

WHEN RECORDED RETURN TO:

Name: Chicago Title Company  
Address: P O Box 670  
City, State, Zip Burlington WA 98233



200412100118  
Skagit County Auditor

12/10/2004 Page 1 of 2 11:46AM

## Chicago Title Company - Island Division

IC 33169  
E3110W 9528

### 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. LRDTD JOHNSON PARTNERSHIP referred to herein as "subordinator", is the owner and holder of a mortgage dated December 8, 2004, which is recorded in volume \_\_\_\_\_ of Mortgages, page \_\_\_\_\_, under auditor's file No. 200412100117 records of Skagit County.
2. PRIVATE LENDERS GROUP, L.L.C. referred to herein as "lender" is the owner and holder of the mortgage dated December 9, 2004, executed by Gary Balstad  
(which is recorded in volume \_\_\_\_\_ of Mortgages, page \_\_\_\_\_, under auditor's file no. 200412100115, records of Skagit County) (which is to be recorded concurrently herewith).
3. ADVOCATE GROUP ENTERPRISES, L.L.C. referred to herein as "owner", is the owner of all the real property described in the 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 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 9th day of December, 2004.

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.

LRDTD JOHNSON PARTNERSHIP

William Lee Johnson  
William Lee Johnson

Date

Rita J. Johnson  
Rita J. Johnson

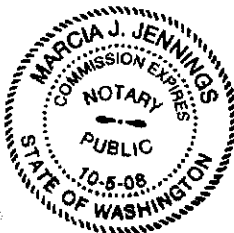
Date

**STATE OF WASHINGTON  
COUNTY OF SKAGIT**

I certify that I know or have satisfactory evidence that William Lee Johnson and Rita J. Johnson, are the persons who appeared before me, and said persons acknowledged that they signed this instrument, on oath stated that they were authorized to execute the instrument and acknowledge it as the Partners of LRDTD Johnson Partnership to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: December 9, 2004

Marcia J. Jennings  
Marcia J. Jennings  
Notary Public in and for the State of  
Residing in: Sedro Woolley  
My appointment expires: 10/5/2008



200412100118

Skagit County Auditor