

ISLAND TITLE COMPANY

Filed for Record at Request of

Name JOHN L. MILLER

Address 1102 7th Street

City and State Anacortes, WA 98221

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THIS SPACE RESERVED FOR RECORDER'S USE:

'96 MAY 23 12:52

9605230046

DEED OF TRUST

THIS DEED OF TRUST, made this 15th day of ~~APRIL~~ May, 1996, between

NIELSEN BROTHERS, INC., a Washington corporation Grantor,
whose address is P.O. Box 2789 Bellingham, WA 98227-2789

Island Title Company, a Washington Corporation, Trustee, whose address is 1540 Midway Blvd., P.O. Box 1050, Oak Harbor, Washington 98277, and
JOHN L. MILLER and MARGARET K. MILLER, husband and wife, and PHYLLIS LAMB, a single
woman at the time of this document, Beneficiary,
whose address is c/o 1102 - 7th Street, Anacortes, WA 98221

WITNESSETH: Grantor hereby bargains, sells and conveys to Trustee in Trust, with power of sale, the following described real property in SKAGIT County, Washington:

The North 1/2 of the Southeast 1/4 of the Northeast 1/4 of Section 6, Township 34 North, Range 2 East, W.M.

which real property is not used principally for agricultural or farming purposes, together with all the tenements, hereditaments, and appurtenances now or hereafter thereunto belonging or in any wise appertaining, and the rents, issues and profits thereof.

This deed is for the purpose of securing performance of each agreement of grantor herein contained, and payment of the sum of AS PER ATTACHED Dollars (\$)

EXHIBIT A with interest, in accordance with the terms of a promissory note of even date herewith, payable to Beneficiary or order, and made by Grantor, and all renewals, modifications and extensions thereof, and also such further sums as may be advanced or loaned by Beneficiary to Grantor, or any of their successors or assigns, together with interest thereon at such rate as shall be agreed upon.

To protect the security of this Deed of Trust, Grantor covenants and agrees:

1. To keep the property in good condition and repair; to permit no waste thereof; to complete any building, structure or improvement being built or about to be built thereon; to restore promptly any building, structure or improvement thereon which may be damaged or destroyed; and to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property.
2. To pay before delinquent all lawful taxes and assessments upon the property; to keep the property free and clear of all other charges, liens or encumbrances impairing the security of this Deed of Trust.
3. To keep all buildings now or hereafter erected on the property described herein continuously insured against loss by fire or other hazards in an amount not less than the total debt secured by this Deed of Trust. All policies shall be held by the Beneficiary, and be in such companies as the Beneficiary may approve and have loss payable first to Beneficiary as its interest may appear and then to the Grantor. The amount collected under any insurance policy may be applied upon any indebtedness hereby secured in such order as the Beneficiary shall determine. Such application by the Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, all rights of the Grantor in insurance policies then in force shall pass to the purchaser at the foreclosure sale.
4. To defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of title search and attorney's fees in a reasonable amount, in any such action or proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.
5. To pay all costs, fees and expenses in connection with this Deed of Trust, including the expenses of the Trustee incurred in enforcing the obligation secured hereby and Trustee's and attorney's fees actually incurred, as provided by statute.
6. Should Grantor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the property hereinabove described, Beneficiary may pay the same, and the amount so paid, with interest at the rate set forth in the note secured hereby, shall be added to and become a part of the debt secured in this Deed of Trust.

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(continued on reverse side)

BK 1551 PG 0395

IT IS MUTUALLY AGREED THAT:

1. In the event any portion of the property is taken or damaged in an eminent domain proceeding, the entire amount of the award or such portion as may be necessary to fully satisfy the obligation secured hereby, shall be paid to Beneficiary to be applied to said obligation.
2. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right to require prompt payment when due of all other sums so secured or to declare default for failure to so pay.
3. The Trustee shall reconvey all or any part of the property covered by this Deed of Trust to the person entitled thereto, on written request of the Grantor and the Beneficiary, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.
4. Upon default by Grantor in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, all sums secured hereby shall immediately become due and payable at the option of the Beneficiary. In such event and upon written request of Beneficiary, Trustee shall sell the trust property, in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. Any person except Trustee may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (1) to the expense of the sale, including a reasonable Trustee's fee and attorney's fee; (2) to the obligation secured by this Deed of Trust; (3) the surplus, if any, shall be distributed to the persons entitled thereto.
5. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the property which Grantor had or had the power to convey at the time of his execution of this Deed of Trust, and such as he may have acquired thereafter. Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchasers and encumbrancers for value.
6. The power of sale conferred by this Deed of Trust and by the Deed of Trust Act of the State of Washington is not an exclusive remedy; Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.
7. In the event of the death, incapacity, disability or resignation of Trustee, Beneficiary may appoint in writing a successor trustee, and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded, the successor trustee shall be vested with all powers of the original trustee. The trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Grantor, Trustee or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.
8. This Deed of Trust applies to, inures to the benefit of, and is binding not only on the parties hereto, but on their heirs, devisees, legatees, administrators, executors, and assigns. The term Beneficiary shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiary herein.

NIELSEN BROTHERS, INC.

BY:

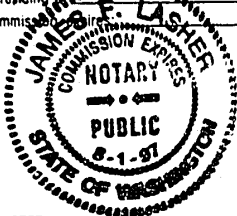
Robert C. Nielsen

STATE OF WASHINGTON }
 COUNTY OF _____ } ss.
 On this day personally appeared before me

to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that _____ signed the same as _____ free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this _____ day of _____, 19 _____

Notary Public in and for the State of Washington
 residing at _____
 My commission expires _____



STATE OF WASHINGTON }
 COUNTY OF Whatcom } ss.
 On this _____ day of _____, 19 _____

On this May, 19 96, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____

Robert C. Nielsen

and _____
 to me known to be the _____ President of _____
 known to be _____ of _____

Nielsen Brothers, Inc.
 the corporation that executed the foregoing instrument, and acknowledge the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he is

_____ authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written

Notary Public in and for the State of Washington,

residing at Bellingham, WA

My commission expires: August 1, 1997

REQUEST FOR FULL RECONVEYANCE

Do not record. To be used only when note has been paid.

TO: TRUSTEE.

The undersigned is the legal owner and holder of the note and all other indebtedness secured by the within Deed of Trust. Said note, together with all other indebtedness secured by said Deed of Trust, has been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel said note above mentioned, and all other evidences of indebtedness secured by said Deed of Trust delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you thereunder.

Dated _____, 19 _____

Mail reconveyance to _____

9605230046

BK 155 | PG 0396

EXHIBIT A

In consideration for Beneficiary's Grant of Easement, the following sums shall be paid upon sale of Grantor's aforementioned real property. Said sums shall be based on gross sales price less ordinary and customary real estate commissions and closing costs.

- (1) If the property is sold as a single parcel, Beneficiary shall receive thirty percent (30%) of sale proceeds;
- (2) If the property is sold as short plat parcels (four or less lots), Beneficiary shall receive twenty-four percent (24%) of sale proceeds;
- (3) If the property is sold as a single parcel with preliminary long plat approval (five or more lots), Beneficiary shall receive twenty percent (20%) of sale proceeds;
- (4) If the property is sold as a long plat (five or more lots), Beneficiary shall receive seventeen and one-half percent (17½%) of sale proceeds.

NOTICE: If parcel is sold as a single parcel, this Deed Of Trust shall continue to run with the aforementioned property and shall bind Grantor's successor in interest to payment of sums according to above schedules 2, 3, 4, less any amounts paid by Grantor, should Grantor's successor subdivide and sell property. Grantor's successor shall execute an Assumption of Deed of Trust and above obligations at the time of purchase of property from Grantor.

Distribution of Beneficiary proceeds shall be as follows:

- (1) Forty percent (40%) of proceeds to be paid to John L. Miller and Margaret K. Miller (H/W);
- (2) Sixty percent (60%) of proceeds to be paid to the owners of the West 660' of Government Lot 5, Section 5, Township 34 North, Range 2 East, W.M., as to their Tenant-in-Common interests. Said Tenants in Common holders to be limited to aforementioned Beneficiaries, their heirs or assigns.

In the event that Grantor, subsequent to the grant of the easement and prior to construction of said easement, is unable to use said easement for any reason or obtains alternative access to Grantor's property, said considerations as set forth above shall be null and void and no longer in effect. Upon completion of construction, Grantor shall cause said easement to be surveyed and recorded.

In that event, Grantor agrees to execute and deliver to Beneficiary, documentation necessary to convey said easement rights back to Beneficiary and Beneficiary shall execute the Request for Full Reconveyance herein and deliver this deed of trust to Grantor.