



200609290274

Skagit County Auditor

9/29/2006 Page 1 of 3 3:36PM

Document Title: SUBORDINATION AGREEMENT

Reference Number: 200408030165 200609290273

Grantor(s): additional grantor names on page ___

- 1. HORIZON BANK
- 2. John W. Ellis

Grantee(s): additional grantee names on page ___

- 1. WASHINGTON FEDERAL
- 2.

Abbreviated legal description: full legal on page(s) ___

SEC 8 TSP 33 R4 PTN SW SW

Assessor Parcel / Tax ID Number: additional tax parcel number(s) on page ___

P16542 P16541

WHEN RECORDED RETURN TO:

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

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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:

89414

The undersigned subordinator and owner agrees as follows: **FIRST AMERICAN TITLE CO.**

1. Horizon Bank referred to herein as "subordinator", is the owner and holder of a mortgage dated July 30, 2004 which is recorded in volume 182 of Mortgages, page 371, under auditor's file No. 200408030165 records of Skagit County.
2. Washington Federal referred to herein as "lender" is the owner and holder of the mortgage dated September ____, 2006, executed by _____ (which is recorded in volume __ of Mortgages, page ____, under auditor's file no. 200609290273 records of Skagit County) (which is to be recorded concurrently herewith).
3. John W. Ellis and Shannon E. Ellis 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 29th day of September, 2006

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.

[Handwritten Signature] VP



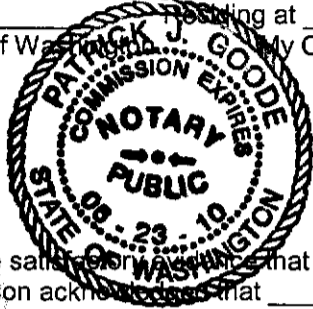
State of Washington
County of Whatcom

On this 29th day of September, 2006, before me, the undersigned Notary Public, personally appeared John VOTH and personally known to be or proved to me on the basis of satisfactory evidence to the office, 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 Pat J. G. residing at Bellingham
Notary Public in and for the State of Washington My Commission Expires: 06/23/10.

(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: _____



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Skagit County Auditor