

When recorded return to:

HORIZON BANK
2211 Rimland Dr., Ste 230
Bellingham, WA 98226
Attn: Kris Zuanich
Loan: 6000003169

Assessor's Parcel Nos. P19741; P19745

Abbrev. Legal Desc: Section 3, Township 34, Range 2; ptn. NW SW; E1/2 W1/2
SE1/4 NW1/4 SW1/4 S3, T34N, R2E WM

SUBORDINATION AGREEMENT



200707050090
Skagit County Auditor

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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.

FIRST AMERICAN TITLE CO.
A91975E-3

The undersigned subordinator and owner agrees as follows:

1. **HORIZON BANK**

referred to herein as "Subordinator," is the owner and holder of a mortgage dated a April 11, 2005 which is recorded in under auditor's file No. 200504130117, records of Skagit County, Washington.

2. **HORIZON BANK**

referred to herein as "Lender," is the owner and holder of a mortgage dated June 27, 2007 executed by Erik L. Bowman and Dulcie A. Bowman, husband and wife which is recorded under auditor's file No. 200707050088, records of Skagit County Washington. (which is to be recorded concurrently herewith).

3. **Erik L. Bowman and Dulcie A. Bowman, husband and wife**

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 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 HIS/HER/THEIR ATTORNEYS WITH RESPECT THERETO.

Dated: June 27, 2007

HORIZON BANK

By: Susan Cedergreen SVP

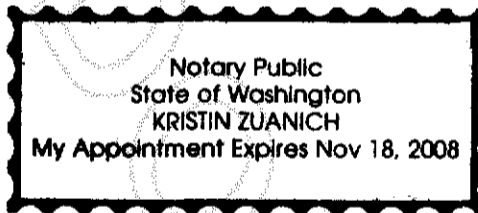
STATE OF
COUNTY OF

ss.

On this 27 of June, 2007, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Susan Cedergreen known to be the SVP of HORIZON BANK the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the said instrument.

Witness my hand and official seal hereto affixed the day and year first above written.

Kristin Zuanich
Notary Public
in and for the State of Washington,
Residing at: Bellingham
My Commission Expires: 11-18-08



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