

AFTER RECORDING MAIL TO:

Name Business Bank of Skagit County

Address 1854 South Burlington Blvd.

City, State, Zip Burlington, WA 98233



200609120094
Skagit County Auditor

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Filed for Record at Request of:

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.

FIRST AMERICAN TITLE CO.

86298-2

The undersigned subordinator and owner agrees as follows:

1. Red Hawk Estates, LLC referred to herein as "subordinator," is the owner and holder of a mortgage dated October 21, 2005 which is recorded in volume _____ of Mortgages, page _____ under auditor's file No. 200511080031, records of Skagit County.
2. Business Bank of Skagit County referred to herein as "lender," is the owner and holder of a mortgage dated August 10, 2006 and executed by Red Hawk Homes, Inc. (which is recorded in volume 20060912-0093 of Mortgages, page _____ under auditor's file No. 200608110172, records of Skagit County) (which is to be recorded concurrently herewith).
3. Red Hawk Homes, 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 11th day of September, 2006.

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.

Red Hawk Estates, LLC

By

Kendall Gentry, Managing Member

By

By

By

By

By

By

By

STATE OF Washington

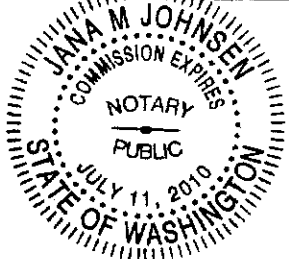
COUNTY OF Skagit

} ss

I certify that I know or have satisfactory evidence that Kendall Gentry

(is/are) the person(s) who appeared before me, and said person(s) acknowledged that (he/she/they) signed this instrument and acknowledged it to be (his/her/their) free and voluntary act for the uses and purposes mentioned in this instrument.

Dated: 9-11-2006



Notary Public in and for the state of Washington

Residing at Burlington

My appointment expires: 7-11-2010

STATE OF _____

COUNTY OF _____

} ss

I certify that I know or have satisfactory evidence that _____

(is/are) the person(s) who appeared before me, and said person(s) acknowledged that (he/she/they) signed this instrument, on oath stated that (he/she/they) were authorized to execute the instrument and acknowledged it as the _____ of _____ to be the free and voluntary act of such party(ies) for the uses and purposes mentioned in this instrument.

Dated: _____

Notary Public in and for the state of _____

Residing at _____

My appointment expires: _____



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