

When recorded return to:

Whidbey Island Bank
2202 Commercial Avenue
Anacortes, WA 98221



200607110057
Skagit County Auditor

7/11/2006 Page 1 of 3 11:07AM

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 November 1, 2005 which is recorded in _____ of Mortgages, under auditor's file 200511090077, records of Skagit County.
Countrywide Home Loans, Inc.
2. referred to herein as "lender", is the owner and holder of a mortgage dated July 5, 2006 executed July 6, 2006 (which is recorded in volume _____ of Mortgages, _____, auditor's file 200607110056 records _____ County) (which is to be recorded concurrently herewith).
3. **Sandra K. Russell**
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.

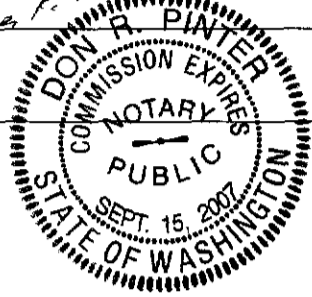
NOTICE: THIS SUBORDINATION CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND. IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS SUBORDINATION AGREEMENT, THE PARTIES CONSULT THEIR ATTORNEYS WITH RESPECT THERETO.

Dated: July 6, 2006

WHIDBEY ISLAND BANK

By: Marguerite Watts
Bank Private Banking Officer

Don R. Pinter



State of WASHINGTON }
County of SKAGIT } SS:

I certify that I know or have satisfactory evidence that MARGUERITE WATTS is the person(s) who appeared before me, and said person(s) acknowledged that he/she/they signed this instrument and on oath stated that he/she was authorized to execute the instrument and acknowledged it as the AVP PRIVATE BANKING OFFICER of WHIDBEY ISLAND BANK to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Date: 7-6-06

DRP

Notary Public in and for the State of WASHINGTON
Residing at COLLEVILLE, WA.
My appointment expires: 9-15-07



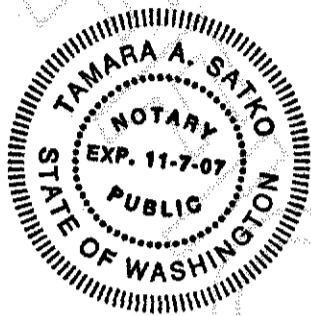
200607110057
Skagit County Auditor

STATE OF WASHINGTON }
County of Skagit }

ACKNOWLEDGMENT - Individual

On this day personally appeared before me Sandra K. Russell to me known to be the individual(s) described in and who executed the within and foregoing instrument, and acknowledged that she signed the same as her free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 6th day of July, 2006.



Tamara A Satko

Notary Public in and for the State of Washington
Residing at Anacortes

My appointment expires 11/7/07

STATE OF WASHINGTON }
County of }

ACKNOWLEDGMENT - Individual

On this day personally appeared before me _____ to me known to be the individual(s) described in and who executed the within and foregoing instrument, and acknowledged that _____ signed the same as _____ free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this _____ day of _____, 20____.

Notary Public in and for the State of Washington
Residing at _____

My appointment expires _____



200607110057
Skagit County Auditor