

WHEN RECORDED RETURN TO:
FIDELITY RESIDENTIAL SOLUTIONS
808 TRAVIS, SUITE 1520
HOUSTON, TX 77002



200308210139
Skagit County Auditor

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WHEN RECORDED MAIL TO
U.S. Bank National Association
Retail Service Center
4325 17th Ave. SW
Fargo, ND 58108-2687 CHICAGO TITLE C27469

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE

Deed Of Trust Subordination Agreement

Account No. 3000104344

Drafted By: SJ

This Agreement is made this 10th day of July, 2003, by and between U.S. Bank National Association ND ("Bank") and Principal Residential Mortgage, Incorporated ("Refinancer").

Bank is the beneficiary under a deed of trust (the "Junior Deed of Trust") dated November 22, 2002, granted by Michael J. Osborne and Joanne V. Osborne, Husband and Wife ("Borrower"), and recorded in the office of the County Recorder, Skagit County, Washington, on January 8, 2003, as Document No. 200301080098, encumbering the real property described therein (collectively, the "Property"). Refinancer is the beneficiary under a deed of trust (the "Senior Deed of Trust") dated August 12, 2003, granted by the Borrower, and recorded in the same office on August 21, 2003, as AF# 200308210 138, 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 \$126,311.00, 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:

See Exhibit "A" For Legal Description of the Property.
Property Address 9394 Thresher Ave., Sedro Woolley, WA 98284

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

Bank Name: U.S. Bank National Association ND

No Corporate Seal

By: Kathleen M. Lokken
Title: Operations Officer

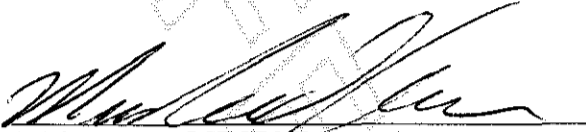
STATE OF North Dakota
COUNTY OF Cass

The foregoing instrument was acknowledged before me this 10th day of July, 2003, by (name) Kathleen M. Lokken, the (title) Operations Officer of (bank name) U.S. Bank National Association ND, a national banking association, on behalf of the association.

KAREN M. KESSLER
Notary Public
State of North Dakota
My Commission Expires April 12, 2005

Notary Public

BORROWER'S ACKNOWLEDGEMENT TO SUBORDINATE


MICHAEL J. OSBORNE

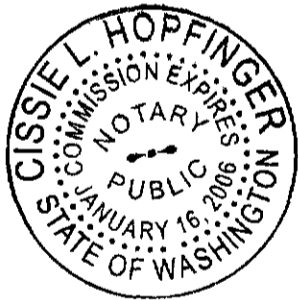

JOANNE V. OSBORNE

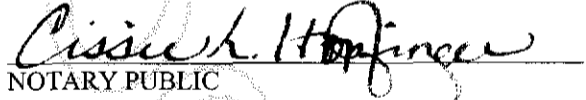
ACKNOWLEDGMENT


STATE OF Washington
COUNTY OF Skagit

BEFORE ME, CISSIE L. HOPFINGER A NOTARY PUBLIC, ON THIS DAY PERSONALLY APPEARED MICHAEL J. OSBORNE & JOANNE V. OSBORNE, KNOWN TO ME TO BE THE PERSON(S) WHOSE NAME(S) IS SUBSCRIBED TO THE FOREGOING INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE/SHE/THEY EXECUTED THE SAME FOR THE PURPOSES AND CONSIDERATION THEREIN EXPRESS.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS 12th DAY OF AUGUST 2003
CH 8/12/03




NOTARY PUBLIC


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