

Record and return to:
Western Loan Services
Attn: Michael Snodgrass
431 E Park Center Blvd.
Boise ID 83706
Account Number- 03211013225289



200303070192
Skagit County Auditor

3/7/2003 Page 1 of 2 3:40PM

SUBORDINATION AGREEMENT

ISLAND TITLE CO.

C 25241

THIS AGREEMENT made this 4th day of February, 2003, in favor of Flag Star Bank, a corporation organized under the laws of the United States of America with an office at PO Box 7026, Troy, Michigan, 48007-7700 ("Lender") by KEY BANK USA, NA, a corporation organized under the laws of the United States of America, having a place of business at 8757 Red Oak Blvd., Suite 250, Charlotte, NC 28217. (Subordinate Lender")

WITNESSETH:

WHEREAS, Subordinate Lender is the owner and holder of the following mortgage/deed of trust covering lands more fully described therein ("Mortgaged Property"), and of the note or bond which said mortgage secures ("Subordinate Lender Note"):

- a) Mortgage/Deed of Trust dated January 9th, 2000, made by Douglas A. Geffe and Laurie D. Geffe to Judson Enterprises, Inc. dba K-Designers to secure the sum of \$12,250.00 recorded on Real Property in the Skagit County Clerk's Office in Washington Auditor's No. 200009190015 and assigned to Key Bank, USA NA Auditor's No. 200009190016 ("Subordinate Lender Mortgage").

WHEREAS, on condition that the Subordinate Lender Mortgage/Deed of Trust be subordinated in the manner hereinafter appearing, Lender has or is about to accept a mortgage and building loan agreement covering the Mortgaged Property, made by Douglas A. Geffe and Laurie D. Geffe ("Borrower") to Lender to secure the amount of One-hundred eighty-five thousand and 00/100 Dollars (\$185,000.00) and interest, said mortgage and building loan agreement being hereinafter collectively referred to as the "Lender Mortgage". Recorded under Auditor's file No. 200302280129

NOW, THEREFORE, in consideration of the premises and to induce Lender to accept the Lender Mortgage and also in consideration of Lender's consent to permit the Subordinate Lender Mortgage to remain a lien on the Mortgaged Property the receipt and sufficiency of said consideration being hereby acknowledged, Subordinate Lender does hereby covenant, consent and agree with Lender as follows:

1. The Subordinate Lender Mortgage/Deed of Trust shall be and is hereby made subject and subordinate in lien to the lien of the Lender Mortgage in amount of \$185,000.00 and interest together with any and all advances heretofore or hereinafter made under and pursuant to the Lender Mortgage and together with any and all modifications, renewals, extensions, amendments or substitutions of the Lender Mortgage or the note secured thereby, ("Lender Note").
2. Subordinate Lender is not granted and shall not be granted during the term of the Subordinate Lender Note secured by the Subordinate Lender Mortgage (☒) any option or right of first refusal to purchase the Mortgaged Property, or any part thereof, or (☒) a participation interest in the ownership or benefits of ownership, directly or indirectly, of the Mortgaged Property.
3. The Subordinate Lender Note shall not allow a deferral or accrual of interest.
4. The lien of the Subordinate Lender Mortgage is and shall be subject and subordinate to the lien of the Lender Mortgage and any subsequent advances made by Lender to Borrower, whether or not obligatory.
5. Subordinate Lender agrees to promptly give Lender copies of all notices sent under the terms of the Subordinate Lender Mortgage including, without limitation, any notice of default and notice of any action or proceeding, whether judicial or nonjudicial, brought or commenced to foreclose on the Mortgaged Property; if any action or proceeding shall be brought to foreclose on the Mortgaged Property (regardless of whether the same is a judicial proceeding or pursuant to a power of sale contained therein), no action be taken with respect to the Mortgaged Property which would terminate any occupancy or tenancy of the Mortgaged Property without the prior written consent of Lender; and Subordinate Lender will execute such non-disturbance and attornment agreements as Lender may require to evidence such provisions.

6. Any income, rents, royalties, revenue, issues, profits, and proceeds from the Mortgaged Property, if collected through a receiver or by the holder of any mortgagee, will be applied first to the obligations secured by the Lender Mortgage, including principal and interest due and owing on or to become due and owing on the Lender Note and then to the payment of maintenance, operating charges, taxes, assessments and disbursement incurred in connection with the ownership, operation and maintenance of the Mortgaged Property.
7. Any insurance and/or condemnation proceeds payable with respect to the Mortgaged Property will be applied first as described in the Lender Mortgage and only if any excess remains will such excess be applied as provided in the Subordinate Lender Mortgage.
8. Subordinate Lender and its successors and assigns hereby waive all rights, legal and equitable, it may now or hereafter have to require the marshaling of assets or to require upon foreclosure sales of assets in a particular order.
9. Subordinate Lender further agrees that it will not: () without the prior consent of Lender, amend or modify, on a basis more favorable to Subordinate Lender, any of the terms and provisions of the Subordinate Lender note or Subordinate Lender Mortgage; () and assign its interest in the Subordinate Lender Note or Subordinate Lender Mortgage to any assignee which does not agree in writing for the benefit of Lender to be bound by all of the terms and conditions of this Agreement. Subordinate lender agrees that it will not amend or otherwise modify the terms and conditions of the Subordinate Lender Note of Subordinate Lender Mortgage without the prior written consent of Lender.
10. Subordinate Lender agrees that it shall not acquire by subrogation [for example by payment of real estate taxes] or otherwise any lien, estate, right or other interest in the property as is, or may be, prior in right to the Lender Mortgage or Lender's lien, estate, rights, or interests.

THIS AGREEMENT may not be changed or terminated orally and shall be binding upon and inure to the benefit of the respective heirs, legal representatives, successors and assigns, of the parties hereto and shall be governed by and construed in accordance with the laws of the State of Ohio.

IN WITNESS WHEREOF, Subordinate Lender hereto has duly executed and sealed this agreement the day and year first above written.

[SUBORDINATE LENDER]

By: _____

Its: Vice President Operations Key Home Equity Services formerly known as Key Funding A division of Key Bank USA N.A.

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

I, Sharon C. Jones, a notary public of the county and state aforesaid, certify that Geoff Henry personally appeared before me this day and as Vice President of Operations of Key Home Equity acknowledged the execution of the foregoing instrument for the purposes contained herein. Witness hand and official stamp or seal this 4th day of

March 2003

Sharon C. Jones
Notary Public

(Notary Seal)

My Commission Expires: April 11, 2006



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Skagit County Auditor