

When recorded return to:

Hansell Mitzell, LLC
1111 Cleveland Ave., Ste 201
Mount Vernon, WA 98273

GUARDIAN NORTHWEST TITLE CO.

B94946-E7



200806170062

Skagit County Auditor

6/17/2008 Page 1 of 3 1:43PM

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.

The undersigned subordinator and owner agrees as follows:

1. HANSELL MITZELL HOMES, A WASHINGTON LIMITED LIABILITY COMPANY
referred to herein as "subordinator", is the owner and holder of a mortgage dated 06-10-08
which is recorded in CONCURRENTLY of Mortgages, page -
under auditor's file 200806170060, records of Skagit County.
PEOPLES BANK
2. referred to herein as "lender", is the owner and holder of mortgages dated 06-05-08
executed SALEM VILLAGE
(which is recorded in volume - of Mortgages, - County,
auditor's file 200806170056 records - County
is to be recorded concurrently herewith);
auditor's file 200806170057 records - County
is to be recorded concurrently herewith);
auditor's file 200806170058 records - County
is to be recorded concurrently herewith);
auditor's file 200806170059 records - County
is to be recorded concurrently herewith);
3. SALEM VILLAGE
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.

NOTICE: THIS SUBORDINATION 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 THEIR ATTORNEYS WITH RESPECT THERETO.

Dated: _____

HANSELL MITZEL HOMES

Don Mitzel

Jeff Hansch, Managing Member
Don Mitzel

State of Washington }
County of Skagit } SS:

I certify that I know or have satisfactory evidence that _____, the person(s) who appeared before me, and said person(s) acknowledged that he/she/they signed this instrument and acknowledge it to be his/her/their free and voluntary act for the uses and purposes mentioned in this instrument.

Date: _____

see attached

Notary Public in and for the State of Washington WW
Residing at Sedro Woolley
My appointment expires:

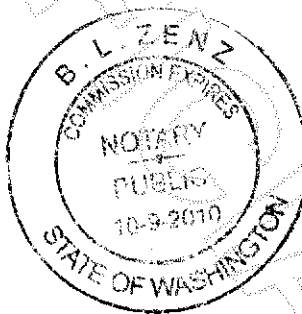


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State of Washington)
County of Skagit)

I certify that I know or have satisfactory evidence that Dan Mitzel is the person who appeared before me, and said person acknowledges that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledges it as the Managing Member of Hansell Mitzell Homes, a WA Limited Liability Company to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 06-16-08



B. L. Zenz

Notary Public in and for the State of WA

Residing at Sedro Woolley

My appointment expires: 10-9-10



200806170062

Skagit County Auditor