



200904200124
Skagit County Auditor

4/20/2009 Page 1 of 4 11:29AM

**MULTISTATE SUBORDINATION, and if applicable, MODIFICATION AGREEMENT
(With Optional Appointment of Substitute Trustee, if necessary)**

When Recorded Mail To:
INDUSTRIAL CREDIT UNION
ATTN: ANGELA MORGAN
3233 NORTHWEST AVENUE
BELLINGHAM, WA 98225

CHICAGO TITLE CO.
620002103

This instrument prepared by: **INDUSTRIAL CREDIT UNION**

REFERENCE NOS. 200610240135 and 200904200123

Effective Date: April 9, 2009

Borrower: MONTAGUE C. SMITH JR.
AUDREY S. SMITH

New Lender: WACHOVIA MORTGAGE, FSB

Subordinating Lender: INDUSTRIAL CREDIT UNION

Trustee (If Applicable): TRSTE, INC.

Property Address: 17441 CIMARRON LANE
BELLINGHAM, WA 98229

THIS AGREEMENT (this "Agreement"), effective as of the Effective Date above, is made by and among the Subordinating Lender, the Trustee (if any, including any substitute trustee appointed pursuant to Section C. of this Agreement) and the New Lender named above.

1. One or more of the person(s) named above as a Borrower own(s) the real property located at the above Property Address (the "Property").

2. The Subordinating Lender and the Trustee(s) (if any) have an interest in the Property by virtue of a mortgage, deed of trust or security deed (the "Existing Security Instrument") given by Borrower, which is dated the 24TH day of OCTOBER, 2006 and was filed as Auditor's No. 200610240135 at pages _____, et seq. of the public records of SKAGIT County, WA.

3. The Existing Security Instrument secures repayment of a loan or line of credit in the original (or maximum) principal amount of \$ 40,000.00 (the "Existing Debt") extended to Borrower by Subordinating Lender.

4. The New Lender has agreed to make a new loan in the original principal amount of \$ 380,000.00 (the "New Loan") to the Borrower, provided that the New Loan is secured by a first lien mortgage, deed of trust or security deed on the Property (the "New Security Instrument") in favor of the New Lender.

5. The Subordinating Lender is willing to subordinate the lien of the Existing Security Instrument to the lien of the New Security Instrument.

NORTH CAROLINA LOANS ONLY:

6. The New Loan will have a maximum principal amount of \$ _____ (not including advances which the New Lender may make on Borrower's behalf to protect the property or the lien of the New Security Instrument) and a maximum interest rate of _____ % per annum.

NOW, THEREFORE, for and in consideration of the above recitals, the covenants herein contained, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

A. AGREEMENT TO SUBORDINATE

1. **Subordination.** Subordinating Lender and Trustee(s) (if any) hereby subordinate to the lien of the New Security Instrument the lien of the Existing Security Instrument, including all modifications, extensions and renewals of the New Security Instrument. This Agreement is effective as to any sum whose repayment is presently secured or which may in the future be secured by the Existing Security Instrument.

2. **Other Documents.** Subordinating Lender and Trustee(s) (if any) will deliver to New Lender such estoppel letters, status reports or verifications of this Agreement as New Lender may reasonably request.

B. AGREEMENT TO REDUCE CREDIT LIMIT

If this box is checked, the Subordinating Lender's and (if any) the Trustee(s)' agreement to subordinate the lien of the Existing Security Instrument is conditioned on a reduction of the maximum credit limit on Borrower's revolving line of credit account to a maximum at any one time of \$ _____. By signing this Agreement below, each Borrower who signed the credit agreement for the account agrees to this change.

C. APPOINTMENT OF SUBSTITUTE TRUSTEE

WHEREAS, the Security Instrument referred to in Section A. of this Agreement is a Deed of Trust (the "Deed of Trust") which names Chicago Title Company ("Original Trustee(s)") as Trustee(s) and Subordinating Lender as beneficiary; and

WHEREAS, the Deed of Trust provides that the Subordinating Lender may designate and appoint a substitute Trustee in place of any other trustees by an instrument recorded among the appropriate land records; and

WHEREAS, it is the desire of the Subordinating Lender to appoint a substitute trustee in the place and stead of the Original Trustee(s).

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NOW, THEREFORE, Subordinating Lender hereby removes the Original Trustee(s) as Trustee(s) and designates and appoints TRSTE, INC. having an address at 2102 FOURTH AVENUE, SUITE 800, SEATTLE, WA 98121 as substitute Trustee with the same powers and duties as were originally vested in the Original Trustee(s) under the Deed of Trust.

D. GENERAL TERMS AND CONDITIONS

1. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the respective heirs, legal representatives, successors and assigns of the parties hereto and all of those holding title under any of them.

2. **Nonwaiver.** This Agreement may not be changed or terminated orally. No indulgence, waiver, election or non-election by New Lender or the trustee under the New Security Instrument or related loan documents shall affect this Agreement.

3. **Severability.** The invalidity or unenforceability of any portion of this Agreement shall not affect the remaining provisions and portions hereof.

4. **Applicable Law.** It is agreed that the laws of the state in which the Property is located, applied without regard to general conflicts of laws principles, shall govern the construction and interpretation of this Agreement and the rights and obligations set out herein.

E. SIGNATURES AND ACKNOWLEDGMENTS

IN WITNESS WHEREOF, the Subordinating Lender, through its authorized officer and, if applicable (i) the Trustee(s) (if any), individually or through its authorized officer or other representative, and (ii) if applicable, the Borrower, have each set their hand and seal as of the Effective Date above.

ATTEST:

(Corporate Seal)

ATTEST:

(Corporate Seal)

SUBORDINATING LENDER

Daphne Lindsay
for Industrial Credit Union
By: Daphne Lindsay

TRUSTEE

Print Name:

Original Title

By: [Signature]

Title: Sr. VP / Escrow Mgr.

BORROWER

[ACKNOWLEDGMENT PAGE FOLLOWS]



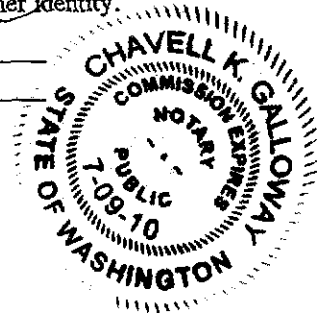
SUBORDINATING LENDER'S ACKNOWLEDGMENT

State of Washington
County of Whatcom

The foregoing Subordination Agreement was acknowledged before me, a notary public or other official qualified to administer oaths this 9th day of April, 2009, by Daphne Lindsay, as Member Service Rep of Industrial Credit Union, on behalf of said Subordinating Lender pursuant to authority granted by its board of directors or other governing body. S/he is personally known to me or has produced satisfactory proof of his/her identity.

Signature of Person Administering Oath: [Signature]
Printed Name of Person Administering Oath: Chavell K Galloway
Title: Member Service Rep

(If Applicable) My Commission Expires: 07 09 2010



TRUSTEE'S ACKNOWLEDGMENT

State of Washington
County of Skagit

The foregoing Subordination Agreement was acknowledged before me, a notary public or other official qualified to administer oaths this 20th day of April, 2009, by C. Fioridani, as Sr. Vice President of Chicago Title Company, on behalf of said Trustee pursuant to authority granted by Trustee's board of directors or other governing body. S/he is personally known to me or has produced satisfactory proof of his/her identity.

Signature of Person Administering Oath: [Signature]
Printed Name of Person Administering Oath: Melody R. Derrossett
Title: Recorder

(If Applicable) My Commission Expires: 10-29-2009

BORROWER'S ACKNOWLEDGMENT

(Required ONLY If Section B. Above Has Been Completed)

_____ of _____
County of _____

The foregoing Subordination Agreement was acknowledged before me, a notary public or other official qualified to administer oaths this _____ day of _____, _____, by _____, the Borrower(s) named above. S/he/they is (are) personally known to me or has (have) produced satisfactory proof of his/her/their identity.

Signature of Person Administering Oath: _____
Printed Name of Person Administering Oath: _____
Title: _____
(If Applicable) My Commission Expires: _____



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