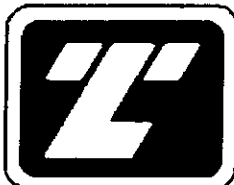


WHEN RECORDED RETURN TO

Name Skagit State Bank

Address PO Box 285

City, State, Zip Burlington WA 98233



**LAND TITLE
COMPANY**

FILED FOR RECORD AT REQUEST OF
ISLAND TITLE CO. 317337✓

tax acct #3962 000 026 0000 Lt 26 Northsound Estate #1



200102090156
Skagit County Auditor
2/9/2001 Page 1 of 1 3:10:33PM

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 OR LATER SECURITY INSTRUMENT.

The undersigned subordinator and owner agrees as follows:

1. Skagit State Bank referred to herein as "subordinator", is the owner and holder of a mortgage dated June 23, 1993, which is recorded in volume 12.16 of Mortgages, page 0524, under auditor's file No. 9307260126 records of Skagit County.
2. Interwest Savings Bank referred to herein as "lender" is the owner and holder of a mortgage dated FEBRUARY 8, 2001, executed by Jeffrey M. Freeman & Sally J. Freeman, H&W (which is recorded in volume 200102090155 of Mortgages, page SKAGIT, under auditor's file No. 200102090155, records of SKAGIT County (which is to be recorded concurrently herewith).
3. Jeffrey M. Freeman & Sally J. Freeman, H&W referred to herein as "owner", is the owner of all the 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 accruing there under, including any extension or renewal thereof.
5. "Subordinator" acknowledges 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 mortgage 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 work "mortgage" appears herein it shall be considered as "deed of trust", and gender and number of pronouns considered to conform to undersigned.

Executed this 8th day of February, 2001

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.

..... Skagit State Bank
.....
by: James E. Bishop II
..... Asst Vice Pres
.....

STATE OF WASHINGTON

COUNTY OF

} ss.

On this day personally appeared before me

to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that signed the same as free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this day of

Notary Public in and for the State of Washington,
residing at
My appointment expires:

STATE OF WASHINGTON

COUNTY OF Skagit

} ss.

On this 8th day of Feb, 2001, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared James E Bishop II and

..... me known to be the Asst Vice President and Secretary, respectively of the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes herein mentioned, and on oath stated that he is authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.

Linda Kay Kirschman
Notary Public in and for the State of Washington,
residing at Mount Vernon,
My appointment expires: May 19, 2004