

When recorded return to:
1st Security Bank of Washington
ATTN: Lending Department
6920 220th St. S.W., Suite 300
Mountlake Terrace, WA 98043-2177



200405060171

Skagit County Auditor

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FIRST AMERICAN TITLE CO.

80233-2

SUBORDINATION AGREEMENT
(Fixtures Secured by UCC-2)

Reference # (if applicable): 200211200033

Grantors (Owner(s)): (1) Terry Nemeth
(2) Kari Nemeth

Grantees (Lender): (1) Wells Fargo

Fixture Holder: Washington's Credit Union, n/k/a 1st Security Bank of Washington

Legal Description (abbreviated): Lot 9, 10 and Portion Lot 8 Block 236

Additional on page

Assessor's Tax Parcel ID # 3772-236-010-0008

NOTICE: THIS SUBORDINATION AGREEMENT SETS FORTH THE RELATIVE INTEREST IN THE REAL PROPERTY AND THE FIXTURES AFFIXED TO THE REAL PROPERTY DESCRIBED ABOVE.

The undersigned agrees as follows:

1. Washington's Credit Union, n/k/a 1st Security Bank of Washington, referred to herein as "Fixture Holder," is the owner of a UCC-2 dated the 20th day of November 2002, which is recorded under auditor's file No. 200211200033, records of Skagit County.
2. Wells Fargo referred to herein as "Lender", is the owner and holder of a mortgage dated the 26th day of April 2004, executed by Terry and Kari Nemeth (which is recorded in volume of Mortgages, page , under auditor's file No. * 200405060169, records of Skagit County) (which is to be recorded concurrently herewith).
3. Terry and Kari Nemeth referred to herein as "Owner", is the owner of all the real property described in the mortgage identified above in Paragraph 2.

Subordination Agreement
(fixture filing) 04/2004

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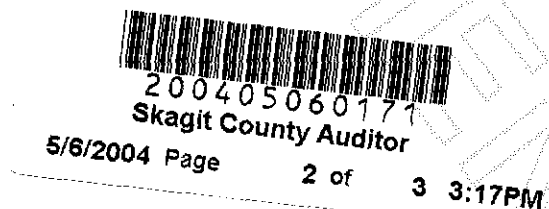
4. 1st Security Bank of Washington referred to herein as "Fixture Holder", acknowledges that 1st Security Bank of Washington has no interest in the real property or land described in the mortgage identified in Paragraph 2 and all advances or charges made or accruing thereunder, including any extension or renewal thereof, except as set forth hereunder.
5. 1st Security Bank of Washington referred to herein as "Fixture Holder", has and will continue to have a first priority interest in the fixtures described in the U.C.C.-2 Fixture Filing, hereinafter referred to as Fixtures. This agreement shall not affect 1st Security Bank of Washington's priority interest in the Fixtures and recognizes that "lender" has no interest in the Fixtures until the U.C.C.-2 has been terminated by 1st Security Bank of Washington, based upon payment in full of the agreement underlying the U.C.C.-2 Fixture Filing.
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 mortgage first above mentioned.
8. The heirs, administrator, assigns and successors in interest of the "Fixture Holder" 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.

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON THE 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.

Executed this 6th day of May 2004.



For 1st Security Bank of Washington



STATE OF WASHINGTON) ss
COUNTY OF SNOHOMISH)

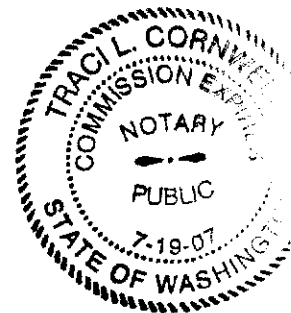
On this 6TH day of May 20 04, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Norman S. Galbraith to me known to be an employee of 1st Security Bank of Washington the corporation that executed the foregoing instrument, and 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 was authorized to execute the said instrument.

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

Traci L. Cornwell
Notary Public in and for the State of Washington

My Commission expires: 7-19-07

Residing in Stanwood



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Skagit County Auditor

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