



200310150087
Skagit County Auditor

10/15/2003 Page 1 of 4 1:59PM

Filed for record at the request of:

Horizon Bank
2211 Rimland Dr. Suite 230
Bellingham WA 98226

FIRST AMERICAN TITLE CO.

75692E-6

DOCUMENT TITLE: SUBORDINATION AGREEMENT
GRANTOR: COOK, JAMES A., JR., and COOK, TERRI E.
GRANTEE/BENE: HORIZON BANK
LEGAL DESC.: Lots 1, 4-5, 8-9, 11-12, 16-17, 19-22, 24-25, 28-29, 39, 42-43, 47-49, 56, "ROSEWOOD PUD, PHASE 1"
TAX PARCEL NOS.: 4745-000-001-0000, 4745-000-004-0000, 4745-000-005-0000, 4745-000-008-0000, 4745-000-009-0000, 4745-000-011-0000, 4745-000-012-0000, 4745-000-016-0000, 4745-000-017-0000, 4745-000-019-0000, 4745-000-020-0000, 4745-000-021-0000, 4745-000-022-0000, 4745-000-024-0000, 4745-000-025-0000, 4745-000-028-0000, 4745-000-029-0000, 4745-000-039-0000, 4745-000-042-0000, 4745-000-043-0000, 4745-000-047-0000, 4745-000-048-0000, 4745-000-049-0000, 4745-000-056-0000,

SUBORDINATION AGREEMENT

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 INTEREST

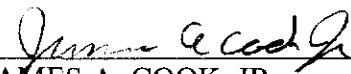
The undersigned subordinator and owner agree as follows:

1. JAMES A. COOK, JR., and TERRI E. COOK, husband and wife, referred to herein as "Subordinators", are the owners and holders of a Deed of Trust dated October 15, 2003, and recorded under Auditor's File No. 200310150085 records of Skagit County, WA.
2. HORIZON BANK, referred to herein as "Lender", is the owner and holder of a Deed of Trust dated September 30, 2003, executed by HANSELL MITZEL LLC, and recorded under Auditor's File No. 200310150086, records of Skagit County, WA.
3. HANSELL MITZEL LLC, referred to herein as "Owner", is the Owner of the real property described in both Deeds of Trust identified in Paragraphs 1 and 2, being more particularly described as follows:
 Lots 1, 4-5, 8-9, 11-12, 16-17, 19-22, 24-25, 28-29, 39, 42-43, 47-49, 56, "ROSEWOOD P.U.D., PHASE I", as recorded February 14, 2000, under Auditor's File No. 200002140086, records of Skagit County, Washington.
4. In consideration of the benefits to "Subordinator" from "Owner", receipt and sufficiency of which is hereby acknowledged, and to induce "Lender" to advance funds under its

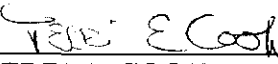
Deed of Trust and all agreements in connection therewith, the "Subordinators" do hereby unconditionally subordinate the lien of their Deed of Trust identified in Paragraph 1 above to the lien of Lenders' Deed of Trust, identified in Paragraph 2 above, and all advances or charges made or accruing thereunder, including any extension or renewal thereof, **only as to lots 1, 11, 12, 16, 17, 19, 20, 21, 22 and 39, ROSEWOOD P.U.D., PHASE I.**

5. Provided that the Owners are in full compliance with the terms and conditions of the Deed of Trust described in Paragraph 1 above, and the Promissory Note secured thereby, the Subordinators agree to further subordinate their Deed of Trust to Lenders construction financing on such additional lots as to which the Owners have paid to Subordinators a sum not less than 80% of that required for a Deed Release of such lot, as agreed to by the Owner and Subordinators. At any given time, the total construction financing extended on any given lot shall never exceed a sum equal to 90% of the fair market value of such lot together with the improvements thereon minus the remaining balance owed on such lot. (i.e., Assuming a deed release balance of \$9,320.00 and a FMV of \$150,000.00, the total construction financing to be extended on such property shall not exceed \$125,680.00 (\$150,000 x 90% - \$9,320.00 = \$125,680.00))
6. Subordinators acknowledge that, prior to the execution hereof, they have had the opportunity to examine the terms of Lenders Deed of Trust, Note and agreements relating thereto, consent to and approve the same.
7. It is understood by the parties hereto that Lender would not make the loan secured by the Deed of Trust in paragraph 2 without this agreement.
8. 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 first above mentioned to the lien or charge of the Deed of Trust 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 first above mentioned, which provide for the subordination of the lien or charge thereof to a Deed of Trust to thereafter executed.
9. The heir's, administrators, assigns and successors in interest of the Subordinators shall be bound by this agreement.

SUBORDINATORS:




JAMES A. COOK, JR.
by Terri E. Cook, as Attorney in Fact



TERRI E. COOK

LENDER:

By:



JOHN K. STEWART
SR. VICE PRESIDENT
HORIZON BANK



STATE OF WASHINGTON, } ss.

ACKNOWLEDGMENT - Individual

County of Skagit

On this day personally appeared before me

E. Cook

James A. Cook, Jr. + Terri

to me known

to be the individual(s) described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as them free and voluntary act and deed, for the uses and purposes therein mentioned.

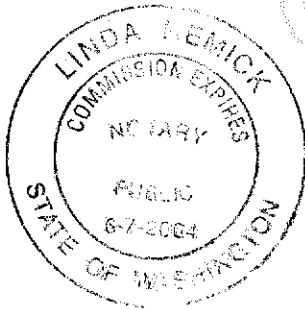
GIVEN under my hand and official seal this

14th

day of

October

2003



Linda Remick

Notary Public in and for the State of Washington,
residing at Stanwood

My appointment expires

6-7-04



200310150087

Skagit County Auditor

STATE OF WASHINGTON)
) ss.
County of Skagit)

On this day personally appeared before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, TERRI E. COOK, to me known to be the individual who executed the foregoing instrument, and acknowledged the said instrument to be her free and voluntary act and deed, for the uses and purposes therein mentioned.

NOTARY PUBLIC in and for the State of
Washington, residing at _____.
My appointment expires _____.

STATE OF WASHINGTON)
) ss.
County of Skagit)

On this day personally appeared before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, TERRI E. COOK, to me known to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity as Attorney in Fact for James A. Cook, Jr., for the uses and purposes therein mentioned.

NOTARY PUBLIC in and for the State of
Washington, residing at _____.
My appointment expires _____.

STATE OF WASHINGTON)
) ss.
County of Skagit)

On this day personally appeared before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, John Stenert, to me known to be the officer of 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 is authorized to execute the said instrument.

[Signature]

NOTARY PUBLIC in and for the State of
Washington, residing at Wentworth WA
My appointment expires 1-15-2007.

