

AFTER RECORDING RETURN TO:

D. B. Johnson Construction, Inc.
1801 Grove St., Unit B
Marysville, WA 98270



200603240198
Skagit County Auditor

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CHICAGO TITLE CO. 1637917

Document Title:

SUBORDINATION OF RECOVERY CONTRACT

AFN 200509270245

Grantors:

Local Infrastructure Recovery, LLC
D. B. Johnson Construction, Inc.

Grantees:

Lenders as described within the document

Legal Description:

Lot 15 of the Plat of Sauk Mountain View Estates South, A Planned Residential
Development – Phase 3, according to the Plat thereof, as recorded May 26, 2005, under
Auditor's File No. 200505260107, records of Skagit County, Washington

Situate in Skagit County, Washington

Assessor's Property Tax Parcel/Account Number:

P122929

SUBORDINATION OF RECOVERY CONTRACT – Form A

The undersigned facilitator and subordinator agrees as follows:

1. The Facilitator through the Originator has caused to be recorded a Mitigation/Infrastructure Cost Recovery Agreement referred to herein as “Mitigation Agreement.” The Facilitator is defined within the recorded Mitigation Agreement which was recorded on September 27, 2005 under Auditor’s File Number 200509270245 records of Skagit County. The Facilitator is the “Subordinator” within this document.
2. The term “Lender” includes any Real Estate Contract seller, any Deed of Trust beneficiary or any mortgagee under a mortgage. “Lender” also includes any assignee or owner of the seller’s interest in a Real Estate Contract, any assignee and/or the owner of the beneficial interest under any Deed of Trust or Mortgage. Lender may be a purchase money lender or an equity lender. Lender’s loan shall include all recorded Real Estate Contracts, Deeds of Trust and Mortgages.
3. The term “Property” in this subordination refers to the following described real estate ONLY: Lot 15 of the Plat of Sauk Mountain View Estates South, A Planned Residential Development – Phase 3, according to the Plat thereof, as recorded May 26, 2005, under Auditor’s File No. 200505260107, records of Skagit County, Washington, Situate in Skagit County, Washington
4. In consideration of benefits to Subordinator from the Owner named in the Mitigation Agreement, 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 subordinate, as defined herein, the lien of the Mitigation/Infrastructure Recovery Contract to the lien of any first or second mortgage of any Lender. The sale or transfer of the Property shall not affect said lien. The sale or transfer of a lot pursuant to a first or second lien foreclosure, or any proceedings in lieu thereof, shall extinguish the lien created pursuant to the Mitigation Agreement as to payments which become due prior to such sale or transfer. No sale or transfer, however, shall relieve such property or its owner from liability for any billings thereafter becoming due or from any lien 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 without this subordination.
7. This subordination shall not cancel any terms of prior agreements hereto with regard to the subordination of the lien or charge of the Mitigation Agreement in favor of the lien or charge of the mortgage of Lender, but shall supersede any contradictory terms of any prior agreements as to such, or any, subordination including, but not limited to, those provisions, if any, contained in the Mitigation/Infrastructure Cost Recovery Agreement which provide for the Subordination of the lien or charge thereof to a mortgage or mortgages to be thereafter executed.

SUBORDINATION OF RECOVERY CONTRACT – Form A



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8. The heirs, administrators, assigns and successors in interest of the Subordinator and Facilitator as defined in the Mitigation/Infrastructure Cost Recovery Agreement shall be bound by this subordination.

Executed this 14th day of March, 2006

Subordinator: LOCAL INFRASTRUCTURE RECOVERY LLC

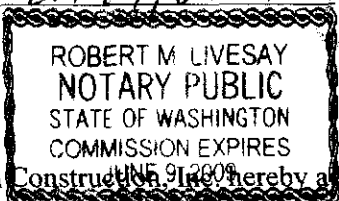
David B. Johnson
David B. Johnson, Member

3/14/06
Date

STATE OF WASHINGTON)
COUNTY OF SNOHOMISH)

I certify that I know or have satisfactory evidence that David B. Johnson 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 Local Infrastructure Recovery LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: March 14, 2006



Robert M. Livesay
Name: Robert M. Livesay
Notary Public in and for the State of
Washington residing at Mayville
My appointment expires: 6-9-09

D. B. Johnson Construction, Inc. hereby acknowledges this subordination and that our right to collect amounts due under the Mitigation Agreement is limited to the rights of Local Infrastructure Recovery LLC that are assigned to D. B. Johnson Construction, Inc. by Local Infrastructure Recovery LLC.

D. B. JOHNSON CONSTRUCTION, INC.

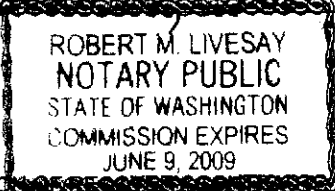
David B. Johnson
David B. Johnson, President

3/14/06
Date

STATE OF WASHINGTON)
COUNTY OF SNOHOMISH)

I certify that I know or have satisfactory evidence that David B. Johnson 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 President of D. B. Johnson Construction, Inc. to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: March 14, 2006



Robert M. Livesay
Name: Robert M. Livesay
Notary Public in and for the State of Washington
residing at Mayville
My appointment expires: 6-9-09

SUBORDINATION Form A



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