

WHEN RECORDED RETURN TO

Name .....

Address .....

City, State, Zip .....



200306040019

Skagit County Auditor

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LAND TITLE COMPANY

FILED FOR RECORD AT REQUEST OF

FIRST AMERICAN TITLE CO.

Subordination Agreement 73926-2

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 County, a political subdivision of the State of Washington referred to herein as "subordinator", is the owner and holder of a mortgage dated November 21, 2002, which is recorded in volume ... of Mortgages, page ... under auditor's file No. 2002112000 for Skagit County.
2. Peoples Bank referred to herein as "lender" is the owner and holder of a mortgage dated ... executed by Eric R. Smith, as sen. estate which is recorded in volume ... of Mortgages, page ... under auditor's file No. 200304040018 records of Skagit County (which is to be recorded concurrently herewith).
3. Eric R. Smith, as his separate estate 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 23rd day of May, 2003

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 County
Clyde Williams

Eric R. Smith

STATE OF WASHINGTON

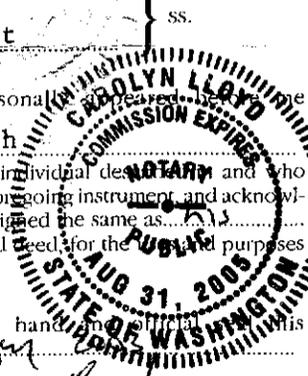
COUNTY OF Skagit

On this day personally Eric R. Smith

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

GIVEN under my hand and seal this 30th day of June

Carolyn Lloyd
Notary Public in and for the State of Washington, residing at Mt Vernon My appointment expires: 8-31-05



STATE OF WASHINGTON

COUNTY OF Skagit

On this 23rd day of May 2003, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Clyde Williams and

to me known to be the duly authorized representative of the Board of Administrators, Water Quality Skagit County, 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 therein mentioned, and on oath stated that he 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.

Alana Pizzuto
Notary Public in and for the State of Washington, residing at Mt Vernon My appointment expires: 4-10-2004

