

Return Address:



200503040110  
Skagit County Auditor

3/4/2005 Page

1 of

3 12:35PM

114935-PE

<b>Document Title(s) (for transactions contained therein):</b>	
1.	Subordination
2.	
3.	
4.	
<b>Reference Number(s) of Documents assigned or released:</b> (on page of documents(s))	
	200403010167
	200503040104 200503040106 200503040108
<b>Grantor(s)</b>	
1.	
2.	Whidbey Island Bank
3.	
4.	
<b>Additional Names on page of document.</b>	
<b>Grantee(s)</b>	
1.	
2.	
3.	Horizon Bank
4.	
<b>Additional Names on page of document.</b>	
<b>Legal Description (abbreviated i.e. lot, block, plat or section, township, range)</b>	
Lots 28 and 29 Heritage Square Lot 2 Mira Vista SW NE 18-34-4	
<b>Additional legal is on page of document.</b>	
<b>Assessor's Property Tax Parcel/Account Number</b>	
P83258; P 81470; P 81471; P 26254	
The Auditor/Recorder will rely on information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.	

WHEN RECORDED RETURN TO:

Name: Horizon Bank  
Address: 2211 Rimland Drive, Suite 230  
City, State, Zip: Bellingham, WA 98226

**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. Whidbey Island Bank referred to herein as "subordinator", is the owner and holder of a mortgage dated January 29, 2004 which is recorded under auditor's file No. 200403010167 records of Skagit County.
2. Horizon Bank referred to herein as "lender" is the owner and holder of the mortgage dated March 2, 2005, executed by Watson Properties, LP which is recorded under auditor's file no. \*\*, records of Skagit County (which is to be recorded concurrently herewith). \*\* Recorded 03/04/05 Auditors # 200503040104 200503040106 200503040108
3. Watson Properties LP 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 which 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 4 day of MARCH, 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.

[Signature]  
BRANCH MANAGER / VP



200503040110  
Skagit County Auditor

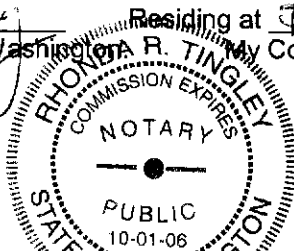
State of Washington  
County of ~~Whatcom~~ Skagit

On this 4<sup>th</sup> day of March 2003, before me, the undersigned Notary Public, personally appeared Jim Northrop and personally known to be or proved to me on the basis of satisfactory evidence to be the Manager, VP, authorized agent for the Lender that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of the said Lender, duly authorized by the Lender through its board of directors or otherwise, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this said instrument and that the seal affixed is the corporate seal of said Lender.

By Rhonda R. Tingley Residing at Burlington  
Notary Public in and for the State of Washington My Commission Expires: 10-10-06

(Individual capacity)

State of Washington  
County of \_\_\_\_\_



I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me, and said person acknowledged that \_\_\_\_\_ signed this instrument, on oath stated that \_\_\_\_\_ was authorized to execute the instrument and acknowledged it as \_\_\_\_\_ of \_\_\_\_\_ to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: \_\_\_\_\_

Notary Public in and for the state of \_\_\_\_\_

My appointment expires: \_\_\_\_\_



200503040110  
Skagit County Auditor