

RETURN ADDRESS:  
Whidbey Island Bank  
P.O. Box 1589  
Oak Harbor, WA 98277



200509190257  
Skagit County Auditor

9/19/2005 Page 1 of 6 3:23PM

**CHICAGO TITLE CO.**

**NOTICE: THIS SUBORDINATION OF DEED OF TRUST 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.**

**SUBORDINATION OF DEED OF TRUST**

Reference # (if applicable): IC36292-SM ✓

Additional on page \_\_\_\_\_

Grantor(s):

1. CARR, STEVEN W
2. CARR, KELLY K
3. CHIEF, FINANCIAL SERVICES DIVISION, F/MB5, NATIONAL MARINE FISHERIES SERVICE

Grantee(s)

1. Whidbey Island Bank

Legal Description: LOT 3, SKAGIT COUNTY SHORT PLAT NO. 39-89; BEING PTN. E/2 SE SW 21-35-3

Additional on page 9

Assessor's Tax Parcel ID#: 350321-3-006-0314 P34625

THIS SUBORDINATION OF DEED OF TRUST dated August 30, 2005, is made and executed among CHIEF, FINANCIAL SERVICES DIVISION, F/MB5, NATIONAL MARINE FISHERIES SERVICE ("Beneficiary"); THE UNITED STATES OF AMERICA, ACTING BY AND THROUGH THE SECRETARY OF COMMERCE ("Trustee"); STEVEN W CARR and KELLY K CARR ("Borrower"); and Whidbey Island Bank ("Lender").

SUBORDINATE DEED OF TRUST - 200412030117

SENIOR DEED OF TRUST - 200509190 210

**SUBORDINATION OF DEED OF TRUST**

(Continued)

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**SUBORDINATED INDEBTEDNESS.** Beneficiary has extended the following described financial accommodations (the "Subordinated Indebtedness") to STEVEN W CARR and KELLY K CARR ("Trustor"):

**NOTE DATED DECEMBER 1, 2004, IN THE AMOUNT OF \$1,556,000.00, IN FAVOR OF CHIEF, FINANCIAL SERVICES DIVISION, F/MS, NATIONAL MARINE FISHERIES SERVICE.**

**SUBORDINATED DEED OF TRUST.** The Subordinated Indebtedness is secured by a deed of trust dated December 1, 2004 from Trustor to Trustee in favor of Beneficiary (the "Subordinated Deed of Trust") recorded in SKAGIT County, State of Washington as follows:

**AUDITOR'S FILE NUMBER 20041203017 RECORDED DECEMBER 3, 2004.**

**REAL PROPERTY DESCRIPTION.** The Subordinated Deed of Trust covers the following described real property (the "Real Property") located in SKAGIT County, State of Washington:

See EXHIBIT "A", which is attached to this Subordination and made a part of this Subordination as if fully set forth herein.

The Real Property or its address is commonly known as NHN (UNIMPROVED PROPERTY), BOW, WA 98232. The Real Property tax identification number is 350321-3-006-0314 P34625.

**REQUESTED FINANCIAL ACCOMMODATIONS.** Beneficiary, who may or may not be the same person or entity as Trustor, and Borrower want Lender to provide financial accommodations to Borrower (the "Superior Indebtedness") in the form of (A) new credit or loan advances, (B) an extension of time to pay or other compromises regarding all or part of Borrower's present indebtedness to Lender, or (C) other benefits to Borrower. Borrower and Beneficiary each represent and acknowledge to Lender that Beneficiary will benefit as a result of these financial accommodations from Lender to Borrower, and Beneficiary acknowledges receipt of valuable consideration for entering into this Subordination.

**LENDER'S LIEN.** As a condition to the granting of the requested financial accommodations, Lender has required that its deed of trust or other lien on the Real Property ("Lender's Lien") be and remain superior to the Subordinated Deed of Trust.

**NOW THEREFORE THE PARTIES TO THIS SUBORDINATION HEREBY AGREE AS FOLLOWS:**

**SUBORDINATION.** The Subordinated Deed of Trust and the Subordinated Indebtedness secured by the Subordinated Deed of Trust is and shall be subordinated in all respects to Lender's Lien and the Superior Indebtedness, and it is agreed that Lender's Lien shall be and remain, at all times, prior and superior to the lien of the Subordinated Deed of Trust. The words "Security Interest" mean and include, without limitation any type of collateral security, whether in the form of a lien, charge, mortgage, deed of trust, assignment, pledge, chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

**BENEFICIARY'S REPRESENTATIONS AND WARRANTIES.** Beneficiary represents and warrants to Lender that: (A) no representations or agreements of any kind have been made to Beneficiary which would limit or qualify in any way the terms of this Subordination; (B) this Subordination is executed at Borrower's request and not at the request of Lender; (C) Lender has made no representation to Beneficiary as to the creditworthiness of Borrower; and (D) Beneficiary has established adequate means of obtaining from Borrower on a continuing basis information regarding Borrower's financial condition. Beneficiary agrees to keep adequately informed from such means of any facts, events, or circumstances which might in any way affect Beneficiary's risks under this Subordination, and Beneficiary further agrees that Lender shall have no obligation to disclose to Beneficiary information or material acquired by Lender in the course of its relationship with Beneficiary.

**BENEFICIARY WAIVERS.** Beneficiary waives any right to require Lender: (A) to make, extend, renew, or modify any loan to Borrower or to grant any other financial accommodations to Borrower whatsoever; (B) to make any presentation, protest, demand, or notice of any kind, including notice of any nonpayment of any Superior Indebtedness secured by Lender's Lien, or notice of any action or nonaction on the part of Borrower, Lender, any surety, endorser, or other guarantor in connection with the Superior Indebtedness, or in connection with the creation of new or additional indebtedness; (C) to resort for payment or to proceed directly or at once against any person, including Borrower, (D) to proceed directly against or exhaust any collateral held by Lender from Borrower, any other guarantor, or any other person; (E) to give notice of the terms, time, and place of any public or private sale of personal property security to Lender from Borrower or to comply with any other applicable provisions of the Uniform Commercial Code; (F) to pursue any other remedy within Lender's power; or (G) to commit any act or omission of any kind, at any time, with respect to any matter whatsoever.

**LENDER'S RIGHTS.** Lender may take or omit any and all actions with respect to Lender's Lien without affecting whatsoever any of Lender's rights under this Subordination. In particular, without limitation, Lender may, without notice of any kind to Beneficiary, (A) make one or more additional secured or unsecured loans to Borrower; (B) repeatedly alter, compromise, renew, extend, accelerate, or otherwise change the time, for payment or other terms of the Superior Indebtedness or any part of it, including increases and decreases of the rate of interest on the Superior Indebtedness; (C) take and hold collateral for the payment of the Superior Indebtedness, and exchange, enforce, waive, and release any such collateral, with or without the substitution of new collateral; (D) release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or guarantors on any terms or manner Lender chooses; (E) determine how, when and what application of payments and credits, shall be made on the Superior Indebtedness; (F) apply such security and direct the order or manner of sale of the security, as Lender in its discretion may determine; and (G) transfer this Subordination to another party.

**DEFAULT BY BORROWER.** If Borrower becomes insolvent or bankrupt, this Subordination shall remain in full force and effect. Any default by Borrower under the terms of the Subordinated Indebtedness also shall constitute an event of default under the terms of the Superior Indebtedness in favor of Lender.

**MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Subordination:

**Attorneys' Fees; Expenses.** If Lender institutes any suit or action to enforce any of the terms of this Subordination, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment



**SUBORDINATION OF DEED OF TRUST  
(Continued)**

collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees, title insurance, and fees for the Trustee, to the extent permitted by applicable law. Beneficiary also will pay any court costs, in addition to all other sums provided by law.

**Authority.** The person who signs this Subordination as or on behalf of Beneficiary represents and warrants that he or she has authority to execute this Subordination and to subordinate the Subordinated Indebtedness and the Beneficiary's security interests in Beneficiary's property, if any.

**Governing Law.** This Subordination will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Washington without regard to its conflicts of law provisions. This Subordination has been accepted by Lender in the State of Washington.

**Choice of Venue.** If there is a lawsuit, Beneficiary agrees upon Lender's request to submit to the jurisdiction of the courts of Skagit County, State of Washington.

**Successors.** This Subordination shall extend to and bind the respective heirs, personal representatives, successors and assigns of the parties to this Subordination, and the covenants of Beneficiary herein in favor of Lender shall extend to, include, and be enforceable by any transferee or endorsee to whom Lender may transfer any or all of the Superior Indebtedness.

**Waive Jury.** All parties to this Subordination hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

**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.**

EACH PARTY TO THIS SUBORDINATION ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS SUBORDINATION, AND EACH PARTY AGREES TO ITS TERMS. THIS SUBORDINATION IS DATED AUGUST 30, 2005.

**BORROWER:**

x Steven W Carr By POA Kelly  
STEVEN W CARR

x Kelly  
KELLY W CARR

**BENEFICIARY:**

x [Signature]  
CHIEF, FINANCIAL SERVICES DIVISION, F/MB5, NATIONAL MARINE FISHERIES SERVICE

**TRUSTEE:**

x [Signature]  
THE UNITED STATES OF AMERICA, ACTING BY AND THROUGH THE SECRETARY OF COMMERCE

**LENDER:**

WHIDBEY ISLAND BANK

x Carrie A. Sisinger  
Authorized Officer



200509190257  
Skagit County Auditor

**SUBORDINATION OF DEED OF TRUST**

(Continued)

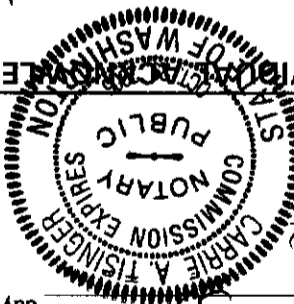
**INDIVIDUAL ACKNOWLEDGMENT**

STATE OF Washington  
COUNTY OF Snohomish

On this day before me, the undersigned Notary Public, personally appeared **STEVEN W CARR and KELLY K CARR, husband and wife**, personally known to me on the basis of satisfactory evidence to be the individuals described in and who executed the Subordination of Deed of Trust, and acknowledged that they signed the Subordination as their free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 30th day of August, 2005.

By Carrie A. Hisinger  
Notary Public in and for the State of \_\_\_\_\_



**INDIVIDUAL ACKNOWLEDGMENT**

STATE OF Montgomery  
COUNTY OF Montgomery

On this day before me, the undersigned Notary Public, personally appeared **F/MS, NATIONAL MARINE FISHERIES SERVICE, husband and wife**, personally known to me on the basis of satisfactory evidence to be the individual described in and who executed the Subordination of Deed of Trust, and acknowledged that he or she signed the Subordination as his or her free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 15th day of September, 2005.

By David H. Moyer  
Notary Public in and for the State of MD

Residing at Belton Springs  
My commission expires 3/27/06

**INDIVIDUAL ACKNOWLEDGMENT**

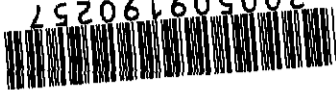
STATE OF Montgomery  
COUNTY OF Montgomery

On this day before me, the undersigned Notary Public, personally appeared **THE UNITED STATES OF AMERICA, ACTING BY AND THROUGH THE SECRETARY OF COMMERCE, husband and wife**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual described in and who executed the Subordination of Deed of Trust, and acknowledged that he or she signed the Subordination as his or her free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 15th day of September, 2005.

By David H. Moyer  
Notary Public in and for the State of MD

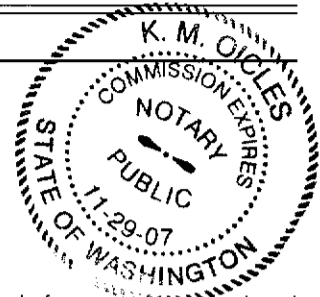
Residing at Belton Springs  
My commission expires 3/27/06



SUBORDINATION OF DEED OF TRUST  
(Continued)

LENDER ACKNOWLEDGMENT

STATE OF WA )  
 ) SS  
COUNTY OF Skagit )



On this 16<sup>th</sup> day of September, 2005, before me, the undersigned Notary Public, personally appeared Carrie A. Visager and personally known to me or proved to me on the basis of satisfactory evidence to be the Loan Officer, authorized agent for the Lender that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of the said Lender, duly authorized by the Lender through its board of directors or otherwise, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this said instrument and that the seal affixed is the corporate seal of said Lender.

By Km Cicles Residing at Anacortes, WA  
Km Cicles My commission expires 11-29-07  
Notary Public in and for the State of WA



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**EXHIBIT "A"**

**PARCEL A:**

Lot 3, SKAGIT COUNTY SHORT PLAT NO. 39-89, approved September 21, 1989, recorded September 27, 1989, in Volume 8 of Short Plats, pages 162 and 163, under Auditor's File No. 8909270080, records of Skagit County, Washington; being a portion of the East Half of the Southeast Quarter of the Southwest Quarter of Section 21, Township 35 North, Range 3 East of the Willamette Meridian.

Situated in Skagit County, Washington.

**PARCEL B:**

A non-exclusive easement for road and utilities over Windy Ridge, as delineated on the face of Skagit County Short Plat No. 38-89 and Skagit County Short Plat No. 39-89.

Situated in Skagit County, Washington.

**- END OF EXHIBIT "A" -**



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