

This Instrument Prepared by:

When Recorded Return to:
First Tennessee Bank National Association, Grantor
P.O. Box 17888
Memphis, TN 38187-0888

SUBORDINATION AGREEMENT

Account No. 4458370393686114

SCR 27666

RECITALS:

WHEREAS, Donald J. Schall, Jr. and Julie L. Schall, husband and wife (hereinafter singly or collectively "Borrower") is the owner of the following described real property described below or in Exhibit "A" attached hereto, and having a street address as follows (the "Property"):

41 Glur Road
Carson, WA 98610
NE 1/4 Sec 29 T3N R8E

Parcel No. 03-08-29-2-1-0200-00

AND WHEREAS, the said Borrower has made application for a closed-end mortgage loan ("New Loan") in an amount not to exceed \$80,000.00 from First Horizon Home Loan Corporation (the "Grantee"), whose address is: 4000 Horizon Way, Irving, TX 75063 to be evidenced by a Deed of Trust / Mortgage which shall be a lien or charge on the Property.

AND WHEREAS, the undersigned, First Horizon Home Loan Corporation (the Grantor), whose address is 4000 Horizon Way, Irving, TX 75063 has an interest in or lien upon the Property as follows:

(Deed of Trust) As Beneficiary under a Deed of Trust to the Trustee named therein, recorded August 15, 2001, and recorded in Book 213, Page 510, Auditor File Number 142017; Official Records of Skamania County, State of Washington.

As a condition of making the New Loan, the Grantee has required the Borrower to execute a Deed of Trust/Mortgage on the Property securing repayment of the New Loan (the "New Deed of Trust/Mortgage"), which, upon execution and recordation of this Agreement, and subject to the conditions and limitations set out below, shall have a superior lien position to that of Grantor on the Property.


AGREEMENTS:

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor hereby agrees as follows:


1. Grantor hereby agrees to subordinate the lien of its Deed of Trust/Mortgage to the lien of the New Deed of Trust/Mortgage, subject to the following conditions. This Subordination is limited solely to the New Deed of Trust/Mortgage and is effective ONLY to the extent to which the New Deed of Trust/Mortgage is a valid, enforceable and properly recorded mortgage lien instrument. This Agreement shall be of no force and effect in the event Grantee or its agents fails to satisfactorily perform all acts required to make the New Deed of Trust/Mortgage a valid and enforceable mortgage loan, that is properly recorded in the appropriate land records.
2. This Subordination as described above shall not apply to any future advance of funds to or for the benefit of the Borrower by the Grantee of the New Deed of Trust/Mortgage, except for advances necessary to protect the security of the New Deed of Trust/Mortgage.
3. Nothing in this Agreement shall be deemed to constitute a novation with respect to the debt secured by the Grantor Deed of Trust/Mortgage, nor an extension or modification thereof, nor otherwise affect the rights, remedies or penalties under the Grantor Deed of Trust/Mortgage.
4. This Agreement shall be binding upon and shall inure to the benefit of Grantor and the Grantee and their respective successors and assigns, and any purchaser at any foreclosure sale instituted pursuant to the Grantor Deed of Trust/Mortgage or the New Deed of Trust/Mortgage.
5. This Agreement shall be construed in accordance with the laws of the State of Tennessee.

IN WITNESS WHEREOF, Grantor has caused this Agreement to be executed by its duly authorized representative and Trustee has executed this Agreement on this 21 day of March, 2005

WITNESS:


Tameka Jones

First Horizon Home Loan Corporation (Grantor)

By: 
Name: Phillip C. Ginn
Title: Limited Vice President

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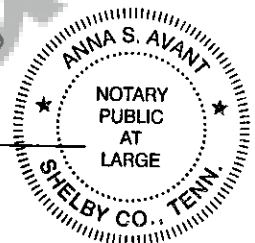
ACKNOWLEDGMENT

STATE OF Tennessee)
) ss:
COUNTY OF Shelby)

Before me, Anna S. Avant of the state and county mentioned, personally appeared Phillip C. Ginn, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged such person to be the Limited Vice President of First Horizon Home Loan Corporation, the within named bargainer, a corporation, and that he/she, as such Limited Vice President, executed the foregoing instrument for the purpose therein contained, by personally signing the name of the corporation as Limited Vice President.

WITNESS my hand and official seal on this 21 day of March, 2005

Anna S. Avant
Notary Public



My Commission expires: 3/27/07

MY COMMISSION EXPIRES:
MARCH 27, 2007

STATE OF _____)
) ss:
COUNTY OF _____)

Personally appeared before me, a Notary Public for the State and County aforesaid, _____, the Trustee named in the foregoing instrument, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledged that he/she executed the foregoing instrument for the purposes therein contained.

WITNESS my hand and official seal on this _____ day of _____, 20____.

Notary Public

My Commission expires:

[INSERT ACKNOWLEDGEMENT FORM REQUIRED BY APPROPRIATE STATE LAW]

EXHIBIT 'A'

PARCEL I

Beginning at a point 130 feet West and 19 feet South of the Northeast Corner of the Northwest Quarter of the Northeast Quarter of Section 29, Township 3 North, Range 8 East of the Willamette Meridian, in the County of Skamania, State of Washington; thence South 106 feet; thence West 170 feet; thence North 106 feet; thence East 170 feet to the Point of Beginning.

PARCEL II

Beginning at a point 125 feet South and 200 feet West of the Northeast Corner of the Northwest Quarter of the Northeast Quarter of Sect 29, Township 3 North, Range 8 East of the Willamette Meridian, in the County of Skamania, State of Washington; thence West 50 feet; thence South 10 feet; thence East 50 feet; thence North 10 feet to the Point of Beginning.