

When Recorded Return to:
Virgil and Jean Nelson
959-B Memorial Highway
Mount Vernon, WA 98273

83-11-
KATHY HILL
SKAGIT COUNTY CLERK

'97 JUN 24 P4:18

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RECORDED _____ FILED _____
JUN 24 1997
SKAGIT COUNTY

DEED OF TRUST

(For use in the state of Washington only)

Grantor(s): NELSON INVESTMENTS, a partnership
(additional Grantors on page 1)
Grantee(s): Beneficiary - NELSON, VIRGIL and JEAN, husband and wife
Trustee - LAND TITLE COMPANY of SKAGIT COUNTY
Abbreviated Legal: Ptn tract 3 S.P. 45-77; NEX SWX Govt Lot 3, 5-34-3 EWM
Additional legal(s) on page: page 4 (exhibit "A")
Assessor's Tax Parcel Number(s): 340205-0-040-0302

THIS DEED OF TRUST, made this 1st day of April, 1997, between GREGORY V. NELSON, REGGIE A. NELSON, VIRGIL and JEAN NELSON, d/b/a NELSON INVESTMENTS, a partnership, as GRANTOR(S), whose address is 959-B Memorial Highway, Mount Vernon, WA 98273; LAND TITLE COMPANY OF SKAGIT COUNTY, as TRUSTEE, whose address is P. O. Box 1225, Mount Vernon, WA, as Trustee, and VIRGIL NELSON and JEAN NELSON, husband and wife, as Beneficiary, whose address is 959-B Memorial Highway, Mount Vernon, WA 98273.

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

That certain tract of land listed and described on Exhibit "A" attached hereto and by reference made part hereof as if fully set forth herein.

SUBJECT TO: Reservations, restrictions and easements of record.

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 of trust is for the purpose of securing performance of each agreement of the Grantor herein contained, and payment of the sum of FOUR HUNDRED TWENTY SIX THOUSAND SEVEN HUNDRED TWENTY SEVEN & 39/100 (\$426,727.39), 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 improvements 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 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 hazards in an amount not less than the replacement value. 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 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.

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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 portions 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 fees; (2) to the obligation secured by this deed of trust; and, (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 their execution of this deed of trust, and such as they may have acquired thereafter. Trustee's deeds 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 encumbrances 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.

9. In the event of default by the Grantor in the payment of any indebtedness secured hereby or the performance of any other agreement, obligation or condition in this deed of trust, the Beneficiary shall be entitled to collect and retain the rents, issues and profits from said property or any part thereof, either with or without taking possession.

TRANSFER OF PROPERTY; ASSUMPTION:

1. Beneficiary may declare all sums secured by this deed of trust to be immediately due and payable if all or any part of the property or any interest therein is sold or transferred by Grantor without Beneficiary's prior written consent.

2. Beneficiary shall waive the option to accelerate if, prior to sale or transfer, the Beneficiary and the person to whom the property is to be sold or transferred reach an agreement, in writing, that the credit of such person is satisfactory to Beneficiary and the interest payable on the sum secured by this deed of trust shall be at such rate as Beneficiary requests. Beneficiary will not unreasonably withhold consent.

3. The foregoing provisions for acceleration or increase in interest rate shall not apply if: (a) the conveyance or transfer is to create a lien or encumbrance subordinate to this deed of trust; (b) the transfer is by devise or descent upon

the death of one of the Grantors, or in trust for the benefit of the Grantor; and, (c) the transfer is by one of the Grantors to the other.

4. Any consent to transfer by Beneficiary will not relieve Grantor from liability on the debt secured by this deed of trust or the terms of this deed of trust.

5. Beneficiary shall be entitled to charge a fee as a condition to such consent, such fee to be equal to the reasonable costs incurred by the Beneficiary by way of securing credit reports, financial statements, legal advice, and other costs reasonably and properly associated with the granting of such consent.

Virgil Nelson Jean Nelson

Signature of Grantor(s)

Gregory V. Nelson Reggie A. Nelson

Signature of Grantor(s)

STATE OF WASHINGTON)
COUNTY OF SKAGIT) ss.

I certify that I know or have satisfactory evidence that Virgil Nelson and Jean Nelson, husband and wife, are the persons who appeared before me, and said persons acknowledged that they signed this instrument, and acknowledged it as their free and voluntary act for the uses and purposes mentioned in the instrument.

DATED: 6-5-97

E. Dykstra
Notary Public
ERIC DYKSTRA
(Type or Print Name of Notary)
My commission expires: 11-15-98

STATE OF WASHINGTON)
COUNTY OF SKAGIT) ss.

I certify that I know or have satisfactory evidence that Gregory V. Nelson is the person who appeared before me, and said person acknowledged that he signed this instrument, and acknowledged it as his free and voluntary act for the uses and purposes mentioned in the instrument.

DATED: 6-5-97

E. Dykstra Er
Notary Public
ERIC DYKSTRA
(Type or Print Name of Notary)
My commission expires: 11-15-98

STATE OF WASHINGTON)
COUNTY OF SKAGIT) ss.

I certify that I know or have satisfactory evidence that Reggie A. Nelson is the person who appeared before me, and said person acknowledged that he signed this instrument, and acknowledged it as his free and voluntary act for the uses and purposes mentioned in the instrument.

DATED: 6-6-97

E. Dykstra
Notary Public
ERIC DYKSTRA
(Type or Print Name of Notary)
My commission expires: 11-15-98

Country Corner, Inc. Legal Description:

That portion of Tract 3 of Short Plat No. 45-77, approved July 25, 1977, and recorded July 27, 1977, as auditor's file no. 861478 in Book 2 of Short Plats, page 91, records of Skagit County, Washington, described as follows:

Beginning at the Northeast corner of said Tract 3; thence West along the North line of said Tract 3 to the Northeasterly line of the 20 foot sewer and drainage easement delineated on the face of said short plat; thence Southeasterly along said Northeasterly line to the North line of the area labeled on the face of the short plat as Lot 2 absorption field area; thence East along said North line and the North line of the area labeled on the face of the short plat as Lot 1 absorption field area to the East line of said Tract 3; thence North along said East line to the point of beginning.

EXCEPT that portion conveyed to the state of Washington for road purposes.

All of the above being a portion of the Northeast quarter of the Southwest quarter and of Government Lot 3 of Section 5, Township 34 North, Range 2 East, W.M.

Situate in the County of Skagit, State of Washington

Skagit County Tax Account No. 340205-0-040-0302; P19989

EXHIBIT A

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