

**WHEN RECORDED RETURN TO:**

WASHINGTON STATE EMPLOYEES CREDIT UNION  
PO BOX WSECU  
OLYMPIA, WA 98507



200306300420

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**SUBORDINATION OF DEED OF TRUST AGREEMENT**

Grantor(s): Washington State Employees Credit Union  
P.O. Box WSECU  
Olympia, Washington 98507

Grantee(s): LEONARD T KARGACIN

Legal Description: SECTION 22, TOWNSHIP 34, RANGE 3, PORTION NE 1/4

Complete legal description contained in Exhibit \_\_\_\_\_

Assessor's Property Tax Parcel or Account No.: P22281; P22257

Reference Numbers of Documents Assigned or Released:

**THIS SUBORDINATION OF DEED OF TRUST** dated June 25, 2003, is made and executed among Washington State Employees Credit Union ("Beneficiary"); LEONARD T KARGACIN ("Borrower"); and COUNTRYWIDE HOME LOANS ("Lender").

**SUBORDINATED INDEBTEDNESS.** Beneficiary has extended the credit to Borrower, as evidenced by a Note or Loan Agreement dated 9/23/99 (the "Subordinated Indebtedness"), recorded under Auditors File No. 199910080033 records of Skagit County, WA.

**SUBORDINATED DEED OF TRUST.** The Subordinated Indebtedness is secured by a deed from Borrower in favor of Beneficiary (the "Subordinated Deed of Trust") recorded in SKAGIT County, State of Washington, pertaining to the real property described above (the "Real Property").

**REQUESTED FINANCIAL ACCOMMODATIONS.** Borrower, wants Lender to provide a new loan in the amount of \$153,200.00 (the "Financial Accommodations").

**LENDER'S LIEN.** As a condition to the granting of the requested financial accommodations, Lender has required that Lender's Lien be and remain superior to the Subordinated Deed of Trust. Recorded under Auditors File No. 200306300419, records of Skagit County, WA.

**NOW THEREFORE THE PARTIES TO THIS SUBORDINATION HEREBY AGREE AS FOLLOWS:**

**SUBORDINATION.** The Subordinated Deed of Trust and the Subordinated Indebtedness secured by the Subordinated Deed of Trust is and shall be subordinated in all respects to Lender's Lien (to the extent it secures the Financial Accommodations and the Superior Indebtedness, and it is agreed that Lender's Lien shall be and remain, at all times, prior and superior to the lien of the Subordinated Deed of Trust. Beneficiary also subordinates to Lender's Lien all other Security Interests in the Real Property held by Beneficiary, whether now existing or hereafter acquired.

**BENEFICIARY'S REPRESENTATIONS AND WARRANTIES.** Beneficiary represents and warrants to Lender that: (A) no representations or agreements of any kind have been made to Beneficiary which would limit or qualify in any way the terms of this Subordination; (B) this Subordination is executed at Borrower's request and not at the request of Lender; (C) Lender has made no representation to Beneficiary as to the creditworthiness of Borrower; and (D) Beneficiary has established adequate means of obtaining from Borrower on a continuing basis information regarding Borrower's financial condition. Beneficiary agrees to keep adequately informed from such means of any facts, events, or circumstances which might in any way affect Beneficiary's risks under this Subordination, and Beneficiary further agrees that Lender shall have no obligation to disclose to Beneficiary information or material acquired by Lender in the course of its relationship with Borrower.

**BENEFICIARY WAIVERS.** Beneficiary waives any right to require Lender: (A) to make, extend, renew, or modify any loan to Borrower or to grant any other financial accommodations to Borrower whatsoever; (B) to make any presentment, protest, demand, or notice, including notice of any action or nonaction on the part of Borrower, Lender, any surety, endorser, or other guarantor in connection with the Superior Indebtedness, or in connection with the creation of new or additional indebtedness; (C) to resort for payment or to proceed directly or at once against any person, including Borrower; (D) to proceed directly against or exhaust any collateral held by Lender from Borrower, any other guarantor, or any other person; (E) to give notice of the terms, time, and place of any public or private sale of personal property security held by Lender from Borrower or to comply with any other applicable provisions of the Uniform Commercial Code; (F) to pursue any other remedy within Lender's power; or (G) to commit any act or omission of any kind, at any time, with respect to any matter whatsoever.

**LENDER'S RIGHTS.** Lender may take or omit any and all actions with respect to Lender's Lien without affecting whatsoever any of Lender's rights under this Subordination. In particular, without limitation, Lender may, without notice of any kind to Beneficiary, (A) make one or more additional secured or unsecured loans to Borrower; (B) repeatedly alter, compromise, renew, extend, accelerate, or otherwise change the time for payment or other terms of the Superior Indebtedness or any part thereof, including increases and decreases of the rate of interest on the Superior Indebtedness; extensions may be repeated and may be for longer than the original loan term; (C) take and hold collateral for the payment of the Superior Indebtedness, and exchange, enforce, waive, and release any such collateral, with or without the substitution of new collateral; (D) release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or guarantors on any terms or manner Lender chooses; (E) determine how, when and what application of payments and credits, shall be made on the Superior Indebtedness; and (F) assign this Subordination in whole or in part.

**DEFAULT BY BORROWER.** If Borrower becomes insolvent or bankrupt, this Subordination shall remain in full force and effect. Any default by Borrower under the terms of the Subordinated Indebtedness also shall constitute an event of default under the terms of the Superior Indebtedness in favor of Lender.



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**MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Subordination:

**Amendments.** What is written in this Subordination is Beneficiary's entire agreement with Lender concerning the matters covered by this Subordination. To be effective, any change or amendment to this Subordination must be in writing and must be signed by whoever will be bound or obligated by the change or amendment.

**Attorneys' Fees; Expenses.** If any action is instituted to interpret or enforce this Subordination Agreement, the losing party shall pay the prevailing party's reasonable attorney's fees and costs.

**Caption Headings.** Caption headings in this Subordination are for convenience purposes only and are not to be used to interpret or define the provisions of this Subordination.

**Governing Law.** This Subordination has been delivered to Lender and accepted by Lender in the State of Washington. If there is a lawsuit, the parties agree to submit to the jurisdiction of the courts of the county in which the Real Property is located. This Subordination will be governed by federal law and by the laws of the State of Washington.

**Successors.** This Subordination shall extend to and bind the respective heirs, personal representatives, successors and assigns of the parties to this Subordination, and the covenants of Beneficiary and Borrower herein in favor of Lender shall extend to, include, and be enforceable by any transferee or endorsee to whom Lender may transfer any or all of the Superior Indebtedness.

**EACH PARTY TO THIS SUBORDINATION ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS SUBORDINATION, AND EACH PARTY AGREES TO ITS TERMS. THIS SUBORDINATION IS DATED \_\_\_\_\_.**

**BORROWER:**

**BENEFICIARY:**

WASHINGTON STATE EMPLOYEES CREDIT UNION

By: \_\_\_\_\_

T ALTON/A/C/MANAGER



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INDIVIDUAL ACKNOWLEDGMENT

STATE OF WASHINGTON )  
 ) ss.  
County of \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_, before me the undersigned Notary Public, personally appeared \_\_\_\_\_, known to me to be said individual that executed the Trust Deed and acknowledged the Trust Deed to be the free and voluntary act of his/her will, by authority of statute, for the uses and purposes therein mentioned, and on oath stated that he/she was authorized to execute this Trust Deed and in fact executed the Trust Deed.

Notary Public in and for the State of Washington  
Residing at: \_\_\_\_\_  
My commission expires: \_\_\_\_\_

STATE OF WASHINGTON )  
 ) ss.  
County of Thurston )

On this 25 day of June, 2003, before me, the undersigned Notary Public, personally appeared Scott A. Alton / Act Manager of Washington State Employees Credit Union, known to me to be the person who executed the within on behalf of said credit union and acknowledged to me that executed the same for the purposes therein stated.



Maria E. Skinner  
Notary Public in and for the State of Washington  
Residing at: Olympia  
My Commission Expires: Dec 9 2006



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