

AFTER RECORDING MAIL TO:

Name Horizon Bank

Address PO Box 580

City, State, Zip Bellingham, WA 98227

Filed for Record at Request of:



200307250123
Skagit County Auditor

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FIRST AMERICAN TITLE CO.
SUBORDINATION AGREEMENT 74013-2

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. Horizon Bank referred to herein as "subordinator," is the owner and holder of a mortgage dated September 27, 2002 which is recorded in volume _____ of Mortgages, page _____ under auditor's file No. 200210020116, records of Skagit County.
2. Horizon Bank referred to herein as "lender," is the owner and holder of a mortgage dated July 23, 2003 executed by Arthur F Neumarkel and A. Susan Neumarkel (which is recorded in volume _____ of Mortgages, page _____ under auditor's file No. 200307250122, RECORDS OF SKAGIT County) (which is to be recorded concurrently herewith).
3. Arthur F Neumarkel and A. Susan Neumarkel 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 supersede 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 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 23rd day of July, 2003

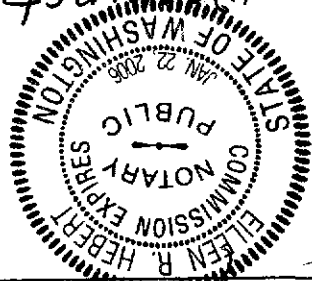
NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN, A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND. IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS SUBORDINATION AGREEMENT, THE PARTIES CONSULT WITH THEIR ATTORNEYS WITH RESPECT THERETO.

By Maria A. Collins Maria A. Collins, Asst Vice President
By Arthur F. Neumarkel Arthur F. Neumarkel
By A. Susan Neumarkel A. Susan Neumarkel
By _____
By _____

STATE OF Washington
COUNTY OF Skagit

I certify that I know or have satisfactory evidence that Arthur & Susan Neumarkel (is/are) the person(s) who appeared before me, and said person(s) acknowledged that (he/she/they) signed this instrument and acknowledged it to be (his/her/their) free and voluntary act for the uses and purposes mentioned in this instrument.

Dated: July 23, 2003

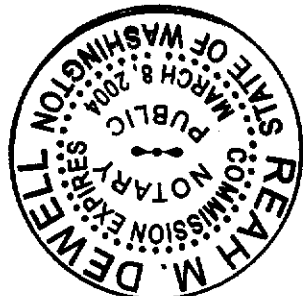


STATE OF Washington
COUNTY OF Washco

Eileen R. Herbert
Notary Public in and for the state of Washington
Residing at Frederick
My appointment expires: Jan 22, 2006

I certify that I know or have satisfactory evidence that Maria A. Collins & Karla C. Lewis (is/are) the person(s) who appeared before me, and said person(s) acknowledged that (he/she/they) signed this instrument, on oath stated that (he/she/they) were authorized to execute the instrument and acknowledged it as the Asst Vice President of TD Bank to be the free and voluntary act of such party(ies) for the uses and purposes mentioned in this instrument.

Dated: 7/23/03



Leah M. DeWitt
Notary Public in and for the state of Washington
Residing at Bellevue
My appointment expires: 03/08/04