

WHEN RECORDED RETURN TO:

Name: Land Title Escrow
Address: P.O. Box 445
City, State, Zip Burlington, WA 98233



200308040120
Skagit County Auditor

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Chicago Title Insurance Company

701 5th Avenue, Suite 1700, Seattle, Washington 98104

LAND TITLE COMPANY OF SKAGIT COUNTY

106123-PE

LPB No. 35

SUBORDINATION AGREEMENT

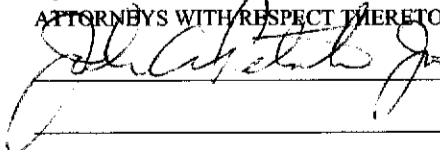
NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

The undersigned subordinator and owner agrees as follows:

1. John A. Petrich, Jr., Managing Supervisor, Utility Auth referred to herein as "subordinator", is the owner and holder of a mortgage dated August 7, 1997, which is recorded in volume _____ of Mortgages, page _____, under auditor's file No. 9705070025 records of Skagit County. Utility Assessment for RUCD 55001 gr.
2. Whidbey Island Bank referred to herein as "lender" is the owner and holder of the mortgage dated July 25, 2003, executed by Bardens (which is recorded in volume _____ of Mortgages, page _____, under auditor's file No. 200308040119, records of Skagit County) (which is to be recorded concurrently herewith).
3. Stephen Barden and Pamela Barden, husband and wife 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 21st day of April 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.

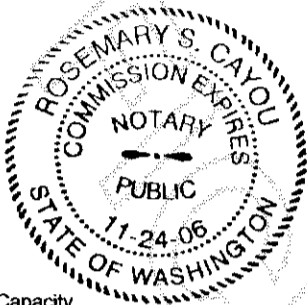


STATE OF WASHINGTON)

COUNTY OF Skagit)

ss.

On this 21st day of April 2003, ~~20~~ before me, the undersigned, a notary public in and for the State of Washington, duly commissioned and sworn, personally appeared John A. Petrich Jr. known to me to be the individual(s) described in and who executed the within instrument and acknowledged that he signed and sealed the same as his free and voluntary act and deed, for the uses and purposes herein mentioned.



A-7 -Individual Capacity

Rosemary S. Cayou
Notary Public

Printed Name: Rosemary S. Cayou

My appointment expires: 11-24-06

STATE OF WASHINGTON)

COUNTY OF _____)

ss.

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that _____ signed this instrument, on oath stated that _____ was authorized to execute the instrument and acknowledged it as _____ of _____ to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____

Notary Public

Printed Name: _____

My appointment expires: _____

A-7 -Representative Capacity



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