

When recorded return to:

Douglas G. Knutson and Suzanne L. Knutson
4405 Anaco Beach Road
Anacortes, WA 98221



200706040216
Skagit County Auditor

6/4/2007 Page 1 of 3 4:05PM

File for Record at Request of
Land Title Company Of Skagit County
Escrow Number: 126005-L1

Grantor: Douglas G. Knutson and Suzanne L. Knutson
Grantee: Sunset Properties and Construction, LLC

LAND TITLE OF SKAGIT COUNTY

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. DOUGLAS G. KNUTSON AND SUZANNE L. KNUTSON, HUSBAND AND WIFE
referred to herein as "subordinator", is the owner and holder of a mortgage dated June 1, 2007
which is recorded in N/A of Mortgages, page N/A
under auditor's file 200706040215, records of Skagit County.
WHIDBEY ISLAND BANK
2. referred to herein as "lender", is the owner and holder of a mortgage dated June 1, 2007
executed SUNSET PROPERTIES AND CONSTRUCTION LLC
(which is recorded in volume N/A of Mortgages, N/A,
auditor's file 200706040214 records Skagit County) (which
is to be recorded concurrently herewith).
3. SUNSET PROPERTIES AND CONSTRUCTION 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.

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: June 1, 2007

Douglas G. Knutson
Douglas G. Knutson

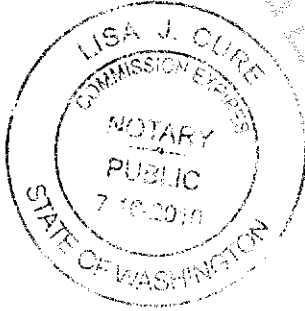
Suzanne L. Knutson
Suzanne L. Knutson

State of Washington }
County of Skagit } SS:

I certify that I know or have satisfactory evidence that Douglas G. Knutson and Suzanne L. Knutson the person(s) who appeared before me, and said person(s) acknowledged that he/she/they signed this instrument and acknowledge it to be his/her/their free and voluntary act for the uses and purposes mentioned in this instrument.

Dated: 6/14/07

Lisa J. Clure
Lisa J. Clure
Notary Public in and for the State of Washington
Residing at: Bow
My appointment expires: 7/16/2010



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DESCRIPTION:

PARCEL "A":

Lots 6 and 7, "PLAT OF NORMAN & WOOD'S SUB-DIVISION," as per plat recorded in Volume 4 of Plats, page 56, records of Skagit County, Washington, EXCEPT the East 6 feet of said Lot 7, AND ALSO EXCEPT that portion of Lots 6 and 7, lying Southerly of the following described line:

Beginning at the Southwest corner of said Lot 6;
thence North along the West line of said Lot 6, a distance of 95 feet;
thence North 75°24'45" East 158.96 feet, more or less, to a point 6 feet West of the East line of said Lot 7.

TOGETHER WITH a perpetual and non-exclusive easement for ingress, egress, and utilities on, over, under and across the East 60 feet of the South ½ of Lot 5 of said plat.

Situate in the City of Anacortes, County of Skagit, State of Washington.

PARCEL "B":

The North ½ of the East ½ of Lot 3, and the North ½ of Lots 4 and 5, "PLAT OF NORMAN & WOOD'S SUB-DIVISION," as per plat recorded in Volume 4 of Plats, page 56, records of Skagit County, Washington.

TOGETHER WITH a perpetual and non-exclusive easement for ingress, egress and utilities on, over, under and across the East 60.00 feet of the South ½ of said Lot 5.

Situate in the City of Anacortes, County of Skagit, State of Washington.

PARCEL "C":

The South ½ of the East ½ of Lot 3 and the South ½ of Lots 4 and 5, "PLAT OF NORMAN & WOOD'S SUB-DIVISION," as per plat recorded in Volume 4 of Plats, page 56, records of Skagit County, Washington.

TOGETHER WITH a perpetual and non-exclusive easement for ingress, egress and utilities on, over, under and across the East 30.00 feet of the Southerly ½ of said Lot 5.

Situate in the City of Anacortes, County of Skagit, State of Washington.



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