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Skagit County Auditor

2/15/2001 Page 1 of 2 9:23:04AM

Name Whidbey Island Bank
Address PO Box 1589
City, State, Zip Oak Harbor, WA 98277

SUBORDINATION AGREEMENT

FIRST AMERICAN TITLE CO.

64173

Reference # (If applicable): 64173 / Lester
Grantor(s): (1) Kathryn B. Lester (2)
Grantees(s): (1) Whidbey Island Bank (2) Land Title Company of Skagit
Additional Grantor(s) on pg. Additional Grantee(s) on pg. County
Legal Description (abbreviated): Section 18, Township 35, Range 11, Ptn NE-NE and Section 7, Township 35, Range 11, Ptn Se-SE
Assessor's Tax Parcel ID# 351118-0-004-0119 R46145

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. Whidbey Island Bank referred to herein as "subordinator", is the owner and holder of a mortgage dated October 19, 1999, which is recorded in volume NA of Mortgages, page NA, under auditor's file No. 199910190056, records of Skagit County.
2. The CIT Group/Consumer Finance, Inc. referred to herein as "lender", is the owner and holder of a mortgage dated January 22, 2001, executed by First American Title (which is recorded in volume NA of Mortgages, page NA, under auditor's file No. 200101290052 records of Skagit County) (which is to be recorded concurrently herewith).
3. Kathryn B. Lester 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 thereunder, 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 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 as "deed of trust", and gender and number of pronouns considered to conform to undersigned.

Executed this 14th 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.

Handwritten signatures of Kathryn B. Lester and Richard E. Harp

(Acknowledgment on reverse)



