



200612070077

Skagit County Auditor

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WHEN RECORDED RETURN TO:

Name: Horizon Bank (c/o Lois Hicks)
Address: 2211 Rimland Drive, Suite 230
City, State, Zip: Bellingham, WA 98226

LAND TITLE OF SKAGIT COUNTY

SUBORDINATION AGREEMENT

121480-55

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. Horizon Bank referred to herein as "subordinator", is the owner and holder of a mortgage dated May 1, 2003 which is recorded in volume N/A of Mortgages, page N/A, under auditor's file No. 200305020121 records of Skagit County.
2. Horizon Bank referred to herein as "lender" is the owner and holder of the mortgage dated June 2, 2006, executed by Horizon Bank (which is recorded in volume N/A of Mortgages, page N/A, under auditor's file no. 200606090146, records of Skagit County).
3. Reynaldo Rubalcava and Karen B. Rubalcava, 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 which 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 6th day of December, 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.

Rebecca Estelle Sparks AVP



State of Washington
County of Whatcom

On this 7th day of December, 2006, before me, the undersigned Notary Public, personally appeared Rebecca E Sparks and personally known to be or proved to me on the basis of satisfactory evidence to be the assistant vice president, 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 Jamie L. Eigenbrood Residing at Lynn, WA
Notary Public in and for the State of Washington. My Commission Expires: 7/6/10.



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