

WHEN RECORDED RETURN TO:

Name: SUNSET COVE DEVELOPMENT, LLC  
Address: 224 Stewart Road, Ste 230  
City, State, Zip Mt. Vernon, WA 98273



200510180079  
Skagit County Auditor

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**Chicago Title Insurance Company**

AE10927 JAC

IC35934

**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. SUNSET COVE DEVELOPMENT, LLC referred to herein as "subordinator", is the owner and holder of a mortgage dated October 10, 19 2005 which is recorded in volume \_\_\_\_\_ of Mortgages, page \_\_\_\_\_, under auditor's file No. 200510170200 records of Skagit County.
2. PEOPLES BANK referred to herein as "lender" is the owner and holder of the mortgage dated October 14, 2005, ~~xxx~~, executed by GT DEVELOPMENT, INC. (which is recorded in volume \_\_\_\_\_ of Mortgages, page \_\_\_\_\_, under auditor's file no. \*\* records of Skagit County) (which is to be recorded concurrently herewith). \*\*200510170199
3. GT DEVELOPMENT, INC. 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 17<sup>th</sup> day of October 19 2005

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.

SUNSET COVE DEVELOPMENT, LLC

GT DEVELOPMENT, INC.

By: PIAZZA CONSTRUCTION, INC., Member  
John J. Piazza, Sr., President

By: Ted Filler, Director

STATE OF WASHINGTON

COUNTY OF SKAGIT

} ss.

On this 17th day of October 2005 before me personally appeared Ted Filler  
to me known to be the Director of the corporation that  
executed the within and 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 said instrument.

Given under my hand and official seal this 17th day of October, 2005



Jean A. Crandall  
Notary Public in and for the State of Washington.

Name printed Jean A. Crandall

Residing at Mt. Vernon

My commission expires 5-14-09

Acknowledgement - Corporate

### LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

State of WASHINGTON

} ss.

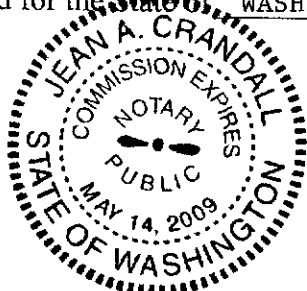
County of SKAGIT

On this 17th day of October, 2005, before me, the undersigned  
Notary Public, personally appeared John J. Piazza, Sr., President of  
PIAZZA CONSTRUCTION, INC. and personally  
known to me or proved to me on the basis of satisfactory evidence to be a Member  
of the limited liability company that executed the Deed of Trust and  
acknowledged the Deed of Trust to be the free and voluntary act and deed of the Limited  
Liability company by authority of statute, its articles of organization or its operating agreement  
for the uses and purposes therein mentioned and on oath stated that he is authorized to  
execute this Deed of Trust and in fact executed the Deed of Trust on behalf of the Limited  
Liability Company.

By Jean A. Crandall  
Notary Public in and for the State of WASHINGTON

Residing at Mt. Vernon

My commission expires 5-14-09



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Skagit County Auditor