

WHEN RECORDED RETURN TO:

Horizon Bank
2211 Rimland Drive, Suite 230
Bellingham, WA 98228
Attn: NS Ref #CMLG3229



200807170097

Skagit County Auditor

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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 agree as follows:

GUARDIAN NORTHWEST TITLE CO.

95089-4.

1. **SKAGIT COUNTY**, a political subdivision of the State of Washington, referred to herein as "subordinator", is the owner and holder of a mortgage dated **APRIL 10, 2007**, under auditor's file No. **200704100130** records of **SKAGIT** County.
2. **HORIZON BANK** referred to herein as "lender" is the owner and holder of the mortgage dated **July 14, 2008**, executed by **ANTHONY J. FLYNN** and **LALE A. JOHNSON**, under auditor's file No. **200807170094**, records of **SKAGIT** County, (which is to be recorded concurrently herewith).
3. **ANTHONY J. FLYNN** and **LALE A. JOHNSON**, referred to herein as "owner", is the owner of all the real property described in the mortgage identified above in Paragraph 1 and 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 14th day of July, 2008

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN A

~~SKAGIT COUNTY~~, a political division of the State of Washington

John Williams

State of Washington)
County of Skagit) ss
Whatecom)

I certify that I know or have satisfactory evidence that Jude Williams
and _____ is/are the person(s) who appeared before me and
person(s) acknowledged that signed this instrument and acknowledged it to
(his/her/their) his free and voluntary act for the use and purposes mentioned in this
instrument.

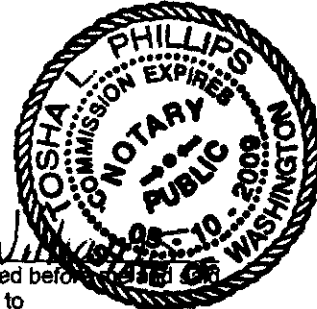
Dated: 7-16-08

By James L. Ellis

Notary Public in and for the State of Washington.

Residing at Mount Vernon

My Commission Expires: 5-10-09



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