

Wells Fargo Escrow
901 NE Midway Blvd.
Oak Harbor, WA 98277



200703140074

Skagit County Auditor

3/14/2007 Page 1 of 4 3:23PM

Space above line for recording purposes.

65465447538950001

05-00066-07

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

This Agreement is made this 7th day of March 2007, by and between **Wells Fargo Bank, N.A.** a national bank (herein called "Lien Holder"), and **Wells Fargo Bank, N.A., a national bank** (herein called the "Lender").

FIRST AMERICAN TITLE CO.

RECITALS

90958-2

Lien Holder is the beneficiary/mortgagee under a deed of trust/mortgage, dated **November 4, 2002** executed by **Terry L. Johnson and Jennifer Klunder, husband and wife** (the "Debtor") which was recorded in the county of **Skagit**, State of **Washington**, as **200211130094** on **November 13, 2002** (the "Subordinated Instrument") covering real property located in **Mount Vernon** in the above-named county of **Skagit**, State of **Washington**, as more particularly described in the Subordinated Instrument (the "Property").

DT 200703140073

PLEASE SEE ATTACHED EXHIBIT "A" (Legal Description)

Lender will make a loan to the Debtor secured by a deed of trust/mortgage on the Property which will be recorded (the "Lender Instrument"). The Lender Instrument will secure a promissory note/line of credit agreement in the amount of \$328,000.00.

Lien Holder has agreed to execute and deliver this Subordination Agreement.

1. Regardless of any priority otherwise available to Lien Holder, the lien of the Subordinated Instrument is, shall be and shall remain fully subordinate for all purposes to the lien of the Lender Instrument, to the full extent of the sum secured by the Lender Instrument, including not only principal and interest on the principal indebtedness secured thereby but all other sums secured by the Lender Instrument, excluding non-obligatory future advances.
2. Lien Holder warrants to Lender that Lien Holder presently owns the Subordinated Instrument and indebtedness secured thereby, free and clear of all liens, security interests and encumbrances.
3. This Agreement is made under the laws of the State of Washington. It cannot be waived or changed, except by a writing signed by the parties to be bound thereby. This Agreement is made between Lender and Lien Holder. It shall be binding upon Lien Holder and the successors and assigns of Lien Holder, and shall inure to the benefit of, and shall be enforceable by, Lender and its successors and assigns. Neither the Debtor nor any other person (except Lender, its successors and assigns), shall be entitled to rely on, have the benefit of or enforce this Agreement.

IN WITNESS WHEREOF, this Subordination Agreement is executed on the day and year first above stated.

WELLS FARGO BANK, N.A.

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

By: Alvin Y. Wong
Title: Vice President, Loan Documentation



200703140074
Skagit County Auditor

STATE OF Washington)
) SS.
COUNTY OF King)

The foregoing instrument was acknowledged before me this 7th day of March,
2007, by Alvin Y. Wong, vice president, loan documentation of Wells Fargo Bank, N.A.
(bank officer name)

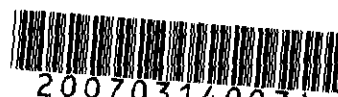
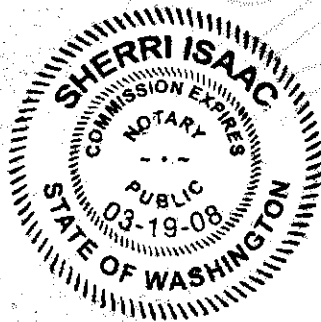
WITNESS my hand and official seal.

My commission expires:

3/19/08



Sherri Isaac
Notary Public



200703140074
Skagit County Auditor

Schedule "C"
Legal description

The land referred to in this report/policy is situated in the State of Washington, County of Skagit, and is described as follows:

Lot 16, "SUNSET ADDITION TO CLEAR LAKE", as per plat recorded in Volume 4 of Plats, page 38, records of Skagit County, Washington;

EXCEPT the East 35 feet thereof.



200703140074
Skagit County Auditor

3/14/2007 Page 4 of 4 3:23PM