



200711200138

Skagit County Auditor

11/20/2007 Page 1 of 6 3:37PM

RETURN ADDRESS:  
PEOPLES BANK  
MAIN OFFICE  
418 GROVER STREET  
PO BOX 233  
LYNDEN, WA 98264

LAND TITLE OF SKAGIT COUNTY

124689.PE

NOTICE: THIS SUBORDINATION OF MORTGAGE 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.

**SUBORDINATION OF MORTGAGE**

Reference # (if applicable): 200606300211

Additional on page \_\_\_\_\_

Grantor(s):

1. KUIPERS, GARRITT E.
2. KUIPERS, SHERYL L.
3. KUIPERS, GARRITT E.
4. KUIPERS, SHERYL L.

Grantee(s)

1. PEOPLES BANK

Legal Description: PTN NE 1/4 OF SW 1/4 & PTN N 1/2 OF SE 1/4, 11-34-3 E W.M.; SE 1/4 OF SE 1/4, 3-33-3 E W.M.; PTN GVT LOT 4, 10-33-3 E W.M.; AND PTN GVT LOT 6, 2-33-3 E W.M.

Additional on page 9

Assessor's Tax Parcel ID#: 340311-0-040-0006 (PARCEL C); 340311-3-002-0006 (PARCEL A); 340311-4-001-0005 (PARCEL B); 340311-4-002-0004 (PARCEL B); 340311-4-006-0000 (PARCEL A); 330302-0-010-0012 (PARCEL D); 330302-0-010-0202 (PARCEL D); 330302-0-009-0007 (PARCEL G); 330302-0-009-0007 (PARCEL F); 330303-4-006-0001 (PARCEL E)

THIS SUBORDINATION OF MORTGAGE dated November 14, 2007, is made and executed among GARRITT E. KUIPERS and SHERYL L. KUIPERS ("Borrower"); GERRIT KUIPERS and TRUDY J. KUIPERS ("Mortgagee"); and PEOPLES BANK ("Lender"). 200711160138

**SUBORDINATION OF MORTGAGE**

**SUBORDINATED INDEBTEDNESS.** Mortgagee has extended the following described financial accommodations, secured by the Real Property (the "Subordinated Indebtedness"):

**A PROMISSORY NOTE IN THE AMOUNT OF \$235,531.82 IN FAVOR OF GERRIT KUIPERS & TRUDY J. KUIPERS.** The Subordinated Indebtedness is or will be secured by the Real Property and evidenced by a mortgage dated June 26, 2006 from GARRITT E. KUIPERS and SHERYL L. KUIPERS ("Mortgagor"), to GERRIT KUIPERS and TRUDY J. KUIPERS ("Mortgagee") (the "Subordinated Mortgage") and recorded in SKAGIT County, State of Washington as follows:

**A MORTGAGE DATED JUNE 26, 2006, RECORDED UNDER RECORDING NUMBER 200606300211.** The Subordinated Mortgage covers the following described real property (the "Real Property") located in SKAGIT County, State of Washington:

See EXHIBIT A, which is attached to this Subordination and made a part of this Subordination as if fully set forth herein.  
The Real Property or its address is commonly known as 13600 AVON ALLEN RD (PARCEL A, B & C); 18469 BEAVER MARSH RD (PARCEL D); 16092 MARSH RD AND 19020 BEAVER MARSH RD (PARCEL E, F AND G); MOUNT VERNON, WA 98273. The Real Property tax identification number is 340311-0-040-0006 (PARCEL C); 340311-3-002-0006 (PARCEL A); 340311-4-001-0005 (PARCEL B); 340311-4-002-0004 (PARCEL B); 340311-4-006-0000 (PARCEL A); 330302-0-010-0012 (PARCEL D); 330302-0-010-0202 (PARCEL D); 330302-0-009-0007 (PARCEL G); 330302-0-009-0007 (PARCEL F); 330303-4-006-0001 (PARCEL E).

**SUPERIOR INDEBTEDNESS.** Lender has extended or has agreed to extend the following described financial accommodations to Borrower, secured by the Real Property (the "Superior Indebtedness"):

**A PROMISSORY NOTE IN THE AMOUNT OF \$520,000.00 IN FAVOR OF PEOPLES BANK.** The Superior Indebtedness is or will be secured by the Real Property and evidenced by a mortgage, deed of trust, or other lien instrument, dated November 14, 2007, from Borrower to Lender (the "Lender's Lien"). As a condition to the granting of the requested financial accommodations, Lender has required that the Lender's Lien be and remain superior to the Subordinated Mortgage.

**REQUESTED FINANCIAL ACCOMMODATIONS.** Mortgagee, who may or may not be the same person or entity as Superior Indebtedness. Borrower and Mortgagee each represent and acknowledge to Lender that Mortgagee will Mortgagee, and Borrower each want Lender to provide financial accommodations to Borrower in the form of the Superior Indebtedness. Borrower and Mortgagee each represent and acknowledge to Lender that Mortgagee will benefit as a result of these financial accommodations from Lender to Borrower, and Mortgagee acknowledges receipt of valuable consideration for entering into this Subordination.

**NOW THEREFORE THE PARTIES TO THIS SUBORDINATION HEREBY AGREE AS FOLLOWS:**

**SUBORDINATION.** The Subordinated Mortgage and the Subordinated Indebtedness secured by the Subordinated Mortgage is and shall be subordinated in all respects to Lender's Lien and the Superior Indebtedness, and it is agreed that Lender's Lien shall be and remain, at all times, prior and superior to the lien of the Subordinated Mortgage. Mortgagee also subordinates to Lender's Lien all other Security Interests in the Real Property held by Mortgagee, whether now existing or hereafter acquired. The words "Security Interest" mean and include without limitation any type of collateral security, whether in the form of a lien, charge, mortgage, deed of trust, assignment, pledge, chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

**MORTGAGEE'S REPRESENTATIONS AND WARRANTIES.** Mortgagee represents and warrants to Lender that: (A) no representations or agreements of any kind have been made to Mortgagee which would limit or qualify in any way the terms of this Subordination; (B) this Subordination is executed at Borrower's request and not at the request of Lender; (C) Lender has made no representation to Mortgagee as to the creditworthiness of Borrower; and (D) Mortgagee has established adequate means of obtaining from Borrower on a continuing basis information regarding Borrower's financial condition. Mortgagee agrees to keep adequately informed from such means of any facts, events, or circumstances which might in any way affect Mortgagee's risks under this Subordination, and Mortgagee further agrees that Lender shall have no obligation to disclose to Mortgagee information or material acquired by Lender in the course of its relationship with Mortgagee.

**MORTGAGEE WAIVES.** Mortgagee waives any right to require Lender: (A) to make, extend, renew, or modify any loan to Borrower or to grant any other financial accommodations to Borrower whatsoever; (B) to make any presentment, protest, demand, or notice of any kind, including notice of any nonpayment of any Superior Indebtedness secured by Lender's Lien, or notice of any action or nonaction on the part of Borrower, Lender, any surety, endorser, or other guarantor in connection with the Superior Indebtedness, or in connection with the creation of new or additional Indebtedness; (C) to resort for payment or to proceed directly or at once against any person, including Borrower; (D) to proceed directly against or exhaust any collateral held by Lender from Borrower, any other guarantor, or any other person; (E) to give notice of the terms, time, and place of any public or private sale of personal property security held by Lender from Borrower or to comply with any other applicable provisions of the Uniform Commercial Code; (F) to pursue any other remedy within Lender's power; or (G) to commit any act or omission of any kind, at any time, with respect to any matter whatsoever.

**LENDER'S RIGHTS.** Lender may take or omit any and all actions with respect to Lender's Lien without affecting whatsoever any of Lender's rights under this Subordination. In particular, without limitation, Lender may, without notice of any kind to Mortgagee, (A) make one or more additional secured or unsecured loans to Borrower; (B) repeatedly alter, compromise, renew, extend, accelerate, or otherwise change the time for payment or other terms of the Superior Indebtedness or any part of it, including increases and decreases of the rate of interest on the Superior Indebtedness; extensions may be repeated and may be for longer than the original loan term; (C) take and hold collateral for the payment of the Superior Indebtedness, and exchange, enforce, waive, and release any such collateral, with or without the substitution of new collateral; (D) release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or guarantors on any terms or manner Lender chooses; (E) determine how, when and what application of payments and credits, shall be made on the Superior Indebtedness; (F) apply such security and direct the order or manner of sale of the security, as Lender in its discretion may determine; and (G) transfer this Subordination to another party.

**DEFAULT BY BORROWER.** If Borrower becomes insolvent or bankrupt, this Subordination shall remain in full force and effect. Any default by Borrower under the terms of the Subordinated Indebtedness also shall constitute an event of default under the terms of the Superior Indebtedness in favor of Lender.



**SUBORDINATION OF MORTGAGE  
(Continued)**

Loan No: 5032008-202

Page 3

**MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Subordination:

**Amendments.** This Subordination constitutes the entire understanding and agreement of the parties as to the matters set forth in this Subordination. No alteration of or amendment to this Subordination shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

**Attorneys' Fees; Expenses.** If Lender institutes any suit or action to enforce any of the terms of this Subordination, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees and title insurance, to the extent permitted by applicable law. Mortgagee also will pay any court costs, in addition to all other sums provided by law.

**Authority.** The person who signs this Subordination as or on behalf of Mortgagee represents and warrants that he or she has authority to execute this Subordination and to subordinate the Subordinated Indebtedness and the Mortgagee's security interests in Mortgagee's property, if any.

**Caption Headings.** Caption headings in this Subordination are for convenience purposes only and are not to be used to interpret or define the provisions of this Subordination.

**Governing Law.** This Subordination will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Washington without regard to its conflicts of law provisions. This Subordination has been accepted by Lender in the State of Washington.

**Choice of Venue.** If there is a lawsuit, Mortgagee agrees upon Lender's request to submit to the jurisdiction of the courts of WHATCOM County, State of Washington.

**Successors.** This Subordination shall extend to and bind the respective heirs, personal representatives, successors and assigns to the parties to this Subordination, and the covenants of Mortgagee herein in favor of Lender shall extend to, include, and be enforceable by any transferee or endorsee to whom Lender may transfer any or all of the Superior Indebtedness.

**No Waiver by Lender.** Lender shall not be deemed to have waived any rights under this Subordination unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Subordination shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Subordination. No prior waiver by Lender, nor any course of dealing between Lender and Mortgagee, shall constitute a waiver of any of Lender's rights or of any of Mortgagee's obligations as to any future transactions. Whenever the consent of Lender is required under this Subordination, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

**Waive Jury.** All parties to this Subordination hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party. (Initial Here *JK GK*)

**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.**

EACH PARTY TO THIS SUBORDINATION ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS SUBORDINATION, AND EACH PARTY AGREES TO ITS TERMS. THIS SUBORDINATION IS DATED NOVEMBER 14, 2007.

**BORROWER:**

X *[Signature]*  
GARRITT E. KUIPERS

X *[Signature]*  
SHERYL L. KUIPERS

**MORTGAGEE:**

X *[Signature]*  
GERRIT KUIPERS

X *[Signature]*  
TRUDY J. KUIPERS



200711200138  
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**SUBORDINATION OF MORTGAGE**

Loan No: 5032008-202

(Continued)

LENDER:

PEOPLES BANK

Authorized Officer

*[Signature]*

**INDIVIDUAL ACKNOWLEDGMENT**



STATE OF WASHINGTON

COUNTY OF SKAGIT

On this day before me, the undersigned Notary Public, personally appeared GARRITT E. KUMERSHAIN and SHERYL L. KUIPERS, personally known to me or proved to me on the basis of satisfactory evidence to be the individuals described in and who executed the Subordination of Mortgage, and acknowledged that they signed the Subordination as their free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 15TH day of NOVEMBER, 2007.

Residing at SEDRO-WOOLLEY

My commission expires 9/11/2010

Notary Public in and for the State of WA

By *[Signature]*  
KAREN ASHLEY

**INDIVIDUAL ACKNOWLEDGMENT**

STATE OF WASHINGTON )  
COUNTY OF SKAGIT )  
) SS )  
)

On this day before me, the undersigned Notary Public, personally appeared GERRIT KUIPERS and TRUDY J. KUIPERS, personally known to me or proved to me on the basis of satisfactory evidence to be the individuals described in and who executed the Subordination of Mortgage, and acknowledged that they signed the Subordination as their free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 15TH day of NOVEMBER, 2007.

Residing at SEDRO-WOOLLEY

My commission expires 9/11/2010

Notary Public in and for the State of WA

By *[Signature]*  
KAREN ASHLEY

**LENDER'S ACKNOWLEDGMENT**

STATE OF WASHINGTON )  
COUNTY OF SKAGIT )  
) SS )

On this day of November, 2007, before me, the undersigned Notary Public, personally appeared *[Signature]* and personally known to me or proved to me on the basis of satisfactory evidence to be the *[Signature]*, 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.

Residing at *[Signature]*

My commission expires *[Signature]*

By *[Signature]*  
Notary Public in and for the State of WA

Skagit County Auditor

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Schedule "A-1"

DESCRIPTION:

PARCEL "A":

The North ½ of the following described tract:

The Northeast ¼ of the Southwest ¼ and the Northwest ¼ of the Southeast ¼, Section 11, Township 34 North, Range 3 East, W.M., EXCEPT ditch rights of way, AND EXCEPT that portion thereof conveyed to the State of Washington for highway purposes by deed dated September 22, 1958, and recorded September 30, 1958, under Auditor's File No. 571002.

TOGETHER WITH AND SUBJECT TO a non-exclusive easement for ingress, egress and utilities over and across the East 20 feet of that portion of the Northwest ¼ of the Southeast ¼ lying South of the above described tract, and also over and across the South 20 feet of the Northeast ¼ of the Southeast ¼, all in Section 11, Township 34 North, Range 3 East, W.M., EXCEPT road and ditch rights of way.

Situate in the County of Skagit, State of Washington.

PARCEL "B":

That portion of the North 330 feet of the Northeast ¼ of the Southeast ¼ of Section 11, Township 34 North, Range 3 East, W.M., lying Southerly of the State Highway as conveyed by deed recorded November 21, 1957, under Auditor's File No. 558698, EXCEPT road along the East line of said subdivision.

Situate in the County of Skagit, State of Washington.

PARCEL "C":

The South 655.5 feet of the North 985.5 feet of the West 660 feet of the Northeast ¼ of the Southeast ¼ of Section 11, Township 34 North, Range 3 East, W.M.

Situate in the County of Skagit, State of Washington.

PARCEL "D":

The South 660 feet of Government Lot 6 of Section 2, Township 33 North, Range 3 East, W.M.;

EXCEPT the rights-of-way of Dike District No. 1, including the right-of-way appropriated in Skagit County Cause No. 3049; the strip of land conveyed to Dike District No. 1 by Deed dated and recorded January 16, 1909 under Auditor's File No. 32456, in Volume 38 of Deeds, page 300; and the 20 foot wide strip of land conveyed to Dike District No. 1 by Deed dated April 15, 1964 and recorded August 23, 1972, under Auditor's File No. 773008;

AND EXCEPT the county road right-of-way commonly known as Beaver Marsh Road along the West line thereof;

AND ALSO EXCEPT ditch rights-of-way, if any, including those in favor of Drainage District No. 15.

Situate in the County of Skagit, State of Washington.



200711200138  
Skagit County Auditor

Schedule "A-1"

DESCRIPTION CONTINUED:

PARCEL "E":

The Southeast  $\frac{1}{4}$  of the Southeast  $\frac{1}{4}$  of Section 3, Township 33 North, Range 3 East, W.M., EXCEPT the North 10 feet thereof conveyed to Drainage District No. 15 for drainage ditch, AND EXCEPT that portion lying within the boundaries of the as built and existing County road commonly known as the Beaver-Marsh Road running along the East line thereof, AND EXCEPT dike rights of way.

Situate in the County of Skagit, State of Washington.

PARCEL "F":

Government Lot 4 in Section 10, Township 33 North, Range 3 East, W.M., EXCEPT that portion lying within the boundaries of the as built and existing County road commonly known as the Beaver-Marsh Road running along the East line thereof, AND EXCEPT dike rights of way.

Situate in the County of Skagit, State of Washington.

PARCEL "G":

Government Lot 6, Section 2, Township 33 North, Range 3 East, W.M.,

EXCEPT the South 660 feet thereof,

AND EXCEPT road and drainage ditch rights of way,

AND EXCEPT that portion conveyed to Dike District No. 1 by deed recorded on August 23, 1972, under Auditor's File No. 773009.

Situate in the County of Skagit, State of Washington.



200711200138  
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11/20/2007 Page 6 of 6 3:37PM