



201207250053

Skagit County Auditor

7/25/2012 Page

1 of

10 10:26AM

AFTER RECORDING MAIL TO:Name NEXTITLEAddress 10900 NE 4TH STREET STE 250City / State BELLEVUE WA 98004NXWA-0052846

Document Title(s): (or transactions contained therein)

1. SUBORDINATION AGREEMENT
- 2.
- 3.
- 4.

Reference Number(s) of Documents assigned or released:

200712240060DT# 201207250052☐ Additional numbers on page _____ of document

GUARDIAN NORTHWEST TITLE CO.

103638-2

Grantor(s): (Last name first, then first name and initials)

1. 1ST SECURITY BANK OF WASHINGTON
- 2.
- 3.
- 4.
5. ☐ Additional names on page _____ of document

Grantee(s): (Last name first, then first name and initials)

1. PINNACLE CAPITAL MORTGAGE
- 2.
- 3.
- 4.
5. ☐ Additional names on page _____ of document

Abbreviated Legal Description as follows: (i.e. lot/block/plat or section/township/range/quarter/quarter)

PTN TRACT 38 MEMORIAL HIGHWAY TRACTS☐ Complete legal description is on page _____ of document

Assessor's Property Tax Parcel / Account Number(s):

3955-000-038-0005 P67469

NOTE: The auditor/recorder will rely on the information on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.

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 Owner, Fixture Lender and Mortgage Lender agree as follows:

1. **Mortgage Loan.** Pinnacle Capital Mortgage Corporation ("**Mortgage Lender**"), is the owner and holder of a mortgage, deed of trust or trust deed dated _____, executed by Orland and Margo Cunningham (individually and collectively, if more than one, "**Owner**") which is recorded in the real property records of Skagit County, Washington (the "**Mortgage**"), securing repayment of a loan from Mortgage Lender (the "**Mortgage Loan**") in the maximum principal amount of \$ 201,000.00. Mortgage and the promissory note and other documents relating to the Mortgage Loan are sometimes hereinafter referred to collectively as the "Mortgage Loan Documents."

2. **Fixture Loan.** 1st Security Bank of Washington ("**Fixture Lender**") has made a loan to Owner which is secured by the collateral ("**Fixture Collateral**") described in a UCC Fixture Filing which is recorded or filed in the real property records of Skagit County, Washington under Recording Number 200712240060 (the "**Fixture Filing**").

3. **Property.** Owner is the sole owner of the Fixtures and the real property described in the Mortgage and the Fixture Filing, which real property is identified by abbreviated legal description and parcel ID on the front page of this Agreement (the "**Property**").

4. **Subordination of Fixture Filing.** Fixture Lender agrees, for the benefit of Mortgage Lender, that: (i) its security interest in the Fixtures that are the subject of the Fixture Filing is subject and subordinate to the lien of the Mortgage and all other rights under the Mortgage Loan Documents and all advances or charges made or accruing thereunder, including any and all extensions, modifications (other than those prohibited by Section 5 below) and renewals thereof, additional advances thereunder to preserve and protect the collateral or to cure defaults under the Mortgage Loan Documents (whether or not Mortgage Lender is obligated or committed to make such advances) and capitalization of interest, costs and fees in connection with any of the foregoing; and (ii) Fixture Lender claims no interest in the Property other than the security interest in Fixtures which is created by the Fixture Filing.

5. **Prohibited Modifications of Mortgage Loan.** Mortgage Lender and Owner agree that without the consent of Fixture Lender, which may be granted or

1st Security Bank Fixture Loan Subordination Agreement
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withheld in the sole discretion of Fixture Lender, they will not modify the Mortgage Loan Documents so as to: (i) shorten the maturity date of the Mortgage Loan; (ii) cross-default the Mortgage Loan with any other indebtedness of Owner; (iii) increase the interest rate on the Mortgage Loan (other than increases which are contemplated by the Mortgage Loan Documents as they exist today; or (iv) increase the principal amount of the Mortgage Loan.

6. **Acknowledgments of Fixture Lender.** Fixture Lender acknowledges that, prior to the execution thereof, it has had the opportunity to examine the terms of the Mortgage and the Mortgage Loan Documents and consents to the same. Fixture Lender further acknowledges that Mortgage Lender has no obligation to Fixture Lender to advance any funds under the Mortgage or to see to the application of Mortgage Lender's loan funds, and any application or use of such funds for purposes other than those provided for in the Mortgage or any of the other Mortgage Loan Documents shall not defeat the subordination herein made in whole or in part. It is understood by the parties hereto that Mortgage Lender would not make the Mortgage Loan without this Agreement.

7. **Actions by Mortgage Lender; Fixture Lender's Waivers.** Mortgage Lender, without the consent of or notice to Fixture Lender, may release any or all parties liable for any obligation secured by the Mortgage Loan Documents, and release any or all security for the obligations secured by the Mortgage, all without affecting the subordination of the Fixture Filing. Fixture Lender waives any right to require marshaling of assets or to require Mortgage Lender to proceed against or exhaust any specific security for the obligations secured by the Mortgage, and waives any defense arising out of the loss or impairment of any right of subrogation to the lien of the Mortgage. With the exception of modifications prohibited by Section 5 above, Mortgage Lender and Owner may freely enter into extensions, modifications and renewals of the Mortgage Loan Documents without notice to or consent of the Fixture Lender and no such modification, extension or renewal shall defeat the subordination made in this Agreement in whole or in part.

8. **Notice and Opportunity to Cure Defaults on Mortgage Loan.** Mortgage Lender agrees to give Fixture Lender notice of any defaults under the Mortgage Loan Documents and the right to cure such defaults during the time period which is given to Owner under the Mortgage Loan Documents.

9. **Entire Agreement.** This Agreement shall be the whole and only agreement between the parties hereto with regard to the subordination granted herein and shall supersede and cancel any prior agreements as to such subordination.

10. **Successors and Assigns.** The heirs, administrators, assigns and successors in interest of the parties hereto shall be bound by this agreement.



Notices. All notices, demands or other communications to be given or sent pursuant to this agreement shall be delivered personally or by reputable overnight courier service, and shall be deemed given when actually received or rejected by the intended recipient.

If to Fixture Lender: 1st Security Bank of Washington
6920 220th Street SW
Mountlake Terrace, WA 98043
Attention: Loan Servicing

If to Mortgage Lender: Pinnacle Capital Mortgage Corporation
3010 Lava Ridge Court #220
Roseville, CA 95661

If to Owner: Orland and Margo Cunningham
18152 Dunbar Rd
Mount Vernon, WA 98273

Any party may change the address to which notices are to be sent to it by written notice to the other parties in the manner aforesaid.

12. Governing Law; Attorneys Fees. This Agreement shall be governed by and construed in accordance with the laws of the State where the Property is located. The prevailing party shall be entitled to its reasonable attorneys fees and all other costs and expenses in any action to enforce or interpret this Agreement.

[Signatures Appear on Following Page]



DATED as of the 17th day of May, 2012.

**FIXTURE
LENDER:**

**1ST SECURITY BANK OF
WASHINGTON**

By: *Sheri Post*

Name: Sheri Post

Title: Credit Analyst

OWNER:

X *Margo R. Cunningham*
X *Orlando B. Cunningham*

**MORTGAGE
LENDER:**

Pinnacle Capital Mortgage Corporation

By: *Anthony Jansen*

Name: Anthony Jansen

Title: Funding Department



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STATE OF Washington

SS.

COUNTY OF Snohomish

I certify that I know or have satisfactory evidence that Sheri Post is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the Credit Analyst of 1ST SECURITY BANK OF WASHINGTON to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.

DATED this 17th day of May, 2012.


(Signature of Notary)

Shelley L. Coleman

(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,
residing at Snohomish County

My appointment expires July 29, 2014



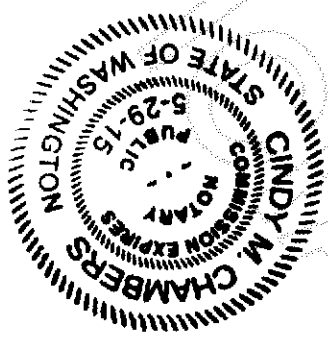
STATE OF WA

SS.

COUNTY OF KING

I certify that I know or have satisfactory evidence that Anthony Jensen is the person who appeared before me, and said person acknowledged that said individual signed this instrument and acknowledged to be his or her free and voluntary act and deed for the uses and purposes mentioned in the instrument.

DATED this 12 day of July, 20 12.



[Signature]
(Signature of Notary)

Cindy Chambers
(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,
residing at Seattle

My appointment expires 5.29.15



STATE OF WA
COUNTY OF SKAGIT

ss.

Margo A. Cunningham &

I certify that I know or have satisfactory evidence that Orland B. Cunningham is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as their act of free will to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.

DATED this 18th day of July, 2012

Martha R. Vanderpool
(Signature of Notary)

Martha R. Vanderpool
(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,
residing at ARLINGTON, WA

My appointment expires 6-17-2015

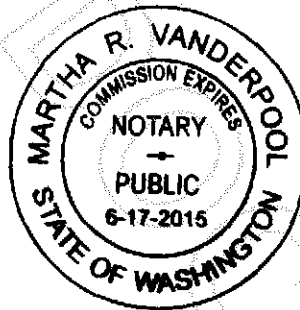


EXHIBIT "A"

The land referred to in this report/policy is situated in the State of Washington, County of Skagit, and is described as follows:

Tract 38, "MEMORIAL HIGHWAY TRACTS", as per Plat recorded in Volume 5 of Plats, page 35, records of Skagit County, Washington, EXCEPT that portion thereof lying Westerly of the following described line:

Beginning at a point on the Northerly line of said tract, 100 feet, Southeasterly of the most Northerly corner thereof; thence Southwesterly at right angles to said Northerly line to a point on a line drawn Easterly and parallel with said Northerly line from a point on the West line of said tract which is 147 feet North of the most Southerly corner of said tract; thence Southeasterly, in a straight line, to a point on the Southeasterly line of said tract which is 76 feet Northeasterly of the most Southerly corner thereof.



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