

RETURN ADDRESS:
The Bank of the Pacific
Loan Service Department
PO Box 1826
Aberdeen, WA 98520



200712210129
Skagit County Auditor

12/21/2007 Page 1 of 5 3:51PM

LAND TITLE OF SKAGIT COUNTY

128217-SA

NOTICE: THIS SUBORDINATION OF DEED OF TRUST 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 DEED OF TRUST

Reference # (if applicable): 128217-SA

Additional on page ____

Grantor(s):

1. ROE, JAMES K.
2. ROE, MICHELLE C.
3. ROE, HOPE E.

200712210128
200604270134

Grantee(s)

1. BANK OF THE PACIFIC

Legal Description: Ptn GL 2, 15-34-1 E.W.M.

Additional on page ____

Assessor's Tax Parcel ID#: 340115-0-004-0107

THIS SUBORDINATION OF DEED OF TRUST dated December 18, 2007, is made and executed among HOPE E. ROE ("Beneficiary"); LAND TITLE COMPANY OF SKAGIT COUNTY ("Trustee"); JAMES K. ROE and MICHELLE C. ROE ("Borrower"); and BANK OF THE PACIFIC ("Lender").

**SUBORDINATION OF DEED OF TRUST
(Continued)**

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SUBORDINATED INDEBTEDNESS. Beneficiary has extended the following described financial accommodations, secured by the Real Property (the "Subordinated Indebtedness"): ~~Note in the amount of \$475,000.00~~

~~DEED OF TRUST IN THE ORIGINAL AMOUNT OF \$638,500.00 DATED DECEMBER 17, 2007, WITH JAMES K. ROE AS GRANTOR, THE BANK OF THE PACIFIC AS BENEFICIARY AND LAND TITLE COMPANY OF SKAGIT COUNTY AS TRUSTEE.~~

in favor of Hope E. Roe secured by the Deed of Trust shown below.

SUBORDINATED DEED OF TRUST. The Subordinated Indebtedness is or will be secured by the Real Property and evidenced by a deed of trust dated April 12, 2006 from JAMES K. ROE ("Trustor") to LAND TITLE COMPANY OF SKAGIT COUNTY ("Trustee") in favor of HOPE E. ROE ("Beneficiary") (the "Subordinated Deed of Trust") and recorded in SKAGIT County, State of Washington as follows:

DEED OF TRUST IN THE ORIGINAL AMOUNT OF \$475,000.00 DATED APRIL 12, 2006, RECORDED APRIL 27, 2006 WITH AUDITOR'S FILE NO. 200604270134.

REAL PROPERTY DESCRIPTION. The Subordinated Deed of Trust covers the following described real property (the "Real Property") located in SKAGIT County, State of Washington:

See SEE SCHEDULE A-1, 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 3491 GREEN CLIFFS ROAD, ANACORTES, WA 98221. The Real Property tax identification number is 340115-0-004-0107.

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"):

~~DEED OF TRUST IN THE ORIGINAL AMOUNT OF \$475,000.00 DATED MARCH 27, 2006, RECORDED MARCH 31, 2006 WITH AUDITOR'S FILE NO. 200603310208; BANK OF AMERICA AS BENEFICIARY AND LAND TITLE COMPANY OF SKAGIT COUNTY AS TRUSTEE.~~

**12-21-07

***200712210128

LENDER'S LIEN. 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 December 18, 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 Deed of Trust.

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

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

SUBORDINATION. The Subordinated Deed of Trust and the Subordinated Indebtedness secured by the Subordinated Deed of Trust 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 Deed of Trust. Beneficiary also subordinates to Lender's Lien all other Security Interests in the Real Property held by Beneficiary, 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.

BENEFICIARY'S REPRESENTATIONS AND WARRANTIES. Beneficiary represents and warrants to Lender that: (A) no representations or agreements of any kind have been made to Beneficiary 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 Beneficiary as to the creditworthiness of Borrower; and (D) Beneficiary has established adequate means of obtaining from Borrower on a continuing basis information regarding Borrower's financial condition. Beneficiary agrees to keep adequately informed from such means of any facts, events, or circumstances which might in any way affect Beneficiary's risks under this Subordination, and Beneficiary further agrees that Lender shall have no obligation to disclose to Beneficiary information or material acquired by Lender in the course of its relationship with Beneficiary.

BENEFICIARY WAIVERS. Beneficiary 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 Beneficiary, (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



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**SUBORDINATION OF DEED OF TRUST
(Continued)**

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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.

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

Amendments. What is written in this Subordination is Beneficiary's entire agreement with Lender concerning the matters covered by this Subordination. To be effective, any change or amendment to this Subordination must be in writing and must be signed by whoever will be bound or obligated by the change or amendment.

Arbitration. Borrower and Beneficiary and Lender agree that all disputes, claims and controversies between us whether individual, joint, or class in nature, arising from this Subordination or otherwise, including without limitation contract and tort disputes, shall be arbitrated pursuant to the Rules of the American Arbitration Association in effect at the time the claim is filed, upon request of either party. No act to take or dispose of any Property shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights relating to personal property, including taking or disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Any disputes, claims, or controversies concerning the lawfulness or reasonableness of any act, or exercise of any right, concerning any Property, including any claim to rescind, reform, or otherwise modify any agreement relating to the Property, shall also be arbitrated, provided however that no arbitrator shall have the right or the power to enjoin or restrain any act of any party. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. Nothing in this Subordination shall preclude any party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for these purposes. The Federal Arbitration Act shall apply to the construction, interpretation, and enforcement of this arbitration provision.

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 Credit Agreement 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, title insurance, and fees for the Trustee, to the extent permitted by applicable law. Beneficiary 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 Beneficiary represents and warrants that he or she has authority to execute this Subordination and to subordinate the Subordinated Indebtedness and the Beneficiary's security interests in Beneficiary'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.

Successors. This Subordination shall extend to and bind the respective heirs, personal representatives, successors and assigns of the parties to this Subordination, and the covenants of Beneficiary 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. Beneficiary understands Lender will not give up any of Lender's rights under this Subordination unless Lender does so in writing. The fact that Lender delays or omits to exercise any right will not mean that Lender has given up that right. If Lender does agree in writing to give up one of Lender's rights, that does not mean Beneficiary will not have to comply with the other provisions of this Subordination. Beneficiary also understands that if Lender does consent to a request, that does not mean that Beneficiary will not have to get Lender's consent again if the situation happens again. Beneficiary further understands that just because Lender consents to one or more of Beneficiary's requests, that does not mean Lender will be required to consent to any of Beneficiary's future requests. Beneficiary waives presentment, demand for payment, protest, and notice of dishonor.

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.

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 DECEMBER 18, 2007.

BORROWER:

x 
JAMES K. ROE, Individually

x 
MICHELLE C. ROE, Individually



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SUBORDINATION OF DEED OF TRUST
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BENEFICIARY:

X Hope E Roe
HOPE E. ROE Individually

TRUSTEE:

LAND TITLE COMPANY OF SKAGIT COUNTY
By: Diane M. Daughan
Authorized Signer for LAND TITLE COMPANY OF SKAGIT COUNTY

By: _____
Authorized Signer for LAND TITLE COMPANY OF SKAGIT COUNTY

LENDER:

BANK OF THE PACIFIC
X Sharon Watson
Authorized Officer

INDIVIDUAL ACKNOWLEDGMENT

STATE OF Washington
COUNTY OF Skagit

MARIA-LYN NICHOLAS
NOTARY PUBLIC
STATE OF WASHINGTON
My Commission Expires Nov. 15, 2008

On this day before me, the undersigned Notary Public, personally appeared JAMES K. ROE and MICHELLE C. ROE, 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 Deed of Trust, 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 18th day of December, 2007

By Maria-Lyn Nicholas Residing at Anacortes
Notary Public in and for the State of WA My commission expires 11-15-08

INDIVIDUAL ACKNOWLEDGMENT

STATE OF Washington
COUNTY OF Skagit

SHANNON C HURTADO
NOTARY PUBLIC
COMMISSION EXPIRES 12/31/2010
STATE OF WASHINGTON

On this day before me, the undersigned Notary Public, personally appeared HOPE E. ROE, personally known to me or proved to me on the basis of satisfactory evidence to be the individual described in and who executed the Subordination of Deed of Trust, and acknowledged that he or she signed the Subordination as his or her free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 18th day of December, 2007

By Shannon Hurtado Residing at Anacortes
Notary Public in and for the State of WA My commission expires 12-31-2010



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Schedule "A-1"

128217-SA

DESCRIPTION:

PARCEL "A":

The North 330 feet of the South 990 feet of Government Lot 2, Section 15, Township 34 North, Range 1 East, W.M.

Situate in the County of Skagit, State of Washington.

PARCEL "B":

A non-exclusive easement and right of ingress and egress for road and utility line purposes, including, but not limited to, power, water and sewer lines, together with the right to construct and maintain said road and said lines, over and across a strip of land 60 feet in width, and lying 30 feet on each side of the following described centerline, to-wit:

Beginning at the Northeast corner of the Southwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of Section 15, Township 34 North, Range 1 East, W.M.

thence South $2^{\circ}01'50''$ East along the East line of said subdivision 322.40 feet to a point on the South line of the North 5 acres of the East $\frac{1}{2}$ of the Southwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of said Section 15;

thence South $2^{\circ}01'50''$ East 380.53 feet to a point which is 30 feet South and 30 feet East of that certain tract of land conveyed to Everett E. Davis, by instrument recorded under Auditor's File No. 648660, records of Skagit County, Washington;

thence North $88^{\circ}58'40''$ West parallel with the North line of the Southwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of Section 15, 30.0 feet to the West side of the country road and the true point of beginning, for the center line of this easement;

thence North $88^{\circ}58'40''$ West to the West line of said Southwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of Section 15, said point being the terminal point for the center line of this 60 foot easement; as conveyed by instruments recorded under Auditor's File Nos. 720932 and 722404, records of Skagit County, Washington.

Situate in the County of Skagit, State of Washington.



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