

13/14
97 MAR -5 2001
8
When Recorded Return To:
ISLAND TITLE COMPANY
P. O. BOX 670
BURLINGTON, WA 98233

9703050031

Escrow No. SB-10287✓
ISLAND TITLE CO.

LPB-22

DEED OF TRUST

(For Use in the State of Washington Only)

Reference # (if applicable):

Grantor(s): ALAN HOVENDEN and GERALDINE HOVENDEN, husband and wife,
STEPHEN A. CRANDALL and HOLLY K. CRANDALL, husband and wife Additional on
page:

Grantee(s): KIRSTEN SEWARD, a married woman Additional on page:

Legal Description (abbreviated): S 1/2 NE 1/4 SECTION 29, TOWNSHIP 33
N., RANGE 4 E. W.M. Full legal on page: 4

Assessor's Tax Parcel ID#: 330429-1-003-0413 R17445

THIS DEED OF TRUST made on March 4, 1997 between
ALAN HOVENDEN and GERALDINE HOVENDEN, husband and wife, and STEPHEN A.
CRANDALL and HOLLY K. CRANDALL, husband and wife, GRANTOR,
whose address is P.O. BOX 656, SEDRO-WOOLLEY, WA 98284 and
ISLAND TITLE COMPANY, TRUSTEE,
whose address is P. O. BOX 670, BURLINGTON, WA 98233 and
KIRSTEN SEWARD, a married woman as her separate estate, BENEFICIARY,
whose address is 10817 52ND DRIVE N.E., MARYSVILLE, WA 98271.

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

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

Assessor's Tax Parcel ID #: 330429-1-003-0413 R17445

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.

SUBJECT TO THAT CERTAIN DEED OF TRUST DATED JANUARY 24, 1990, RECORDED
FEBRUARY 9, 1990 UNDER AF#9002090064, SKAGIT COUNTY, WASHINGTON, WHICH
GRANTEE HEREIN AGREES TO CONTINUE TO PAY ACCORDING TO ITS TERMS AND
CONDITIONS.

THIS DEED OF TRUST IS SUBJECT TO RIGHTS OF PARTIAL RECONVEYANCE MORE FULLY
DESCRIBED IN EXHIBIT "C" ATTACHED HERETO, THE TERMS OF WHICH ARE HEREBY
INCORPORATED BY REFERENCE.

This deed is for the purpose of securing performance of each agreement of
grantor herein contained, and payment of the sum of One Hundred Forty
Thousand Dollars and NO/100 (\$ 140,000.00) 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

9703050031

6X1636PG0097

thereof; to timely complete any building, structure or improvement being built or to be built thereon, to restore promptly any building, structure or improvement thereof 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 to be 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 the 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 expense, 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.

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 be necessary to fully satisfy the obligation hereby, shall be paid to Beneficiary to be applied to said obligation.

2. By accepting payment of any sums 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 thereof.

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 purchaser 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.

Alan E. Hovenden
ALAN E. HOVENDEN

Geraldine Hovenden
GERALDINE HOVENDEN

Stephen A. Crandall
STEPHEN A. CRANDALL

Holly K. Crandall
HOLLY K. CRANDALL

State of Washington

County of Skagit

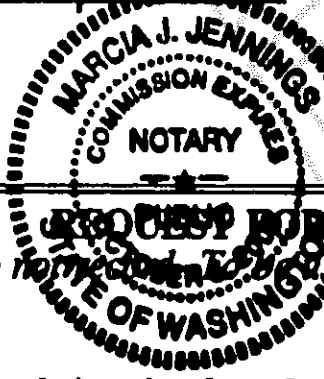
I certify that I know or have satisfactory evidence that ALAN E. HOVENDEN, GERALDINE HOVENDEN, STEPHEN A. CRANDALL and HOLLY K. CRANDALL is/are the person(s) who appeared before me, and said person(s) acknowledged that they signed this instrument and acknowledged it to be their free and voluntary act for the uses and purposes mentioned in this instrument.

Dated March 4, 1997

Marcia J. Jennings

Marcia J. Jennings

Notary Public in and for the State of Washington, residing at Sedro Woolley
My appointment expires: 10/5/2000



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: _____

SB-10287

EXHIBIT "A"

PARCEL A:

That portion of the South Half of the Northeast Quarter of Section 29, Township 33 North, Range 4 East of the Willamette Meridian, described as follows:

Commencing at the Southeast corner of said subdivision;
thence North $88^{\circ}27'51''$ West along the South line thereof a distance of 219.46 feet to the true point of beginning;
thence continue North $88^{\circ}27'51''$ West a distance of 677.94 feet;
thence North $01^{\circ}32'09''$ East, perpendicular to the South line of said subdivision a distance of 1,295.61 feet to a point on the North line of said subdivision;
thence South $88^{\circ}24'05''$ East a distance of 677.95 feet to a point which bears North $01^{\circ}32'09''$ East from the true point of beginning;
thence South $01^{\circ}32'09''$ West a distance of 1,294.87 feet to the true point of beginning;

EXCEPT any portion thereof lying Northerly of the year round stream which flows East to West through said subdivision.

PARCEL B:

An easement for ingress, egress, and utilities over, under, and across the following described parcels:

The West 60 feet of the Northeast Quarter of the Southeast Quarter of Section 29, Township 33 North, Range 4 East of the Willamette Meridian;

AND the South 60 feet of the Southeast Quarter of the Northeast Quarter of Section 29, Township 33 North, Range 4 East of the Willamette Meridian;

EXCEPT the East 200 feet thereof;

ALL situated in Skagit County, Washington.

- END OF EXHIBIT "A" -

EXHIBIT "B"

Escrow No. SB-10287

Beneficiary agrees to continue to pay from the payments received under the Note secured by this Deed of Trust, the following obligation, which obligation must be paid in full when Grantor pays the balance of the Note secured by this Deed of Trust in full:

That certain DEED OF TRUST, dated January 24, 1990, recorded under Auditor's File No. 9002090064, records of Skagit, Washington.

If Beneficiary fails to make any payments on any prior encumbrance, Grantor may give written notice to Beneficiary that unless Beneficiary makes the delinquent payments within 15 days, Grantor will make the payments, together with any late charge, additional interest, penalties and costs assessed by the holder of the prior encumbrance. The 15-day period may be shortened to avoid the exercise of any remedy by the holder of the prior encumbrance. Grantor may deduct the amounts so paid plus a late charge of 5% of the amount so paid and any attorneys fees and costs incurred by the Grantor in connection with the delinquency from payments next becoming due Beneficiary on the Note secured by this Deed of Trust. In the event Grantor makes such delinquent payments on three occasions in any twenty four (24) month period, Grantor shall have the right to make all payments due thereafter direct to the holder of such prior encumbrance and deduct the then balance owing on such prior encumbrance from the then balance owing on the Note and reduce periodic payments on the balance due Beneficiary by the payments called for in such prior encumbrance as such payments become due.

Alan E. Hovenden
ALAN E. HOVENDEN

Stephen A. Crandall
STEPHEN A. CRANDALL

Kirsten Seward
KIRSTEN SEWARD

Geraldine Hovenden
GERALDINE HOVENDEN

Holly K. Crandall
HOLLY K. CRANDALL

9703050031

BX1636PG0101

EXHIBIT "C" TO DEED OF TRUST

Agreement for Partial Reconveyance

Grantors expect to subdivide the subject property (the "Property") covered by the Deed of Trust to which this document is attached and that improvements will be constructed on said subdivided parcels. Should Grantors elect to sell or transfer any such subdivided parcels, Beneficiary agrees to grant to Grantors a partial reconveyance and release for each said subdivided parcel (a "subdivided parcel"), subject to the following terms and conditions:

1. Grantors shall provide Beneficiary with 30 days prior written notice by certified mail, return receipt requested, of its intent to obtain a partial reconveyance from Beneficiary for a subdivided parcel, which notice shall identify that parcel, including its size.
2. Grantors acknowledge that they have been provided with a copy of the deed of trust (the "Van De Brake Deed of Trust") dated January 24, 1990 between Kirsten Gleb (n.k.a. Kirsten Seward) as the grantor named therein and Brooke Van De Brake and Charlotte Van De Brake, husband and wife, as the beneficiaries named therein, and its attached Exhibit B entitled "Partial Reconveyance Provisions," which covers the Property. It is Grantors' responsibility to ensure that the partial reconveyance requested of Beneficiary herein complies with the requirements set forth in the Van De Brake Deed of Trust.
3. Grantors shall pay to Beneficiary a percentage portion of the then outstanding unpaid principal balance of the note secured by this Deed of Trust, which percentage shall be calculated by dividing the size of the subdivided parcel to be transferred by the size of the Property prior to any subdivision.
4. The partial reconveyance by Beneficiary herein and any necessary partial reconveyance by the Van De Brakes shall be done in conjunction with the closing of the transaction conveying the subdivided parcel. Grantors shall pay Beneficiary the amount due her for said reconveyance at said closing; provided, however, that any amount due the Van De Brakes for any partial reconveyance made by them as part of said transaction shall be deducted from the amount due Beneficiary and paid directly to the Van De Brakes at said closing. Beneficiary agrees to use all reasonable efforts to secure any partial reconveyances from the Van De Brakes needed to effect any of her partial reconveyances to the Grantors covered under the terms of this agreement, and to diligently seek to secure said partial reconveyances from the Van De Brakes upon notice from the Grantors as specified in provision 1, above, but makes no warranty as to the amount of time it will take to secure same.
5. The consideration to be paid Beneficiary for her partial reconveyances to the Grantors shall be applied to the reduction of the principal balance of the promissory note (the "Promissory Note") secured by the attached Deed of Trust and referred to therein, but shall not be applied to reduce any installment payment then or thereafter due thereon. In addition, the down payment provided for in the closing of the Property shall not apply to any of the consideration for any partial reconveyances.
6. In no event shall Beneficiary be required to make any partial reconveyance which would have the effect of rendering it impossible or impracticable to provide a road right-of-way of sixty (60) feet in width, or the minimum width then required by applicable law as of the date of any such partial reconveyance, from the closest county road serving the Property to all portions of said Property not on said county road and to which Grantors would retain title.
7. In connection with any partial reconveyance requested by Grantors, Grantors agree to comply with all applicable laws and regulations with respect to the subdivision of property, including, but not limited to, laws regarding platting and "short platting", to the end that the portion of the Property remaining

9703050031

as security for the balance due on the Promissory Note shall not be rendered ineligible for sale or development.

8. All documents necessary to effect all reconveyances referred to in this agreement shall be prepared and filed at the expense of the Grantors.
9. Beneficiary shall not be required to grant any partial reconveyance during any period that Grantors are in default in the performance of any of the terms of the Promissory Note and Deed of Trust specified herein.
10. Beneficiary agrees to execute such documents as may be necessary for Grantors to obtain official approval and recordation of any subdivision of the Property referred to herein; provided, however, that any restrictive covenants, easements, utilities, and/or roadways proposed by the Grantors as part of any such subdivision are subject to Beneficiary's prior written approval, which approval shall not be unreasonably withheld. Beneficiary shall not be required to incur any cost or obligation of any kind in connection with any subdividing of the Property referred to in this agreement, and Grantors agree to pay the same and defend and hold Beneficiary harmless therefrom.

DATED THIS 4 DAY OF March, 1997.

BENEFICIARY

Kirsten Seward
Kirsten Seward, f.k.a. Kirsten Gleb

GRANTORS

Alan Hovenden
Alan Hovenden

Geraldine Hovenden
Geraldine Hovenden

Stephen A. Crandall
Stephen A. Crandall

Holly K. Crandall
Holly K. Crandall

9703050031