



200902190074

Skagit County Auditor

2/19/2009 Page

1 of

4 11:14AM

Return to:
Charles Schwab Bank, NA
3000 Leadenhall Road
Mt. Laurel, New Jersey 08054
Mail Stop : DC
Loan No: 7110341257/0051753598

Reference numbers for previous recorded instrument locate on Page:
Grantees and Grantors are:

Assessor's Parcel or Account Number:
Loan Number:
Abbreviated Legal Description:

[Include lot, block and plat or section, township and range]

Full Legal Description located on page:

[Space Above This Line For Recording Data]

CHICAGO TITLE CO.

SUBORDINATION AGREEMENT

620000347

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, made this ___ day of ___, 2009, by J. B. Smith, a married person and Bethann Smith, a married person, the owner of the land hereinafter described and referred to as "Owner" and Charles Schwab Bank, NA, ("Charles Schwab"), whose address is 5201 Gate Parkway, Jacksonville, FL 32256, the present owner and holder of the deed of trust and note first hereinafter described and hereinafter referred to as "Beneficiary";

Auditor's File No.

200902190073

WITNESSETH

THAT WHEREAS, the Owners did execute a lien, dated April 11, 2008 to Charles Schwab, covering the property described in more detail on Exhibit A attached hereto. Charles Schwab, is the holder of record of the following described Deed of Trust/Security Deed ("Security Instrument"), covering that certain property in Skagit County, State of Washington, described in Exhibit A attached hereto and made a part hereof (the "Premises"): Auditor's File No. 200806030043

(1) Security Instrument executed by J. B. Smith, a married person and Bethann Smith, a married person, dated April 11, 2008, to secure a loan in the amount of \$100,000.00 in favor of Charles Schwab, which Security Instrument was recorded on June 3, 2008, as Document/Instrument No. 200806030043, in the public records of said County (the "First Security Instrument");

(2) Security Instrument executed or to be executed by J. B. Smith, a married person and Bethann Smith, a married person, to be recorded concurrently herewith in public records of said County, to secure a loan in the amount of \$156,214.88 in favor of Charles Schwab (the "Second Security Instrument"); and

WHEREAS, Charles Schwab desires to establish the priority of its two liens and desires to establish the Second Security Instrument as a first lien on the Premises and to subordinate the lien of the First Security Instrument to the lien of the Second Security Instrument.

NOW THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, and in order to induce Charles Schwab to make the loan above referred to, it is hereby declared, understood and agreed as follows:

1. That said Second Security Instrument, and any renewals or extensions thereof, shall unconditionally be and remain at all times a lien or charge on the property therein described, prior and superior to the lien first above mentioned.
2. That Charles Schwab would not make its loan above described without this subordination agreement.
3. That this agreement shall be the whole and only agreement with regard to the subordination of the First Security Instrument to the Second Security Instrument and shall supersede and cancel, but only insofar as would affect the priority between the security instruments hereinbefore specifically described, any prior agreement as to such subordination including, but not limited to, those provisions, if any, contained in the lien first above mentioned, which provide for the subordination of the lien to a deed of trust.

Beneficiary declares, agrees and acknowledges that:

- (a) It consents to and approves (i) all provision of the note and deed of trust in favor of Lender above referred to, and (ii) all agreement, including but not limited to any loan or escrow agreements, between Owner and Charles Schwab for the disbursement of the proceeds of Lender's Loan;
- (b) Charles Schwab is making disbursements according pursuant to any such agreement is under no obligation or duty to, nor has Charles Schwab represented that it will, see to the application of such proceeds by the person(s) to whom Charles Schwab disburses such proceeds and any application or use of such proceeds other than those provided for in such agreement(s) shall not defeat the subordination herein made in whole or in part;
- (c) An endorsement has been placed upon the first lien above mentioned that such lien has by this instrument been subordinated to the Second Security Instrument.

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



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PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND.

OWNER(S)

CHARLES SCHWAB BANK, NA
By: PHH Mortgage Corporation, Authorized Agent

J. B. Smith

By: _____
Name: William B. Teague
Title: Vice President

Bethann Smith

STATE OF WASHINGTON
COUNTY OF _____

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

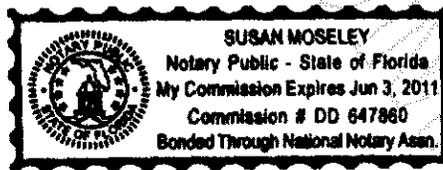
Name: _____
Notary Public, State of Washington
Commission No.: _____
My Commission Expires: _____

STATE OF FLORIDA
COUNTY OF DUVAL

On February 10, 2009, before me personally appeared William B. Teague, as Vice President of PHH Mortgage Corporation as authorized agent for Charles Schwab Bank, NA, to me known, who, being by me duly sworn, did depose and say that he is personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, that by his signature on the instrument the corporation upon behalf of which he acted executed the instrument.

WITNESS my hand and official seal.

Name: _____
Notary Public, State of Florida
My Commission Expires: _____

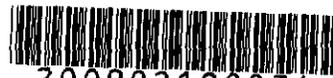


"Exhibit A"

LEGAL DESCRIPTION

LOTS 13, 14 AND 15, BLOCK 285, MAP OF THE CITY OF ANACORTES, SKAGIT COUNTY, WASHINGTON, AS PER PLAT RECORDED IN VOLUME 2 OF PLATS, PAGE 4, RECORDS OF SKAGIT COUNTY, WASHINGTON; TOGETHER WITH THAT PORTION OF VACATED THIRD STREET ADJACENT THERETO WHICH ATTACHED TO SAID PREMISES BY OPERATION OF LAW. SITUATED IN THE COUNTY OF SKAGIT AND STATE OF WASHINGTON. ABBRV LEGAL LOT 13-15 BLK 285 MAP OF THE CITY OF ANACORTES VOL 2 PG 4 BEING ALL OF THAT CERTAIN PROPERTY CONVEYED TO J. B. SMITH AND BETHANN SMITH, HUSBAND AND WIFE FROM EDWARD O'BRIEN AND SUSIE O'BRIEN, HUSBAND AND WIFE BY DEED DATED 11/15/00 AND RECORDED 12/01/00 IN INSTRUMENT NO. 200012010061, PAGE N/A IN THE LAND RECORDS OF SKAGIT COUNTY, WASHINGTON.

**pages 4 through 7*



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