

WHEN RECORDED RETURN TO:

Horizon Bank  
2211 Rimland Drive, Suite 230  
Bellingham, WA 98226  
Attn: KZ Ref #: CMLG3140



200901050123  
Skagit County Auditor

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**SUBORDINATION AGREEMENT**

GUARDIAN NORTHWEST TITLE CO

884291-2

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 agree as follows:

1. **D.B. Johnson Construction, Inc., a Washington corporation**, referred to herein as "subordinator", is the owner and holder of a mortgage dated JUNE 22, 2007 under auditor's file No. 200707020182 records of **SKAGIT** County.
2. **Horizon Bank**, referred to herein as "Lender" is the owner and holder of the Modification of Deed of Trust dated, DECEMBER 22, 2008, executed by, under auditor's file No. 200901050122 records of **SKAGIT** County, (which is to be recorded concurrently herewith).
3. **Cedar Heights, LLC, a Washington Limited Liability Company**, 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 30<sup>th</sup> day of December, 2008

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.

D.B. Johnson Construction, Inc., a Washington Corporation

By: David B Johnson, President 12/30/08  
Title

State of Washington )  
County of Snohomish ) ss

Before me, the undersigned a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared David B Johnson known to be the President of DB Johnson Construction Inc 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 state that they are authorized to execute the said instrument.

Dated: 12/30/08

By Marie K English

Notary Public in and for the State of Washington.

Residing at Arlington

My Commission Expires: Dec 3, 2011

