



200201280257
Skagit County Auditor

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AFTER RECORDING, RETURN TO:

John O'Kelley
~~35164 Lucky Lane~~ P.O. Box 2423
Mt. Vernon, WA 98273

SUBORDINATION AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN THE SIGNER'S SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

This Subordination Agreement is executed this 7th day of December, 2001, by FRONTIER BANK, herein "Subordinator."

RECITALS

1. JOHN KIP O'KELLEY, herein "Owner," is the owner of the following described real property situated in the County of Skagit, State of Washington, herein "the Real Property":

Lot 6, LAKE CAVANAUGH PARK, according to the plat thereof, recorded in Volume 7 of Plats, pages 63 and 64, records of Skagit County, Washington.

Situated in Skagit County, Washington.

2. Owner has obtained a loan in the amount of ~~\$100,000.00~~ ^{150,000} from WELLS FARGO HOME MORTGAGE, INC., herein Lender, secured by a trust deed or mortgage against the Real Property, herein "Lender's Encumbrance," dated 1/11/
3. ~~2001~~, recorded on 1-28-02, 2001, Skagit County recording reference 200201280256.

Subordinator has an interest in or lien upon the Real Property described below, as follows:

(Trust Deed) As beneficiary under a deed of trust dated December 20, 2000 and recorded December 22, 2000, Auditor's No.200012220061, Official Records of Skagit County, Washington.

The above interest is herein referred to as "Subordinator's Lien."

4. Subordinator has never sold or assigned Subordinator's Lien and is the present owner and holder thereof and all obligations thereby secured.
5. Subordinator has agreed and consented to subordinate Subordinator's Lien to Lender's Encumbrance.

AGREEMENT

NOW, THEREFORE, in consideration of benefits to Subordinator from Owner, receipt and sufficiency of which are hereby acknowledged, Subordinator hereby consents, covenants and agrees that all of Subordinator's right, title, lien and interest in, to, and upon the Real Property, shall be subject to and subordinate to Lender's Encumbrance and that Lender's Encumbrance, including any and all advances, extensions or renewals thereof, shall be first, prior, and superior to any right, title, lien or interest of the Subordinator.

Subordinator acknowledges that, prior to the execution hereof, Subordinator has had the opportunity to examine the terms of Lender's Encumbrance, note, and agreements relating thereto; that Subordinator consents to and approves same, and recognizes that Lender has no obligation to Subordinator to advance any funds under Lender's Encumbrance or to see to the application of Lender's funds; and that any application or use of such funds for purposes other than those provided for in Lender's Encumbrance, note or agreements shall not defeat this Subordination Agreement, in whole or in part.

It is expressly understood and agreed that nothing herein contained shall be construed to change, alter or impair the Subordinator's Lien, except as herein expressly set forth.

In the event that the loan above mentioned is an additional advance to be made under the open-end provisions of an existing trust deed or mortgage held by the Lender as a first lien upon the Real Property, Subordinator agrees that all of Subordinator's right, title, lien or interest in, to and upon the Real Property shall be subject to and subordinate to the Lender's existing trust deed or mortgage not only for the unpaid balance of the original loan and any further advances heretofore made and secured by Lender's Encumbrance, but also for the additional advances now and hereafter to be made by Lender to Owner.



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Subordinator agrees to pay Lender's attorney fees and costs in any action to enforce this Agreement, whether through arbitration, bankruptcy or insolvency proceedings, civil action, appeals, or otherwise.

This Agreement binds Subordinator's heirs, representatives, successors and assigns, and it shall inure to the benefit of the assignees or transferees of Lender's Encumbrance and the obligations secured thereby.

NOTICE: UNDER THE TERMS OF THIS SUBORDINATION AGREEMENT, THE NEW LOAN PROCEEDS 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 ABOUT THIS AGREEMENT. READ THIS AGREEMENT CAREFULLY, AND DO NOT SIGN IT UNLESS ALL OF ITS PROVISIONS ARE ACCEPTABLE TO YOU.

IN WITNESS WHEREOF, Subordinator has executed this Subordination Agreement on the date first above written.

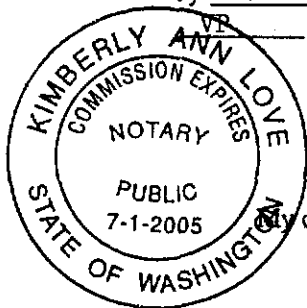
FRONTIER BANK

BY: Peter Sontra

Peter Sontra, VP

STATE OF Washington, County of Snohomish:

The foregoing instrument was acknowledged before me this 7th day of December, 2001, by Peter Sontra as the VP of Frontier Bank, on behalf the company.



Kimberly Ann Love
Notary Public for Frontier Bank
My commission Expires: 7/1/05



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