

WHEN RECORDED RETURN TO:

PEOPLES BANK
PO BOX 233
LYNDEN WA 98264



200905280118
Skagit County Auditor

5/28/2009 Page 1 of 2 11:29AM

Chicago Title Insurance Company

425 Commercial Street - Mount Vernon, Washington 98273 620003036

DOCUMENT TITLE(s)

1. SUBORDINATION AGREEMENT
- 2.
- 3.

REFERENCE NUMBER(s) OF DOCUMENTS ASSIGNED OR RELEASED:

200808120128 AND 200905280117

Additional numbers on page _____ of the document

GRANTOR(s):

1. PEOPLES BANK
2. KENNETH A. BABER
3. DEBRA ANN INGLIS

Additional names on page _____ of the document

GRANTEE(s):

1. WHIDBEY ISLAND BANK
- 2.
- 3.

Additional names on page _____ of the document

ABBREVIATED LEGAL DESCRIPTION:

N/A

Complete legal description is on page _____ of the document

ASSESSOR'S PROPERTY TAX PARCEL ACCOUNT NUMBER(s):

N/A

(sign only if applicable) I am requesting an emergency nonstandard recording for an additional fee as provided in RCW 36.18.010. I understand that the recording processing requirements may cover up or otherwise obscure some part of the text of the original document.

Signature _____

This cover sheet is for the County Recorder's indexing purposes only.
The Recorder will rely on the information provided on the form and will not read the document to verify the accuracy or completeness of the indexing information provided herein.

After Recording Mail to:

Peoples Bank
PO Box 233
Lynden WA 98264

Filed for Recording at Request of: **Peoples Bank.**

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 OF LATER SECURITY INSTRUMENT.

the undersigned subordinator and owner agrees as follows:

1. **Peoples Bank, A Washington Corporation** referred to herein as "subordinator", is the owner and holder of a **Deed of Trust** dated **August 7, 2008** which was recorded on **August 12, 2008** in volume _____ of mortgages, page _____ under auditors file No **200808120128** records of **Skagit County**.
2. **Whidbey Island Bank** referred to herein as "lender", is the owner and holder of a Deed of Trust dated _____, executed by **Kenneth A Baber and Debra Ann Inglis, husband and wife** which is recorded under auditor's file No. **200905280117** records of **Skagit County** (which is to recorded concurrently herewith).
3. **Kenneth A Baber and Debra Ann Inglis, husband and wife** 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" 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 occurring thereunder, including any extension or renewal thereof.
5. "Subordinator" acknowledge 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 in the amount of **\$149,500.00** 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 mortgagee first above mentioned to the lien or charge of the mortgage in favor of "lender" above referred to and shall supercede 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 ad "deed of trust", and gender and number of pronouns considered to conform to undersigned.

Executed this 18th day of May, 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.

Peoples Bank

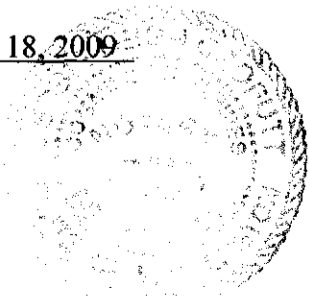
x *Teresa Charroin*
Teresa Charroin, Retail Loan Underwriter

STATE OF WASHINGTON, COUNTY OF Whatcom

I certify that I know or have satisfactory evidence that Teresa Charroin signed this instrument, on oath stated that SHE IS authorized to execute this instrument and acknowledged it as the Retail Loan Underwriter of Peoples Bank to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated: May 18, 2009

[Signature]
Notary Public in and for the State of Washington
Residing at: EVERSON WA
My commission expires: 6-12-2011



200905280118
Skagit County Auditor