

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



200506020086
Skagit County Auditor

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**SUBORDINATION AGREEMENT
(Fixtures Secured by UCC-2)**

Reference # (if applicable): 200501310028 **FIRST AMERICAN TITLE CO**

Grantors (Owner(s)): (1) Dennis Gaffney **B84767E**
(2) Nerissa Gaffney

Grantees (Lender): (1) Washington Mutual

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

Legal Description (abbreviated): Lots 6-9, "NORTHERN PACIFIC ADDITION TO ANACORTES"

Additional on page
Assessor's Tax Parcel ID # 3809-910-009-0008

**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 31 day of January 2005, which is recorded under auditor's file No. 200501310028, records of Skagit County.
2. Washington Mutual referred to herein as "Lender", is the owner and holder of a mortgage dated the 25th day of May 20 05, executed by Dennis and Nerissa Gaffney (which is recorded in volume of Mortgages, page , under auditor's file No. 200506020086 records of Skagit County) (which is to be recorded concurrently herewith).

3. Dennis and Nerissa Gaffney 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 24th day of May 2005



For 1st Security Bank of Washington



STATE OF WASHINGTON) ss
COUNTY OF SNOHOMISH)

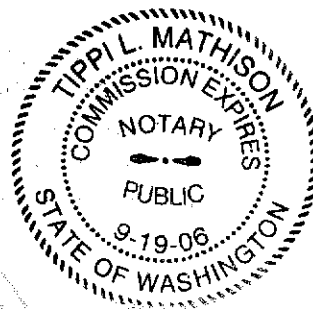
On this 24th day of May 2005, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Norman Calhoun to me known to be an employee of 1st Security Bank of Washington the corporation that executed the foregoing instrument, and acknowledged 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 L. Mathison
Notary Public in and for the State of Washington

My Commission expires: 9/19/06

Residing in Snohomish Co.



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Subordination Agreement
(fixture filing) 04/2004

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