

WHEN RECORDED RETURN TO:

First Mutual Bank c/o J. Corbin, BLS
PO Box 1647
Bellevue, WA 98009-1647

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200402100051
Skagit County Auditor
2/10/2004 Page 1 of 2 2:11:07AM

Chicago Title Company - Island Division

CHICAGO TITLE C29818V

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. First Mutual Bank, referred to herein as "subordinator", is the owner and holder of a mortgage dated February 19, 2003 which is recorded in under auditor's file No. 200303050096, records of Skagit County, Washington.
2. First Mutual Bank, referred to herein as "lender" will be the owner and holder of the mortgage dated Jan. 30, 2004, to be executed by Thomas L. Allen and Pamela J. Allen which is to be recorded concurrently herewith, under Auditors File No. 200402100050.
3. Thomas L. Allen and Pamela J. Allen, referred to herein as "owner", are the owners of the real property described as Parcel I in the mortgage identified above in Paragraph 1.
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 29th day of January 2004

FIRST MUTUAL BANK

BY:

Name & Title: Sandy L. Tamiesie, Sr. Vice Pres.

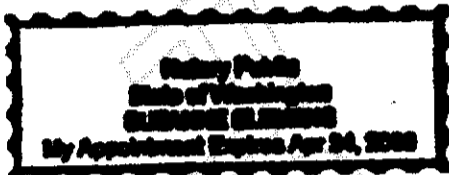
NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND. IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS SUBORDINATION AGREEMENT,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

STATE OF WASHINGTON)
COUNTY OF KING)

ss.

THIS IS TO CERTIFY that on this 29th day of January, 2004, before me, a Notary public in and for the State of Washington, duly commissioned and sworn, came Sandy L. Tamiesie, personally known or having presented satisfactory evidence to be a Senior Vice President of First Mutual Bank, a Washington stock bank that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said Washington stock bank for the uses and purposes therein mentioned, and on oath stated that he /she is authorized to execute the said instrument on behalf of said Washington stock bank.

WITNESS MY HAND and official seal the day and year in this certificate first above written.



Suzanne Clemens
Print name: Suzanne Clemens
Notary Public in and for the State of
Washington, residing at
Tacoma
Expiration Date: 4-24-2005



200402100051

Skagit County Auditor

