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**SUBORDINATION AGREEMENT FOR
SHORT FORM DEED OF TRUST (WITH FUTURE ADVANCE CLAUSE)**

7315471

Grantor(s)

Wells Fargo Bank, N.A.
101 North Phillips Avenue
Sioux Falls, SD 57104

EDWARD E WATSON III
KATHRYN M WATSON

Grantee(s)

Bank Of America, N. A.

Legal Description (abbreviated: i.e., lot, block, plat or section, township, range)

56289 MARTIN RANCH RD, ROCKPORT, WA 98283

PART OF SECTION 29, TOWNSHIP 35 NORTH RANGE 10 EAST

Additional legal description is on page See Exhibit A of document.

Assessor's Property Tax Parcel or Account Number: 351029-4-001-0005

Reference Number(s) of Documents assigned or released: 101202271640

Additional references Document ID# 200307240058 at page N/A (or as No. N/A) of the Official Records in the Office of the Auditor of the County of SKAGIT, State of Washington.

Note: The Auditor or Recording Officer will rely on the information provided on this form. The staff will not read the document to verify the accuracy of or the completeness of the indexing information provided herein.

SR Lien Document ID # 201210220148

AF # 322221

HE360 SUB ONLY - WA (rev 20120217)
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This Instrument Prepared by:
Wells Fargo
P.O. Box 4149 MAC P6051-019
Portland, OR 97208-4149
1-800-945-3056

[Space Above This Line for Recording Data]

Reference: 101202271640

Account: XXX-XXX-XXX3778-1998

**SUBORDINATION AGREEMENT FOR
SHORT FORM DEED OF TRUST (WITH FUTURE ADVANCE CLAUSE)**

Effective Date: 8/1/2012

Owner(s): EDWARD E WATSON III
KATHRYN M WATSON

Current Lien Amount: \$35,000.00.

Senior Lender: Bank Of America, N. A.

Subordinating Lender: Wells Fargo Bank, N.A.

If Wells Fargo Bank, N.A. is subordinating to Wells Fargo Bank, N.A., this document is notice that the lien securing the loan or line of credit serviced by the Wells Fargo Bank Home Equity Group is subordinated to the first lien loan being originated or modified by the Wells Fargo Home Mortgage Group.

Trustee: WELLS FARGO FINANCIAL NATIONAL BANK

Property Address: 56289 MARTIN RANCH RD, ROCKPORT, WA 98283

THIS AGREEMENT (the "Agreement"), effective as of the Effective Date above, is made by and among the Subordinating Lender, Owners and the Senior Lender named above.

EDWARD E. WATSON, III AND KATHRYN M. WATSON, HUSBAND AND WIFE (individually and collectively the "Owner") own the real property located at the above Property Address (the "Property").

The Subordinating Lender has an interest in the Property by virtue of a Short Form Deed Of Trust (With Future Advance Clause) (the "Existing Security Instrument") given by the Owner, covering that real property, more particularly described as follows:

See Exhibit A

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which document is dated the 19th day of June, 2003, which was filed in Document ID# 200307240058 at page N/A (or as No. N/A) of the Official Records in the Office of the Auditor of the County of SKAGIT, State of Washington. The Existing Security Instrument secures repayment of a debt evidenced by a note or a line of credit agreement extended to EDWARD E WATSON III and KATHRYN M WATSON (individually and collectively "Borrower") by the Subordinating Lender.

The Senior Lender has agreed to make a new loan or amend an existing loan in the original principal amount NOT to exceed \$129,200.00 (the "New Loan or Amended Loan"), provided that the New Loan or Amended Loan is secured by a first lien mortgage on the Property (the "New Security Instrument") in favor of the Senior Lender. If the New Loan or Amended Loan exceeds this amount, the Subordination Agreement is VOID.

The Subordinating Lender is willing to subordinate the lien of the Existing Security Instrument to the lien of the New Security Instrument under the terms set forth in this Agreement.

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

A. Agreement to Subordinate

Subordinating Lender and Trustee, if applicable, hereby subordinates the lien of the Existing Security Instrument, and all of its modifications, extensions and renewals, to the lien 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.

B. Appointment of Substitute Trustee *If Applicable*

The Existing Security Instrument names N/A, as Trustee and the Subordinating Lender as Beneficiary. The Existing Security Instrument provides that the Subordinating Lender may designate and appoint a substitute Trustee in place of any other trustee by an instrument recorded among the appropriate land records.

The Subordinating Lender hereby removes N/A as Trustee and designates and appoints N/A as substitute Trustee with the same powers and duties as were originally vested in the Original Trustee under the Existing Security Instrument.

C. General Terms and Conditions

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.

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

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

D. Signatures and Acknowledgements

The Subordinating Lender, through its authorized officer, and the Trustee if applicable, individually or through its authorized officer, have each set their hand and seal as of the Effective Date above unless otherwise indicated.



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SUBORDINATING LENDER:

Wells Fargo Bank, N.A.

By *[Signature]*
(Signature)

AUG 01 2012

Date

Gabriel Georgescu
(Printed Name)

Customer Service Supervisor
(Title)

FOR NOTARIZATION OF LENDER PERSONNEL

STATE OF Oregon)
)ss.
COUNTY OF Washington)

The foregoing Subordination Agreement was acknowledged before me, a notary public or other official qualified to administer oaths this 1 day of August 2012 by Gabriel Georgescu, as Customer Service Supervisor of Wells Fargo Bank, N.A., the Subordinating Lender, on behalf of said Subordinating Lender pursuant to authority granted by its Board of Directors. S/he is personally known to me or has produced satisfactory proof of his/her identity.

[Signature] (Notary Public)

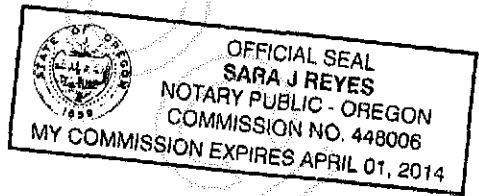


EXHIBIT A

PARCEL "A":

THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 29, TOWNSHIP 35 NORTH, RANGE 10 EAST, W.M., EXCEPT THAT PORTION THEREOF, IF ANY, LYING WITHIN THE BED AND SHORES OF THE SKAGIT RIVER, ALSO EXCEPT THAT PORTION THEREOF LYING NORTHERLY OF THE FOLLOWING DESCRIBED LINE;

BEGINNING AT A POINT ON THE EAST LINE OF SAID SUBDIVISION WHICH IS 2407.0 FEET NORTH OF THE SOUTHEAST CORNER OF SAID SECTION 29; THENCE NORTH 47 DEGREES 15' WEST TO A POINT OF THE NORTH LINE OF SAID SUBDIVISION, WHICH POINT IS THE TERMINAL POINT OF THIS LINE. TOGETHER WITH NON-EXCLUSIVE EASEMENTS FOR INGRESS AND EGRESS FOR ROAD AND UTILITY PURPOSES OVER AND ACROSS, THE FOLLOWING DESCRIBED TRACTS;

THE SOUTH 40 FEET OF THE WEST 40 FEET OF THE NORTHWEST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 28, TOWNSHIP 35 NORTH, RANGE 10 EAST, W.M.; THE WEST 40 FEET AND THE SOUTH 40 FEET OF THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 28, TOWNSHIP 35 NORTH, RANGE 10 EAST; THE WEST 60 FEET OF THE SOUTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 28, TOWNSHIP 35 NORTH, RANGE 10 EAST, LYING SOUTHERLY OF THE NORTH LINE OF THE SOUTH 40 FEET OF THE NORTH 1/2 OF SAID SOUTHEAST 1/4 OF THE SOUTHWEST 1/4; AND THAT PORTION OF THE WEST 60 FEET OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SECTION 33, TOWNSHIP 35 NORTH, RANGE 10 EAST, LYING NORTHERLY OF THE 50 FOOT WIDE RIGHT OF WAY CONVEYED TO SKAGIT COUNTY FOR THE MARTIN RANCH ROAD BY DEED RECORDED FEBRUARY 24, 1940 AS AUDITOR'S FILE NO. 322221 IN VOLUME 180 OF DEEDS, PAGE 68.

THE GRANTOR RETAINS NON-EXCLUSIVE EASEMENTS FOR ROAD AND UTILITY PURPOSES IN THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 29, TOWNSHIP 35 NORTH, RANGE 10 EAST, W.M., AS

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EXHIBIT A
(continued)

FOLLOWS: THE SOUTH 40 FEET THEREOF; AND OVER THE NORTH 20 FEET OF THE ABOVE DESCRIBED CONVEYANCE; AND THE NORTHEASTERLY 20 FEET THEREOF.

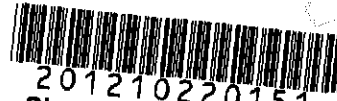
SITUATED IN THE COUNTY OF SKAGIT AND STATE OF WASHINGTON.

ABBRV LEGAL

PTN OF SEC 29 T35N R10E WM

PPN: P45647
EDWARD E. WATSON, III AND KATHRYN M. WATSON, HUSBAND AND WIFE

56289 MARTIN RANCH RD, ROCKPORT WA 98283
Loan Reference Number : 7315471/242469663
First American Order No: 45567518
Identifier:



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