

After recording return to:

HORIZON BANK  
PO Box 580  
BELLINGHAM WA 98227  
075.1518



200406300147

Skagit County Auditor

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LAND TITLE OF SKAGIT COUNTY

**SUBORDINATION AGREEMENT**

THIS SUBORDINATION AGREEMENT dated this 22 day of June, 2004, is by and between JAY C. HOFF, as her separate property, hereinafter referred to as "Borrower", HORIZON BANK, hereinafter referred to as "Lender", and WILLIAM HOFF and BILL HOFF, (presumably WILLIAM S. HOFF), hereinafter referred to as "Subordinator" and is made in consideration of the following:

1. Recitals.

200406300146  
200312090116

Lender has agreed to loan to Borrower, and Borrower has agreed to borrow from Lender the sum of Sixty-Seven Thousand Five Hundred Dollars (\$67,500.00) to be evidenced by a Promissory Note secured by a Deed of Trust to be recorded with the Auditor of Skagit County, Washington.

The legal description of the real property pledged as security pursuant to the Deed of Trust is as follows:

"The West 6.55 feet of Lot 15, all of Lot 16 and 17, and the East 8.9 feet of Lot 18, Block 1306, "Northern Pacific Addition to Anacortes," as per the plat recorded in Volume 2 of Plats, page 9, records of Skagit County, Washington. Situate in the City of Anacortes, County of Skagit, State of Washington."

Tax Parcel No.: 3809-306-018-0016

Borrower is presently indebted to Subordinator pursuant to Promissory Note secured by a Deed of Trust in the principal amount of Thirty-Five Thousand Dollars (\$35,000.00), which Note and Deed of Trust are dated November 1, 2003, the Deed of Trust being recorded December 9, 2003, under Auditor's File Number 200312090116, records of Skagit County, Washington.

As a condition to Lender loaning to Borrower the sum of Sixty-Seven Thousand Five Hundred Dollars (\$67,500.00), Borrower requires that Lender's Deed of Trust be in a first security position superior to the existing Deed of Trust in favor of Subordinator. Subordinator has agreed to subordinate its Deed of Trust and the obligation secured thereby to Lender's Deed of Trust.

## 2. Subordination.

For good and valuable consideration, Subordinator, as evidenced by his authorized signature hereon, agrees to subordinate the obligation evidenced by the Promissory Note secured by the Deed of Trust under Auditor's File No. 200312090116. Said Subordination Agreement will evidence the superior security position of the Promissory Note secured by the Deed of Trust entered into between Borrower and Lender.

Subordinator, Lender and Borrower agree as follows:

2.1 Lender will loan to Borrower the sum of Sixty-Seven Thousand Five Hundred Dollars (\$67,500.00), said loan to be evidenced by a Promissory Note secured by a Deed of Trust recorded under Auditor's File No. 20040630 146, records of Skagit County, Washington.

2.2 Subordinator agrees that the existing obligation evidenced by the Promissory Note and Deed of Trust dated November 1, 2003, and recorded December 9, 2003, under Auditor's File No. 200312090116 be and the same is hereby subordinate to the security position of Lender.

2.3 Subordinator agrees that by executing this Subordination Agreement



that the security position of Lender is a first security position in and to the subject property and the previously executed Deed of Trust in favor of Subordinator is subordinate to and inferior to the security position of Lender only and to no other security interests of any other parties.

DATED the day and year first above written.

LENDER:

Horizon Bank:

By Marie A Collins

Its: Senior Loan Closer  
Asst. Vice-Pres.

BORROWER:

Jay C. Hoff  
Jay C. Hoff

SUBORDINATOR:

W. S. Hoff 6-29-04

William S. Hoff

STATE OF WASHINGTON )

ss.

COUNTY OF WHATCOM )

On this day personally appeared before me JAY C. HOFF to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that she signed the same as her free and voluntary act and deed, for the uses and purposes therein mentioned.

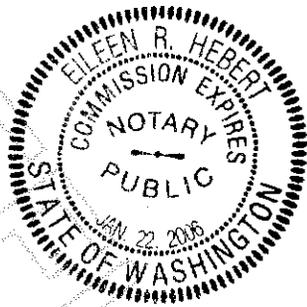
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GIVEN under my hand and official seal this 29 day of June, 2004.



Eileen R Hebert  
NOTARY PUBLIC in and for  
the State of Washington,  
residing at Bellingham.  
Appointment expires: JAN 22, 2006

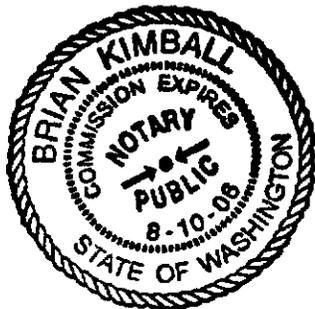
STATE OF WASHINGTON )

ss.

COUNTY OF WHATCOM )

On this 22 day of June, 2004, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared MARIE A COLLINGS, Asst. V.P., to me known to be the of HORIZON BANK, the entity that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said entity, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the said instrument.

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



Brian Kimball  
NOTARY PUBLIC in and for  
the State of Washington,  
residing at Bellingham.  
Appointment expires: 8-10-06



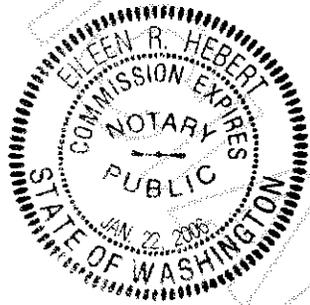
STATE OF WASHINGTON )

SS.

COUNTY OF WHATCOM )

On this day personally appeared before me WILLIAM S. HOFF to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 29 day of June, 2004.



Eileen R. Hebert

NOTARY PUBLIC in and for  
the State of Washington,  
residing at Bellingham.

Appointment expires: Jan 22, 2005

