 20____, executed by STRANDBERG CONSTRUCTION, INC., A WASHINGTON CORPORATION (which is recorded in volume na of Mortgages, page na, under auditor's file no. 200502170134, records of Skagit County) (which is to be recorded concurrently herewith) 200502170135, and 200502170136
3. Fir Crest Development NW LLC 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 supersede 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 16th day of February 2005

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.

Lynn A. Squier
Lynn A. Squier

STATE OF WASHINGTON)
COUNTY OF Skagit) ss.

I certify that I know or have satisfactory evidence that Lynn A. Squier
is/are the person(s) who appeared before me, and said person(s) acknowledged that she
signed this instrument and acknowledged it to be her free and voluntary act for the uses and
purposes mentioned in the instrument.

DATED: 2-24-05



Mary Mansfield
Notary Public in and for the State of Wash.
residing at Annandale
My appointment expires 10-28-05



200503010114
Skagit County Auditor