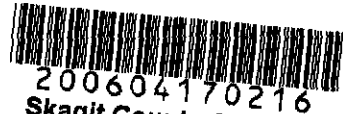


**AFTER RECORDING MAIL TO:**

Arthur E. Larvie  
P.O. Box 794  
La Conner, WA 98257



200604170216  
Skagit County Auditor  
4/17/2006 Page 1 of 2 3:43PM

Filed for Record at Request of :  
Land Title Company of Skagit  
Escrow Number: 120544-SE

LAND TITLE OF SKAGIT COUNTY

## Subordination Agreement

Reference Number(s):

Grantor(s):

Grantee(s):

**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. Arthur E. Larvie and Kym E. Larvie  
referred to herein as "subordinator", is the owner and holder of a mortgage dated April 6<sup>th</sup>, 2006  
which is recorded in volume \_\_\_\_\_ of Mortgages, page \_\_\_\_\_  
under auditor's file No. 200604170215, records of Skagit County.  
Pacific Crest Savings Bank
2. referred to herein as "lender", is the owner and holder of a mortgage dated April 11, 2006  
executed by James Pearce and Lorriann Erno, husband and wife  
(which is recorded in volume \_\_\_\_\_ of Mortgages, page \_\_\_\_\_,  
auditor's file No. 200604170214 records of Skagit County) (which  
is to be recorded concurrently herewith).
3. James Pearce and Loriann Erno, Husband and Wife  
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 supercede 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 19<sup>th</sup> day of April, 2006

NOTICE: THIS SUBORDINATION 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 THEIR ATTORNEYS WITH RESPECT THERETO.

Arthur E. Larvie  
Arthur E. Larvie

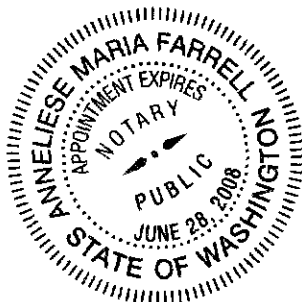
Kym E. Larvie  
Kym E. Larvie

State of Washington  
County of Skagit } SS:

I certify that I know or have satisfactory evidence that Arthur E. Larvie & Kym E. Larvie is the person(s) who appeared before me, and said person(s) acknowledged that he/she/they signed this instrument and acknowledge it to be his/her/their free and voluntary act for the uses and purposes mentioned in this instrument.

Dated: 4-13-06

Anneliese Maria Farrell



Notary Public in and for the State of WA  
Residing at: La Conner  
My appointment expires: 6/28/08



200604170216  
Skagit County Auditor

4/17/2008 Page

2 of

2 3:43PM