

**After Recording, Return To:**

Marv Strasburg, P.S.  
1191 Second Avenue, Ste 1800  
Seattle, Washington 98101-2939



200308220224  
Skagit County Auditor

8/22/2003 Page 1 of 5 4:12PM

Grantor: Charles H. Barefield and Robin J. Barefield  
Grantee: Marine Heights, LLC  
Legal: Lots 1 through 10, inclusive, Block 230, City of Anacortes, as per plat recorded in Volume 2 of Plats, page 4, records of Skagit County, WA;  
Tax Parcels: 3772-230-005-0008  
3772-230-010-0001

**SUBORDINATION AGREEMENT**

*C28152*  
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 agree as follows:

1. Charles H. Barefield and Robin J. Barefield, referred to herein as "Subordinator", is the owner and holder of the following deed of trust or mortgage dated November 6, 2002, which is recorded under recording number **200211180221**, records of SKAGIT County, Washington.
2. Marine Heights, LLC, referred to herein as "Lender", is the owner and holder of a deed of trust or mortgage dated August 22, 2003, executed by Island Development, LLC, which is to be recorded concurrently herewith, recording number 200308220222, records of SKAGIT County, Washington. (Subordinator hereby authorizes Lender or recording title company to INSERT the recording number for Lender's deed of trust or mortgage before this Subordination Agreement is recorded).
3. Island Development, LLC, referred to herein as "Owner", is the owner of all the real property described in the deed of trust or 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 deed of trust or mortgage and all agreements in connection therewith, the Subordinator does hereby

unconditionally subordinate the lien of their deed of trust or mortgage identified in Paragraph 1 above to the lien of Lender's deed of trust or 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, they have had the opportunity to examine the terms of Lender's deed of trust or mortgage, note and agreements relating thereto, consent to and approve same, and recognize that Lender has no obligation to Subordinator to advance any funds under its deed of trust or 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 deed of trust or 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 deed of trust or 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 deed of trust or mortgage first above mentioned to the lien or charge of the deed of trust or 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 deed of trust or mortgage first above mentioned, which provide for the subordination of the lien or charge thereof to a deed of trust or mortgage(s) 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 also be considered as "deed of trust", and gender and number of pronouns considered to conform to the undersigned.

EXECUTED this 22 day of August, 2003.

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSONS OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN, A PORTION OF WHICH MAY BE EXPENDED FOR PURPOSES OTHER 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.

OWNER:  
ISLAND DEVELOPMENT, LLC

SUBORDINATOR:

By:

  
Charles H. Barefield, Member

  
CHARLES H. BAREFIELD

*ADDITIONAL SIGNATURES and ACKNOWLEDGMENTS ON FOLLOWING PAGES*

By: [Signature]  
John R. Cox, Member

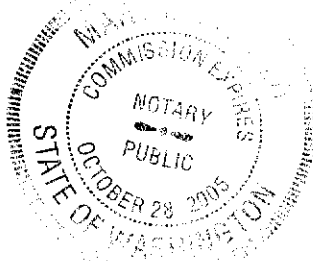
[Signature]  
ROBIN J. BAREFIELD

By: [Signature]  
Vincent F. Ventimiglia, Member

STATE of WASHINGTON )  
COUNTY of Skagit ss.

On this 12<sup>th</sup> day of August, 2003, before the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared **Charles H. Barefield**, to me known to be a member of **Island Development, LLC**, the limited liability company that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said company, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year first above written.

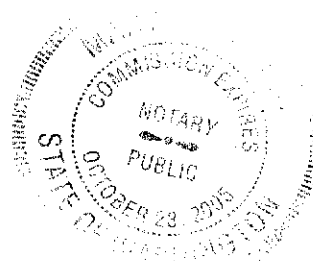


[Signature]  
Notary Public in and for the State of Washington,  
Residing at Anacortes  
My commission expires: 10-28-05

STATE of WASHINGTON )  
COUNTY of Skagit ss.

On this 12<sup>th</sup> day of August, 2003, before the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared **John R. Cox**, to me known to be a member of **Island Development, LLC**, the limited liability company that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said company, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year first above written.



[Signature]  
Notary Public in and for the State of Washington,  
Residing at Anacortes  
My commission expires: 10-28-05



STATE of WASHINGTON )

COUNTY of Skagit ss.

On this 12<sup>th</sup> day of August, 2003, before the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared **Vincent F. Ventimiglia**, to me known to be a member of **Island Development, LLC**, the limited liability company that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said company, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year first above written.



Mary Hunsley  
Notary Public in and for the State of Washington,  
Residing at Anacortes

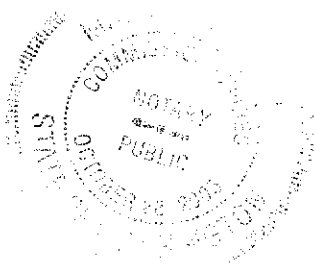
My commission expires: 10-28-05

STATE of WASHINGTON )

COUNTY of Skagit )

On this 12<sup>th</sup> day of August, 2003, before the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared **CHARLES H. BAREFIELD**, described in and who executed the foregoing instrument, and acknowledged that he signed the same as his free and voluntary act and deed, for the use and purposes therein mentioned.

GIVEN under my hand and official seal hereto affixed the day and year first written above.



Mary Hunsley  
Notary Public in and for the State of Washington,  
Residing at Anacortes

My commission expires: 10-28-05

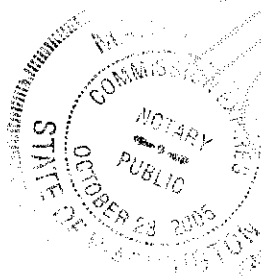


STATE of WASHINGTON )

COUNTY of Skagit )

On this 12<sup>th</sup> day of August, 2003, before the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared **ROBIN J. BAREFIELD**, described in and who executed the foregoing instrument, and acknowledged that she signed the same as her free and voluntary act and deed, for the use and purposes therein mentioned.

GIVEN under my hand and official seal hereto affixed the day and year first written above.



Maureen Slu  
Notary Public in and for the State of Washington,  
Residing at Amesbury

My commission expires:

10-28-05

