

RETURN TO:

TranStar National Title
2201 W. Plano Parkway

Suite 152

Plano, Texas 75075

File No. 364620

This instrument was prepared by:

Caitlyn Pratt

TranStar National Title

2201 W. Plano Parkway

Suite 152

Plano, Texas 75075



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LAND TITLE OF SKAGIT COUNTY

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SA

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.

This Subordination Agreement, made this 25 day of April, 2013, by and between Navy Federal Credit Union, (hereinafter referred to as "Subordinating Party"), present owner and holder of the Deed of Trust first hereafter described, and Peoples Bank, A Kansas Corporation, its successors and/or assigns as their interest may appear (hereinafter referred to as "Lender");

WITNESSETH

Christopher T. Phillips & Varanda K. Phillips
THAT WHEREAS, the Owner(s) of real estate described below did execute a Deed of Trust, dated 07/26/2006 in favor of Navy Federal Credit Union, as holder of security interest in the sum of \$79,000.00, recorded 08/08/2006 as Auditor's No.: 200608080053 covering that certain real property described as follows:

All that certain parcel of land situate in the City of Anacortes, County of Skagit and State of Washington bounded and described as follows:

Lot 5, "Plat of Forest Hills PUD," as per plat recorded in volume 17 of plats, pages 42 and 43, records of Skagit County, Washington.

Tax id#: P114070, and

WHEREAS, Owner(s) has (have) executed, or is (are) about to execute, a Mortgage and note not to exceed the sum of \$317,907.00 dated 5/14/13, as auditor file number ** in favor of Lender, payable with interest and upon the terms and conditions described therein, which Mortgage is to be recorded concurrently herewith; and

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WHEREAS, It is a condition precedent to obtaining said loan that said Mortgage last above mentioned shall unconditionally be and remain at all times a lien or charge upon the land hereinbefore described, prior and superior to the lien or charge of the Deed of Trust first mentioned. Borrower has requested Subordinating Party to subordinate Subordinating Party's lien to the lien about to be created by Lender; and

WHEREAS, Lender is willing to make said loan provided the Mortgage securing the same is a lien or charge upon the above described property prior and superior to the lien or charge of the **Deed of Trust** first above mentioned and provided that Subordinating Party will specifically and unconditionally subordinate the lien or charge first above mentioned to the lien or charge of the Mortgage in favor of the Lender; and

WHEREAS, It is to the mutual benefit of the parties hereto that Lender make such loan to Owner, and Subordinating Party is willing that the Mortgage securing the same shall, when recorded, constitute a lien or charge upon said land which is unconditionally prior and superior to the lien or charge of Subordinating Party first above mentioned.

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 Lender to make the loan above referred to, it is hereby declared, understood and agreed to as follows:

- (1) That said Mortgage securing said note in favor of Lender, 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 or charge of Subordinating Party first above mentioned. The approval does not include renewals or extensions that would increase the loan amount being approved on this document.
- (2) That Lender 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 lien or charge of Subordinating Party first above mentioned to the lien or charge of the Mortgage in favor of Lender above referred to and shall supersede and cancel, but only insofar as would affect the priority between the mortgage hereinbefore specifically described, any prior agreements as to such subordination including, but not limited to, those provisions, if any contained in the **Deed of Trust** first above mentioned, which provide for the subordination of the lien or charge thereof to another mortgage or mortgages.

Subordinating Party declares, agrees and acknowledges that:

- (a) It consents to and approves (i) all provisions of the note and Mortgage in favor of Lender above referred to, and (ii) all agreements, including but not limited to any loan or escrow agreements, between Borrower and Lender for the disbursement of the proceeds of Lender's loan.
- (b) Lender in making disbursements pursuant to any such agreement is under no obligation or duty to, nor has Lender represented that it will, see to the application of such proceeds by the person or persons to whom Lender disburses such proceeds and any application or use of such proceeds for purposes other than those provided for in such agreement or agreements shall not defeat the subordination herein made in whole or in part.
- (c) It intentionally waives, relinquishes and subordinates its lien or charge first above mentioned in favor of the lien or charge upon said land of the Mortgage in favor of Lender above referred to and understands that in reliance upon, and in consideration of, this waiver, relinquishment and subordination specific loans and advances are being and will be made and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for said reliance upon this waiver, relinquishment and subordination; and



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- (d) An endorsement or modification has been placed upon the note secured by the Deed of Trust first above mentioned that said lien or charge has by this instrument been subordinated to the lien or charge of the Mortgage in favor Lender above referred to.

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 LAND.

In witness whereof, the said PARTY(IES) HERETO has/have signed and sealed these presents the day and year first above written.

SUBORDINATING PARTY:

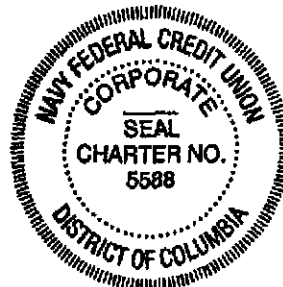
Navy Federal Credit Union



BY: S.E. Krieger
(Print Name & Title): Vice President

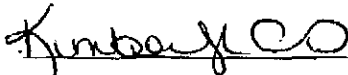
STATE OF ~~Washington~~ ^{KC} Virginia

COUNTY OF Fairfax



On this 25 day of April, 2013, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared S.E. Krieger and _____, to me known to be the Vice President President and _____ Secretary, respectively, of Navy Federal Credit Union, the corporation that executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act of and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that S.E. Krieger authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

Witness my hand and seal the day and year first above written.

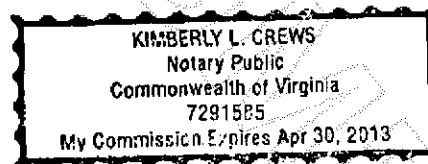


Notary Public residing at Fairfax

Printed Name: Kimberly L. Crews

My Commission Expires:

Apr 30, 2013



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EXHIBIT A – Legal Description

All that certain parcel of land situate in the City of Anacortes, County of Skagit and State of Washington bounded and described as follows:

Lot 5, "Plat of Forest Hills PUD," as per plat recorded in volume 17 of plats, pages 42 and 43, records of Skagit County, Washington.

Being the same property as transferred by deed dated 12/20/1999, recorded 12/28/1999, from Daniel L. Boffey and Deborah R. Boffey, husband and wife, dba Traditional Homes, to Christopher T. Phillips and Varanda K. Phillips, husband and wife, recorded as Instrument #: 199912280131.

Tax ID: P114070

364620

Christopher Phillips and Varanda
Phillips

2320 42nd Place
Anacortes, Washington 98221



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