

WHEN RECORDED RETURN TO:

PEOPLES BANK
1801 RIVERSIDE DRIVE
MOUNT VERNON WA 98273



201202010083
Skagit County Auditor

2/1/2012 Page 1 of 2 1:26PM

Chicago Title Insurance Company

425 Commercial Street, Mount Vernon, Washington 98273 620014168

DOCUMENT TITLE(s)

SUBORDINATION AGREEMENT

REFERENCE NUMBER(s) OF DOCUMENTS ASSIGNED OR RELEASED:

200703140096 AND 201201260127

GRANTOR(s):

- 1. **WHIDBEY ISLAND BANK**
- 2. **BALKARAN LIMITED LIABILITY COMPANY**
- 3. Additional names on page _____ of the document

GRANTEE(s):

- 1. **PEOPLES BANK**
- 2.
- 3. Additional names on page _____ of the document

ABBREVIATED LEGAL DESCRIPTION:

Complete legal description is on page ____ of the document

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

(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:

Name: Peoples Bank
Address: 1801 Riverside Dr.
City, State, Zip: Mount Vernon, WA 98273

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:

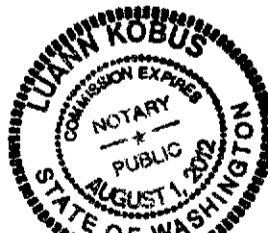
1. Whidbey Island Bank Referred to herein as "subordinator", is the owner and holder of a mortgage dated March 13, 2007, which is recorded under auditors file No. 200703140096, records of Skagit County.
2. Peoples Bank referred to herein as "lender", is the owner and holder of a Deed of Trust dated January 24, 2012, executed by Balkaran Limited Liability Company which is recorded under auditor's file No. 201201260127, records of Skagit County, which is to recorded concurrently herewith.
3. Balkaran Limited Liability Company 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 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 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 ad "deed of trust", and gender and number of pronouns considered to conform to undersigned.

Executed this 26 day of January 2012.

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.

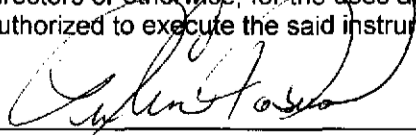
Whidbey Island Bank


By: Peter Reid Cutbill
Its: SUP



STATE OF WASHINGTON }
STATE OF WASHINGTON COUNTY OF Whatcom

On this 26 day of January, 2012 before me, the undersigned Notary Public, personally appeared Peter R Cutbill and personally known to me or proved to me on the basis of satisfactory evidence to be the Sr. Vice President, authorized agent for Whidbey Island Bank that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of Frontier Bank, duly authorized by the Lender through its board of directors or otherwise, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute the said instrument.


(Signature of Notary)

Notary Public in and for the
State of Washington
Residing at Bainbridge



201202010083
Skagit County Auditor