

Return Address:

PEOPLES BANK  
PO BOX 233  
LYNDEN WA 98264



201001110054  
Skagit County Auditor

1/11/2010 Page 1 of 2 9:35AM

LAND TITLE OF SKAGIT COUNTY

135283-0

Document Title(s) (for transactions contained therein): 1. SUBORDINATION AGREEMENT 2. 3. 4.
Reference Number(s) of Documents assigned or released: (on page of documents(s))  200302130071 201001110053
Grantor(s) 1. MICHAEL B DUFFY 2. LINDA E DUFFY 3. 4.
Additional Names on page of document.
Grantee(s) 1. PEOPLES BANK 2. MICHAEL B DUFFY 3. LINDA E DUFFY 4.
Additional Names on page of document.
Legal Description (abbreviated i.e. lot, block, plat or section, township, range)  LOT 189, SHELTER BAY DIV 2
Additional legal is on page of document.
Assessor's Property Tax Parcel/Account Number  P84186
The Auditor/Recorder will rely on information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.

**After Recording Mail to:**

Peoples Bank  
PO Box 233  
Lynden WA 98264

Filed for Recording at Request of: **Peoples Bank.**

**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 OF LATER SECURITY INSTRUMENT.

the undersigned subordinator and owner agree as follows:

1. **Peoples Bank, A Washington Corporation** referred to herein as "subordinator", is the owner and holder of a **Deed of Trust** dated **February 12, 2003** which was recorded on **February 13, 2003** under auditors file No **200302130071** records of **Skagit County**.
2. **Peoples Bank, it successors and assigns** referred to herein as "lender", is the owner and holder of a Deed of Trust dated **JANUARY 5, 2010**, executed by **Michael Duffy and Linda E. Duffy, husband and wife**, which is recorded under auditor's file No. **201001110053** records of **Skagit County** (which is to be recorded concurrently herewith).
3. **Michael Duffy and Linda E. Duffy, husband and wife** referred to herein as "owner", is the owner of all 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 occurring thereunder, including any extension or renewal thereof.
5. "Subordinator" acknowledge 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 in the amount of **\$ 235,000.00** 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 mortgagee first above mentioned to the lien or charge of the mortgage in favor of "lender" above referred to and shall supercede 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 ad "deed of trust", and gender and number of pronouns considered to conform to undersigned.

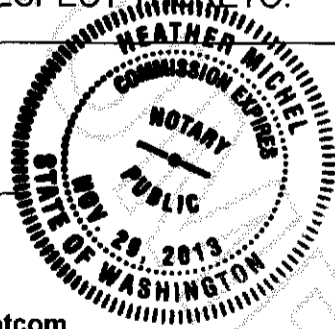
Executed this **29th day** of **December, 2009**

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. IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS SUBORDINATION AGREEMENT, THE PARTIES CONSULT WITH THEIR ATTORNEYS WITH RESPECT THERETO.

Peoples Bank

*Staci Hudak*

Staci Hudak, Vice President, RE Ops Manager and Senior Underwriter



STATE OF WASHINGTON COUNTY OF Whatcom

I certify that I know or have satisfactory evidence that **Staci Hudak** signed this instrument, on oath stated that she is authorized to execute this instrument and acknowledged it as the **Vice President** of Peoples Bank to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated: December 29, 2009

*Heather Michel*  
Notary Public in and for the State of Washington  
Residing at: Ferndale  
My commission expires: 11-29-2013



201001110054  
Skagit County Auditor