

When recorded return to:

Patricia Kilpatrick
USAA FEDERAL SAVINGS BANK
10750 McDermott Freeway
San Antonio, TX 78288



201009130123

Skagit County Auditor

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Filed for record at the request of:



CHICAGO TITLE
COMPANY

425 Commercial, PO BOX 638
Mount Vernon, WA 98273

Order No.: 620011552

SUBORDINATION AGREEMENT
(New Loan)

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 instruments.

The undersigned subordinator and owner agrees as follows:

1. NAVY FEDERAL CREDIT UNION referred to herein as "subordinator", is the owner and holder of a mortgage dated MAY 24, 2006 which is recorded under 200606130112 records of Skagit County, Washington.
2. USAA FEDERAL SAVINGS BANK referred to herein as "lender", is the owner and holder of a mortgage dated September 7, 2010 executed by William K. Hardman and Dawn A. Hardman, husband and wife which is recorded under 201009130122, records of Skagit County, Washington. (which is to be recorded concurrently herewith). **
3. William K. Hardman and Dawn A. Hardman 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.

** Loan amount not to exceed \$202,653.00.

SUBORDINATION AGREEMENT

(New Loan)
(continued)

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 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 his/her/their attorneys with respect thereto.

Dated: August 30, _____, 2010

NAVY FEDERAL CREDIT UNION


Signature
By: S.E. Krieger
Print Name
Its: Vice President
Print Title

August 30, 2010
Date



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State of Virginia

County of Fairfax

I certify that I know or have satisfactory evidence that

S.E. Krieger (name of person) is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument, on oath stated that (he/she) was authorized to execute the instrument and acknowledged it as the Vice President, Trustee (type of authority, e.g., officer, trustee, etc.) of Navy Federal Credit Union (name of party on behalf of whom instrument was executed) to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

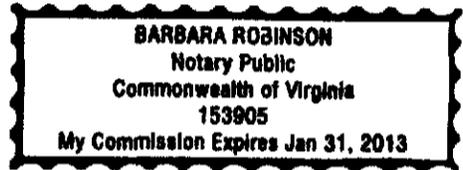
Dated: ~~May 26,~~ ^{August 30,} 2010

Barbara Robinson
Signature

(Seal or Stamp)

Notary
Title

My appointment expires: Jan. 31, 2013



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EXHIBIT "A"
Legal Description

For APN/Parcel ID(s): P26998 and 340421-0-020-0007

That portion of the East Half of the East Half of the Northeast Quarter of the Southwest Quarter of Section 21, Township 34 North, Range 4 East of the Willamette Meridian, described as follows:

Beginning at a point on the West line of said subdivision, a distance of 555 feet South of the North line thereof;

Thence South along said West line, a distance of 75 feet;

Thence East parallel with the North line of said Northeast Quarter of the Southwest Quarter, a distance of 135 feet;

Thence North parallel with said West line, a distance of 75 feet;

Thence West a distance of 135 feet to the point of beginning;

(Also known as Lot 28 of unrecorded plat of Cedar Crest Addition to Mount Vernon.)

Situated in Skagit County, Washington.



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