

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



200501260029
Skagit County Auditor

1/26/2005 Page 1 of 4 11:22AM

CHICAGO TITLE IC33532 ✓

SUBORDINATION AGREEMENT
(Fixtures Secured by UCC-2)

Reference # (if applicable): 200302120039

Grantors (Owner(s)): (1) William T. Morgan
(2) _____

Grantees (Lender): (1) JP Morgan Chase Bank NA
Fixture Holder: Washington's Credit Union, n/k/a 1st Security Bank of Washington

Legal Description (abbreviated): See Exhibit A PTN NE NE, 23-35-4
Additional on page _____

Assessor's Tax Parcel ID # P37150

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 12th day of February 2003, which is recorded under auditor's file No. 200302120039, records of Skagit County.
2. JP Morgan Chase Bank NA, referred to herein as "Lender", is the owner and holder of a mortgage dated the 19th day of January 2005, executed by William T. Morgan (which is recorded in volume _____ of Mortgages, page _____, under auditor's file No. **, records of Skagit County) (which is to be recorded concurrently herewith).
**200501260 028
3. William T. Morgan, referred to herein as "Owner", is the owner of all the real property described in the mortgage identified above in Paragraph 2.

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 13th day of January 2005.

Ann Colburn

For 1st Security Bank of Washington



200501260029

Skagit County Auditor

1/26/2005 Page

2 of

4 11:22AM

STATE OF WASHINGTON) ss
COUNTY OF SNOHOMISH)

On this 13th day of January 20 05, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Sir Caldwell 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.

Tippi Mathison
Notary Public in and for the State of Washington

My Commission expires: 9/19/06

Residing in Snohomish



200501260029
Skagit County Auditor

1/26/2005 Page 3 of 4 11:22AM

• Exhibit A/Morgan

PARCEL "A", THAT PORTION OF THE NE1/4 NE1/4 OF SEC 23, TWP35, RNG 4, DESCRIBED AS FOLLOWS; BEGINNING AT A POINT ON THE SOUTHERLY LINE OF THE RIGHT OF WAY OF THE FAIRHAVEN & SOUTHERN RAILROAD THROUGH SEC 23, TWP 35, RNG 4, WHICH IS 854 FEET NORTHWESTERLY FROM THE INTERSECTION OF SAID SOUTH LINE WITH THE EAST LINE OF SAID SECTION; THENCE RUNNING SOUTHWESTERLY 490 FEET ALONG A LINE, WHICH IF PROJECTED WOULD INTERSECT THE SOUTHWEST CORNER OF THE NE1/4 NE1/4 OF SAID SECTION 23; THENCE NORTHWESTERLY 100 FEET ON A LINE PARALLEL WITH THE SOUTHERLY LINE OF THE RIGHT OF THE RIGHT OF WAY OF FAIRHAVEN & SOUTHERN RAILROAD; THENCE IN A NORTHEASTERLY DIRECTION 490 FEET TO A POINT ON THE SOUTHERLY LINE OF THE RIGHT OF WAY OF THE FAIRHAVEN & SOUTHERN RAILROAD WHICH IS 100 FEET NORTHWEST OF THE POINT OF BEGINNING; THENCE SOUTHEASTERLY ALONG THE SAID SOUTHERLY LINE OF THE RIGHT OF WAY OF THE FAIRHAVEN AND SOUTHERN RAILWAY TO THE POINT OF BEGINNING; EXCEPT THAT PORTION, IF ANY, LYING SOUTHEASTERLY OF THE NORTHWESTLY LINE OF THOSE PREMISES CONVEYED TO HENRY WALKER, BY DEED DATED 12-24-1903, FILED 3-9-1904 AS AF#47628; ALSO TOGETHER WITH PARCEL "B", THAT PORTION OF THE NE1/4 NE1/4 OF SEC 23, TWP 35, RNG 4 DESCRIBED AS FOLLOWS; BEGINNING AT A POINT ON THE SOUTHERLY LINE OF THE RIGHT OF WAY OF THE FAIRHAVEN AND SOUTHERN RAILROAD RIGHT OF WAY WHICH IS 854 FEET NORTHWESTERLY FROM THE INTERSECTION OF SAID SOUTHERLY LINE WITH THE EAST LINE OF SECTION; THENCE SOUTHWEST IN A STRAIGHT LINE(WHICH IF PROJECTED WOULD INTERSECT THE SOUTHWEST CORNER OF THE NE1/4 NE1/4 FOF SAID SECTION 23) A DISTANCE OF 490 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTHWESTERLY 100 FEET ON A LINE PARALLEL WITH THE SOUTHERLY LINE OF THE RIGHT OF WAY OF SAID FAIRHAVEN AND SOUTHERN RAILROAD; THENCE SOUTHWEST ON A LINE PARALLEL WITH THE AFORESAID LINE MEASURING 490 FEET NORTHEAST AND SOUTHWEST, TO A POINT ON THE WEST LINE OF THE NE1/4 NE1/4 OF SAID SECTION 23; THENCE SOUTH TO THE SOUTHWEST CORNER OF SAID NE1/4 NE1/4 OF SAID SECTION 23; THENCE NORTHEAST TO THE SAID TRUE POINT OF BEGINNING; EXCEPT THAT PORTION, IF ANY, LYING SOUTHEASTERLY OF THE NORTHWESTERLY LINE OF THOSE PREMISES CONVEYED TO HENRY WELKER BY DEED DATED 12-24-1903, FILE 3-9-1904 AF#47628



200501260029

Skagit County Auditor

1/26/2005 Page

4 of

4 11:22AM