

AFTER RECORDING RETURN TO:



200902180042

Skagit County Auditor

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SUBORDINATION AGREEMENT

Reference Nos.: 200811240148 (Deed of Trust)
200701300170 (Deed of Trust)
200808220101 (Memorandum of Advancement
Against Deed of Trust)
Grantor (s): KIMBERLEE M. RAY
Grantee (s): PADILLA HEIGHTS, LLC, a Washington
limited liability company
Additional Grantor(s) on page(s):
Additional Grantee(s) on page(s):
Legal Description:
Abbreviated Form: ptn Lots 67-69, Anaco Beach,
aka Survey #200610020114
Additional on Page:
Assessor's Tax Parcel Nos: 3858-000-069-0200 / P123273
3858-000-068-0006 / P61871
3858-000-068-0500 / P125346

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 SECURITY INSTRUMENT.

The undersigned Subordinator agrees as follows:

1. Kimberlee M. Ray, referred to herein as "Subordinator," is the owner and beneficiary of a mortgage dated November 21, 2008 which is recorded under Auditor's File No. 200811240148, records of Skagit County, Washington.

2. Padilla Heights, LLC, a Washington limited liability company, referred to herein as "Lender," is the owner and beneficiary of a Deed of Trust dated January 26, 2007, executed by William L. Obrock and William Bailey, as Managing Members of Sunset View Condominium Developers, LLC, also known as Sunset View Condominium Developer, LLC, also known as Sunset View Condominium Developer, LLC doing business as Anaco Development Group (hereinafter referred to as "SVCD, LLC"), which is recorded under Auditor's File No. 200701300170, records of Skagit County, Washington, and re-recorded under Auditor's File No. 200808220100, records of Skagit County, Washington. A Memorandum of Advancement Against Deed of Trust was recorded August 22, 2008 under Auditor's File No. 200808220101, records of Skagit County, Washington.

3. SVCD, LLC referred to herein as "Owner," is the owner of all real property described in the mortgage identified above in paragraph 2.

4. In consideration of benefits to Subordinator and Owner, the 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 its mortgage identified in paragraph 1 above, plus all advances made by the Subordinator up to and through the date of this Subordination Agreement, to the lien of Lender's mortgage identified in paragraph 2 above and all advances or charges made or occurring at any time prior to or after the date of this Subordination Agreement, including any extension or renewal of such Lender's mortgage.

5. Subordinator acknowledges that, prior to the execution hereof, it has had the opportunity to examine the terms of the Lender's mortgage, note, and agreements relating thereto, consents to and approves the same, and recognizes that Lender has no obligation to Subordinator to advance any funds under its mortgage or to 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 further advances under 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 herein with regard to 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 to be interchangeable with "deed of trust," and gender and number of pronouns shall be considered to conform to undersigned.

EXECUTED this 14th day of February, 2009.

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.

Kimberlee M. Ray
KIMBERLEE M. RAY

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that KIMBERLEE M. RAY is the person who appeared before me, and said person acknowledged that she signed this instrument and acknowledged it to be her free and voluntary act for the uses and purposes mentioned in the instrument.

DATED this 14th day of February, 2009.

M. Kathryn Schmidt
NOTARY PUBLIC
Printed Name: M. Kathryn Schmidt
My Appointment Expires: NOV 13, 2012

Notary Public
State of Washington
M. KATHRYN SCHMIDT
MY COMMISSION EXPIRES
November 13, 2012

