



200212190108

Skagit County Auditor

12/19/2002 Page

1 of

2 11:10AM

WHEN RECORDED MAIL TO
U.S. Bank National Association
Retail Service Center
4325 17th Ave. SW
Fargo, ND 58108-2687

FIRST AMERICAN TITLE CO.

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE

Deed Of Trust Subordination Agreement

Account No. 70137810198

APN: 4003-002-002-0003 & 4001-006-039-0003

This Agreement is made this 5th day of December, 2002, by and between U. S. Bank National Association ND ("Bank") and Horizon Bank ("Refinancer").

Bank is the beneficiary under a deed of trust (the "Junior Deed of Trust") dated October 2nd, 2001, granted by Michael C. James and Rita K. James, husband and wife ("Borrower"), and recorded in the office of the County Recorder, Skagit County, Washington, on December 18th, 2001, as Document No. 200112180063, encumbering the real property described therein (collectively, the "Property"). Refinancer is the beneficiary under a deed of trust (the "Senior Deed of Trust") dated December 18, 2002, granted by the Borrower, and recorded in the same office on December 19, 2002, as 200212190107, encumbering the property. To induce Refinancer to make a loan to the Borrower secured by the Senior Deed of Trust, Bank has agreed to execute and deliver this Subordination Agreement.

ACCORDINGLY, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Bank hereby agrees with Refinancer that the lien of the Junior Deed of Trust on the Property is and shall be and shall remain fully subordinate for all purposes to the lien of the Senior Deed of Trust on the Property, to the full extent of all sums from time to time secured by the Senior Deed of Trust; provided, however, that the total indebtedness secured by the Senior Deed of Trust does not exceed \$160,000.00, exclusive of interest thereon, amounts advanced to protect the lien and priority of the Senior Deed of Trust, and costs of collection, and provided further, that this agreement shall not be effective until each other mortgage or other lien recorded against the property (other than the Senior Mortgage) and each judgment that is a lien against the Property shall be subordinated of record of the lien of the Senior Mortgage.

Legal Description:

LOTS 38, 39 AND 40 KIT 5, SIMILK BEACH, VOLUME 4, PAGE 51 AND LOTS 1 AND 2, BLOCK 2, MADRONA VIEW ADDITION, VOLUME 5, PAGES 5D AND 6

SEE ATTACHMENT FOR FULL LEGAL DESCRIPTION

Property Address 138616 Slice Street, Anacortes, WA 982218675

IN WITNESS THEREOF, this Subordination Agreement is executed on the day and year first above stated.

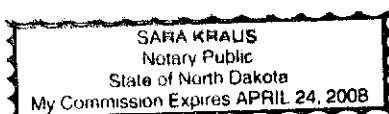
Bank Name: U. S. Bank National Association ND

By: Sherri J. Bernard

Title: Operations Officer

STATE OF North DakotaCOUNTY OF Cass

The foregoing instrument was acknowledged before me this 5th day of December, 2002, by (name) Sherri J. Bernard, the (title) Operations Officer of (bank name) U. S. Bank National Association ND, a national banking association, on behalf of the association.


Notary Public

Schedule "C"

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

Lots 1 and 2, Block 2, MADRONA VIEW ADDITION TO SIMILK BEACH, according to the plat thereof recorded in Volume 5 of Plats, pages 5D and 6, records of Skagit County, Washington

EXCEPT all that portion thereof lying Southeasterly of the following described line:

Beginning at the Northeast corner of Lot 2 in Block 2, Madrona View Addition to Similk Beach, according to the plat thereof recorded in Volume 5 of Plats, pages 5D and 6, records of Skagit County, Washington; thence South 31 degrees 20' East along the East boundary of said Lot 2 a distance of 19.765 feet to the true point of beginning of said line; thence South 73 degrees 45' West a distance of 22.37 feet; thence South 63 degrees 48' West a distance of 29.94 feet; thence south 67 degrees 36' West a distance of 19.75 feet; thence South 78 degrees 39' West a distance of 14.25 feet; thence South 58 degrees 45' West a distance of 9.66 feet; thence South 65 degrees 04' West to the West boundary of said Lot 2 and terminus of said line.



200212190108

Skagit County Auditor

12/19/2002 Page

2 of

2 11:10AM