



200403220006

Skagit County Auditor

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SUBORDINATION AGREEMENT

Loan No. : 2332912

20030314 0200, 200403220005

Words used in this Agreement are defined below. Words in the singular mean and include the plural and vice versa.

"Borrower" is David C. Hickman and Karen A. Hickman

"Lender" is Principal Residential Mortgage, Inc., and its successors or assigns.

"Loan" means the debt evidenced by the Note and all sums due under the Security Instrument.

"Note" means the promissory note in the original principal amount of \$142,500.00, signed by Borrower in favor of Lender.

"Property" means the property commonly known as 2801 Comanche Drive Mount Vernon, Washington 98273

"Security Instrument" means the Deed of Trust/Mortgage/Security Deed/Security Instrument signed by Borrower in favor of Lender, securing payment of the Note.

"Subordinating Lienholder" is Peoples Bank

This Agreement is made and entered into this 19th day of December, 2003, by Subordinating Lienholder.

WITNESSETH:

WHEREAS, Lender as a condition precedent to the origination of the Loan to Borrower requires the subordination of the lien held by Subordinating Lienholder;

WHEREAS, Subordinating Lienholder agrees to subordinate its debt and lien on the Property;

NOW THEREFORE, in consideration of the Loan and other good and valuable consideration, the receipt and sufficiency of which are hereby expressly acknowledged, Subordinating Lienholder agrees to the following:

1. The Property subject to this Agreement is described as follows:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

2. The superior debt is more fully described in the Note, and secured by the Security Instrument to be filed of record in the Real Property Records in the county and state referenced in paragraph numbered 1.

The superior debt shall include any amounts disbursed by Lender under the provisions of the Security Instrument for ad valorem taxes and hazard insurance.

3. The subordinated debt is more fully described in a note in the original principal sum of
Twenty Seven Thousand and no/100ths Dollars
(\$27,000.00), executed by David C. Hickman and Karen A. Hickman
made payable to Peoples Bank

and secured by a Deed of Trust dated March 13, 2003
and filed for record in Instrument No. 200303140200
of the Real Property Records of said county and state.

4. Subordinating Lienholder, who is now the holder of the subordinated debt, for the consideration recited above, agrees that the subordinated debt is, by this Agreement, made subordinate, subject, and inferior to the superior debt held by Lender. Subordinating Lienholder agrees that the new Security Instrument shall have the same validity, priority, and effect as if executed, delivered and recorded prior to the date of the subordinate lien. Nothing in this instrument shall in any way modify the terms and conditions of the subordinate lien, or in any way release or affect the validity or priority of the subordinate lien, except as provided herein.

5. This Agreement shall be governed by the laws of the State of Washington.

6. This Agreement is binding upon and shall inure to the benefit of the heirs, executors, administrators, successors and assigns of each of the parties hereto.

Executed this 26th day of December, 2003

SUBORDINATING LIENHOLDER:

Peoples Bank

By: Elisa Ambkreutz

Its: Consumer Loan Underwriter

RETURN TO:

Principal Residential Mortgage, Inc. c/o
Affiliated Computer Svcs
4153 120th Street
Urbandale, IA 50323-2314

_____[Acknowledgment(s) Attached]_____

Loan No. : 2332912



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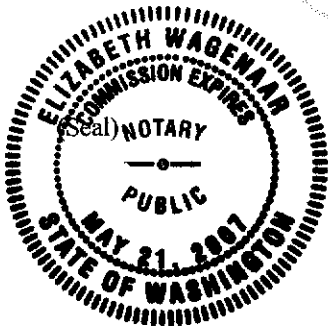
1/01
Inc.

CORPORATE ACKNOWLEDGMENT

State of Washington
County of Whatcom

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§

The foregoing instrument was acknowledged before me on December 26, 2003 [date],
by ELISA Amkreutz [name of officer or agent, title of officer or agent] of Peoples Bank, [name of corporation acknowledging],
Washington [state or place of incorporation], on behalf of the corporation.



Elizabeth Wagenaar
Notary Public, State of

My Commission Expires: May 21, 2007



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Form No. 3301 (6/00)
Short Form Commitment, EAGLE
SUPER EAGLE

ORDER NO: 2055705
FILE NO: 2055705
LENDER REF: 2332912

Exhibit "A"

The land referred to in this policy is situated in the **STATE OF WASHINGTON, COUNTY OF SKAGIT, CITY OF MOUNT VERNON**, and described as follows:

LOT 63, "THUNDERBIRD", AS PER PLAT RECORDED IN VOLUME 9 OF PLATS, PAGES 34 AND 35, RECORDS OF SKAGIT COUNTY, WASHINGTON. SITUATE IN THE CITY OF MOUNT VERNON, COUNTY OF SKAGIT, STATE OF WASHINGTON.



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