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9712170102

LAND TITLE COMPANY OF SKAGIT COUNTY

**RETURN ADDRESS:** 

P.O. BOX 285

Skept State Bank 301 E. Fairhaven Ave.

**Burlington, WA \$8233** 

### DEED OF TRUST

Reference # (if applicable): P83492

Additional on page

Grantor(s):

- 1. CHRISTIANSON'S NURSERY LTD., A WASHINGTON CORPORATION, AS TO PARCEL "A":
- 2. CHRISTIANSON, JOHN L
- 3. CHRISTIANSON, HUSBAND AND WIFE, TONI

Grantee(s)/Assignee/Beneficiary:

Skagit State Bank, Beneficiary LAND TITLE COMPANY, Trustee

Legal Description: A PTN SE1/4 SE1/4 20-34-3 EWM. A PTN SE1/4 NE1/4 & NE1/4 SE1/4 32-34-3 EWM, A PTN SW1/4 NW1/4 & NW1/4 SW1/4 33-34-3 EWM

Additional on page 2

Assessor's Tax Parcel ID#: 340320-0-004-0009, 340332-0-006-0003, 340332-0-006-0106

THIS DEED OF TRUST IS DATED DECEMBER 17, 1997, among CHRISTIANSON'S NURSERY LTD., A WASHINGTON CORPORATION, AS TO PARCEL "A"; , JOHN L CHRISTIANSON and TONI CHRISTIANSON, HUSBAND AND WIFE, AS TO PARCELS B & C, whose mailing address is 1578 BEST ROAD, MOUNT VERNON, WA 98273 (referred to below as "Grantor"); Skagit State Bank, whose mailing address is 301 E. Fairhaven Ave., P.O. BOX 285, Burlington, WA 98233 (referred to below sometimes as "Lender" and sometimes as "Beneficiary"); and LAND TITLE COMPANY, whose mailing address is P.O. BOX 1225, MOUNT VERNON, WA 98273 (referred to below as "Trustee").

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CONVEYANCE AND GRANT. For valuable consideration, Grantor conveys to Trustee in trust with power of sale, right of entry and possession and for the benefit of Lender as Beneficiary, all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtanences; all water, water rights and ditch rights (including stock in utilities with ditch or imigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, located in SKAGIT County, State of Washington (the

## SEE ATTACHED LEGAL DESCRIPTIONS

The Real Property or its address is commonly known as 1578 BEST ROAD AND 1750 VALENTINE 3D., MOUNT VERNON, WA 98273. The Real Property tax identification number is 340320-0-004-0009, 340332-0-006-0003, 340332-0-006-0106.

Grantor hereby assigns as security to Lender, all of Grantor's right, title, and interest in and to all leases, Rents, and profits of the Property. This assignment is recorded in accordance with RCW 65.08.070; the lien created by this assignment is intended to be specific, perfected and choate upon the recording of this Deed of Trust. Lender grants to Grantor a license to collect the Rents and profits, which license may be revoked at Lender's option and shall be automatically revoked upon acceleration of all or part of the Indebtedness.

DEFINITIONS. The following words shall have the following meanings when used in this Deed of Trust. Terms not otherwise defined in this Deed of Trust shall have the meanings attributed to such terms in the Uniform Commercial Code. All references to dollar amounts shall mean amounts in tewful money of the United States of America.

Banaficiary. The word Beneficiary means Skapit State Bank, its successors and assigns. Skapit State Bank also is referred to as "Lender" in this Deed of Trust.

Borrower. The word Borrower means each and every person or entity signing the Note, including without limitation CHRISTIANSON'S NURSERY LTD.

Deed of Trust. The words 'Deed of Trust' mean this Deed of Trust among Grantor, Lerider, and Trustee, and includes without limitation all assignment and security interest provisions relating to the Personal Property and Rents.

Grantor. The word "Grantor" means any and all persons and entities executing this Deed of Trust, including without limitation CHRISTIANSON'S NURSERY LTD., A WASHINGTON CORPORATION, AS TO PARCEL "A". JOHN L CHRISTIANSON, HUSBAND AND WIFE. Any Grantor who signs this Deed of Trust, but does not sign the Note, is signing this Deed of Trust only to grant and convey that Grantor's interest in the Real Property and to grant a security interest in Grantor's interest in the Fients and Personal Property to Lender and is not personally liable under the Note except as otherwise provided by contract or law.

Guarantor. The word "Guarantor" means and includes without limitation any and all guarantors, sureties, and accommodation parties in connection with the Indebtedness.

Improvements. The word "Improvements" means and includes without limitation all existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, tacilities, additions, replacements and other construction on the Real Property.

Indebtedness. The word "Indebtedness" means all principal and interest payable under the Note and any amounts expended or advanced by Lender to discharge obligations of Grantor or expenses incurred by Trustee or Lender to enforce obligations of Grantor under this Deed of Trust, together with interest on such amounts as provided in this Deed of Trust. In addition to the Note, the word "Indebtedness" includes all obligations, debts and liabilities, plus interest thereon, of Borrower to Lender, or any one or more of them, as well as all claims by Lender against Borrower, or any one or more of them, whether now existing or hareafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, absolute or contingent, liquidated or unliquidated and whether Borrower may be liable individually or jointly with others, whether obligated as guarantor on otherwise, and whether recovery upon such Indebtedness may be or hereafter may become barred by any statute of limitations, and whether such Indebtedness may be or hereafter may become barred by any statute of limitations, and whether

Lender. The word "Lender" means Skagit State Bank, its successors and assigns.

Note. The word "Note" means the Note dated December 17, 1997, in the original principal amount of \$361,174.35 from Borrower-to Lender, together with all renewals, extensions, modifications, refinancings, and substitutions for the Note. NOTICE TO GRANTOR: THE NOTE CONTAINS A VARIABLE INTEREST RATE.

Personal Property. The words "Personal Property" mean all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter attached or affixed to the Real Property; together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all issues and profits thereon and proceeds (including without limitation all insurance proceeds and retunds of premiums) any sale or other disposition of the Property.

Property. The word "Property" means collectively the Real Property and the Personal Property.

Real Property. The words "Real Property" mean the property, interests and rights described above in the "Conveyance and Grant" section.

Related Documents. The words "Related Documents" mean and include without limitation all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

Rents. The word "Rents" means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property.

Trustee. The word "Trustee" means LAND TITLE COMPANY and any substitute or successor trustees.

THIS DEED OF TRUST, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (1) PAYMENT OF THE INDEBTEDNESS AND (2) PERFORMANCE OF ANY AND ALL OBLIGATIONS OF GRANTCR UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS DEED OF TRUST. THIS DEED OF TRUST IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

GRANTOR'S REPRESENTATIONS AND WARRANTIES. Grantor warrants that: (a) this Deed of Trust is executed at Borrower's request and not at the request of Lender; (b) Grantor has the full power, right, and authority to enter into this Deed of Trust and to hypothecate the Property; (c) the provisions of this Deed of Trust do not conflict with, or result in a default under any agreement or other instrument binding upon Grantor and do not result in a violation of any law, regulation, court decree or order applicable to Grantor; (d) Grantor has established adequate means of obtaining from Borrower on a about Borrower's financial condition; and (e) Lender has made no representation to Grantor about Borrower (including without limitation the creditworthiness of Borrower).

Schedule "A-1"

DESCRIPTION:

### PARCEL "A":

That portion of the Southeast % of the Southeast % of Section 20, Township 34 North, Range 3 East, W.M., described as follows:

Beginning at the Northeast corner of said subdivision; thence South 496.2 feet; thence South 75°36' West along the centerline of a ditch 300.66 feet; thence North 61°55' West along said centerline 32.02 feet;

thence North 61°55. West along said centerline 32.02 2000, thence North 42°34. West along said centerline 576.48 feet; thence North 4°16. East along said centerline 131.69 feet, more or less, to the North line of said subdivision; thence East along said subdivision line 700 feet, more or less, to the point of beginning,

EXCEPT the East 30 feet for County road,

AND EXCEPT ditch right of way.

Situate in the County of Skagit, State of Washington.

#### PARCEL "B":

A pertion of Sections 32 and 33. Township 34 North, Range 3 East W.M., in Skagit County, Washington, lying West of the Chilberg Road and North of the Valentine Road, being more particularly described as follows:

Beginning at the quarter corner between said Sections 32 and 33; thence South 89°17'48" West along the East-West center of the section line, a distance of 110.99 feet to the Northerly margin of the Valentine Road, being the true point of beginning; thence North 71°33'51" West along the Northerly margin of said Valentine Road, a distance of 1.97 feet to the beginning of a curve to the left, having a radius of 421.52 feet; thence along the arc of said curve through a central angle of 5°03'48", a distance of 37.25 feet to a point on the West line of that certain tract in Section 32, as recorded under Auditor's File No. 284662;

thence North 0°53'00" West a distance of 110.00 feet; thence North 69°39'15" East a distance of 190.86 feet to the Westerly margin of the Chilberg Road, as recorded under Auditor's File No. 452180, having a radius point bearing South 58°55'16" West, a distance of 914.93 feet;

### PARCEL \*B\* Continued:

thence Southeasterly along the arc of said curve through a central angle of 10°06'40", a distance of 161.46 feet; thence South 20°58'04" East, a distance of 40.05 feet to the South line of the Northwest X of said Section 33; thence North 86°14'00" East along the South line of said Northwest X of Section 33, a distance of 2.92 feet to a point on a curve having a radius point bearing North 70°23'04" East, a distance of 1,462.39 feet; thence Southeasterly along said curve, through a central angle of 3°55'22", a distance of 100.12 feet to the intersection of the Westerly margin of the Chilberg Road and the Northerly margin of the Valentine Road; thence North 71°33'51" West along the Northerly margin of the Valentine Road, a distance of 278.68 feet to the true point of beginning.

### PARCEL "C":

That portion of Sections 32 and 33. Township 34 North, Range 3 East, W.M., in Skagit County, Washington, lying West of the Chilberg Road and North of the Valentine Road, being more particularly described as follows:

Beginning at the quarter corner between said Sections 32 and 33; thence South 89°17'48" West along the East-West center of the section line, a distance of 110.99 feet to the Northerly margin

of the Valentine Road; thence North 71°33'51" West along the Northerly margin of said Valentine Road, a distance of 1.97 feet to the beginning of a

curve to the left, having a radius of 421.52 feet; thence along the arc of said curve through a central angle of 5.03.48", a distance of 37.25 feet to a point on the West line of that certain tract in Section 32, as recorded under Auditor's

File No. 284662; thence North 0°53'00" West a distance of 110.00 feet to the true

point of beginning; thence North 0.53:00. West a distance of 183.63 feet to the Northwest corner of said tract, as recorded under Auditor's File No. 284662;

thence North 89°17'48" East along the North line of said tract. recorded under Auditor's File No. 284662 a distance of 122.69 feet to the Southwesterly margin of the Chilberg Road, as

recorded under Auditor's File No. 44532; thence South 38°27'04" East, continuing along the Southwesterly margin of said Chilberg Road, a distance of 12.36 feet, to the beginning of a curve to the right, having a radius of 934.93

thence Southeasterly along the arc of said curve, through a

central angle of 0°14'22" a distance of 3.91 feet; thence South 51°47'18" West, a distance of 20.00 feet to the Westerly margin of the Chilberg Road, as recorded under Auditor's File No. 452180, having a radius point bearing South

51°47'18" West, a distance of 914.93 feet; thence Southeasterly along the arc of said curve through a central angle of 7°07'58" a distance of 113.90 feet;

thence South 69°39'15" West a distance of 190.86 to the true point of beginning.

TOGETHER WITH a non-exclusive easement for ingress and egress as established in Skagit County Probate Cause No. 84-4-00094-5 over the West 20.00 feet to the following described tract:

Beginning at the quarter corner between said Sections 32 and 33; thence South 89°17'48' West along the East-West center of the section line, a distance of 110.99 feet to the Northerly margin of the Valentine Road, being the true point of beginning;

thence North 71°33'51" West along the Northerly margin of said Valentine Road, a distance of 1.97 feet to the beginning of a curve to the left, having a radius of 421.52 feet;

thence along the arc of said curve through a central angle of 5.03.48" a distance of 37.25 feet to a point on the West line of that certain tract in Section 32, as recorded under Auditor's

File No. 284662: thence North 0°53'00" West a distance of 110.00 feet; thence North 69°39'15" East a distance of 190.86 feet to the Westerly margin of the Chilberg Road, as recorded under Auditor's File No. 452180, having a radius point bearing South

58°55'16" West. a distance of 914.93 feet; thence Southeasterly along the arc of said curve through a central angle of 10°06'40" a distance of 161.46 feet; thence South 20°58'04" East, a distance of 40.05 feet to the South line of the Northwest X of said Section 33;

thence North 88°14'00" East along the South line of said Northwest X. Section 33, a distance of 2.92 feet, to a point on curve having a radius point bearing North 70°23'04" East. a

distance of 1,462.39 feet; thence Southeasterly-along said curve, through a distance of 100.12 feet to the intersection of the Westerly margin of the Chilberg Road and the Northerly margin of the Valentine Road; thence North 71°33'51" West along the Northerly margin of the Valentine Road a distance of 278.68 feet to the true point of beginning. -

Payment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, special taxes, assessments, charges (including water and sewer), fines and impositions levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material turnished to the Property. Grantor shall maintain the Property tree of all tiens having priority over or equal to the interest of Lender under this Deed of Trust, except for the lien of taxes and assessments not due and except as otherwise provided in this Deed of Trust.

Right To Contest. Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not peopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the illing, secure the discharge of the lien, or if requested by Lender, deposit with Lander cash or a sufficient corporate surely bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and attorneys' fees or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

Evidence of Payment. Granter shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

Notice of Construction. Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials. Grantor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements.

PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this Deed of Trust.

Maintenance of Insurance, Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all Improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in tavor of Lender. Grantor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request with trustee and Lender being named as additional insureds in such liability insurance policies. Additionally, Grantor shall maintain such other insurance, including but not limited to hazard, business interruption, and boiler insurance, as Lender may reasonably require. Policies shall be written in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days' prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. The Real Property is located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area. Grantor agrees to obtain and maintain Federal Flood Insurance for the full unpaid principal balance of the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

Application of Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Grantor tails to do so within fifteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at its election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the Indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed Improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Deed of Trust. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Deed of Trust, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the Indebtedness. If Lender holds any proceeds after payment in full of the Indebtedness, such proceeds shall be paid without interest to Grantor as Grantor's interests may appear.

Unexpired insurance at Sale. Any unexpired insurance shall inure to the benefit of, and pass to, the purchaser of the Property covered by this Deed of Trust at any trustee's sale or other sale held under the provisions of this Deed of Trust, or at any foreclosure sale of such Property.

Grantor's Report on Insurance. Upon request of Lander, however not more than once a year, Grantor shall furnish to Lender a report on each existing policy of insurance showing: (a) the name of the insurer; (b) the risks insured; (c) the amount of the policy; (d) the property insured, the then current replacement value of such property, and the manner of determining that value; and (e) the expiration date of the policy. Grantor shall, upon request of Lender, have an independent appraiser satisfactory to Lender determine the cash value replacement cost of the Property.

EXPENDITURES BY LENDER. If Grantor fails to comply with any provision of this Deed of Trust, or if any action or proceeding is commenced that would materially affect Lender's interests in the Property, Lender on Grantor's behalf may, but shall not be required to, take any action that Lender deems appropriate. Any amount that Lender expends in so doing will bear interest at the rate provided for in the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses, at Lender's option, will (a) be payable on demand, (b) be added to the belance of the Note and be apportioned among and be payable with any instalment payments to become due during either. (i) the term of any applicable insurance policy or (ii) the remaining term of the Note, or (c) be treated as a balloon payment which will be due and payable at the Note's maturity. This Deed of Trust also will secure payment of these amounts. The rights provided for in this paragraph shall be in addition to any other rights or any remedies to which Lender may be entitled on account of the default. Any such action by Lender shall not be construed as curing the default so as to bar Lender from any remedy that it otherwise would have had.

WARRANTY; DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this Deed of Trust.

Title. Grantor warrants that: (a) Grantor holds good and marketable title of record to the Property in see simple, free and clear of all tiens and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Deed of Trust, and (b) Grantor has the full right, power, and authority to execute and deliver this Deed of Trust to Lender.

Defense of Title. Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Trusteo or Lender under this Doed of Trust, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

Compliance With Laws. Grantor warrants that the Property and Grantor's use of the Property complies with all existing

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GRANTOR'S WAIVERS. Grantor waives all rights or defenses arising by reason of any "one action" or "anti-deficiency" law, or any other law which may prevent Lender from bringing any action against Grantor, including a claim for deficiency to the extent Lender is otherwise entitled to a claim for deficiency, before or after Lender's commencement or completion of any foreclosure action, of other judicialty or by exercise of a power of sale.

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Deed of Trust, Bonower shall pay to Lender all Indebtedness secured by this Deed of Trust as it becomes due, and Bonower and Grantor shall strictly perform all their respective obligations under the Note, this Deed of Trust, and the Related Documents.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Grantor and Borrower agree that Grantor's possession and use of the Property shall be governed by the following provisions:

Possession and Use. Until the occurrence of an Event of Default, Grantor may (a) remain in possession and control of the Property, (b) use, operate or manage the Property, and (c) collect any Rents from the Property (this privilege is a license from Lender to Grantor automatically revoked upon default). The following provisions relate to the use of the Property or to other limitations on the Property. The Real Property is not used principally for agriculture or farming purposes.

Duty to Maintain. Grantor shall maintain the Property in tenantable condition and promptly perform all repairs, replacements, and maintanance necessary to preserve its value.

Hazardous Substances. The terms "hazardous waste," "hazardous substance," "dispossi," "release," and "threatened release." as used in this Deed of Trust, shall have the same meanings as set forth in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-495 ("SARA"), the Hazardous Materials Transportation Act. 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act. 42 U.S.C. Section 6901, et seq., or other applicable state or Federal laws, rules, or regulations adopted pursuant to any of the foregoing. The terms "hazardous waste" and "hazardous substance" shall also include, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos. Grantor represents and warrants to Lender that: (a) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any hazardous waste or substance by any person on, under, about or from the Property; (b) Grantor has no knowledge of or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (i) any use, generation, manufacture, storage, treatment, disposal, release, or threatened release of any hazardous waste or substance on, under, about or from the Property by any prior owners or occupants of the Property or (ii) any actual of threatened litigation or claims of any kind by any person relating to such matters; and (c) Except as previously disclosed to and acknowledged by Lender in writing. (i) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generale, manufacture, store, treat, dispose of, or release any hazardous waste or substance on, under, about or from the Property and (ii) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation those laws, regulations, and ordinances described above. Granter authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Grantor's expense, as Lender may deem appropriate to determine compliance of the Property with this section of the Deed of Trust. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for hazardous waste and hazardous substances. Grantor hereby (a) releases and waives any future claims against Lender for Indemnity of contribution in the event Grantor becomes tiable for cleanup or other costs under any such laws, and (b) agrees to indemnify and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Liender may directly or indirectly sustain or suffer resulting from a breach of this section of the Deed of Trust or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor. The provisions of this section of the Dead of Trust, including the obligation to indemnify, shall survive the payment of the indebtedness and the satisfaction and reconveyance of the lien of this Deed of Trust and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

Nulsance. Waste. Granter shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), soil, gravel or rock products without the prior written consent of Lender.

Removal of Improvements. Grantor shall not demolish or remove any Improvements from the Real Property without the prior written consent of Lender. As a condition to the removal of any Improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such Improvements with Improvements of at least equal value.

Lender's Right to Enter. Lender and its agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Property for purposes of Grantor's compliance with the terms and conditions of this Deed of Trust.

Compliance with Governmental Requirements. Grantor shall promptly comply, and shall promptly cause compliance by all agents, tenants or other persons or entities of every nature whatspever who reat, lease or otherwise use or occupy the Property in any manner, with all taws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Duty to Protect. Grantor agrees neither to abandon nor leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

DUE ON SALE - CONSENT BY LENDER. Lender may, at its option, (a) declare immediately due and payable all sums secured by this Deed of Trust or (b) increase the interest rate provided for in the Note or other document evidencing the Indebtedness and impose such other conditions as Lender deems appropriate, upon the sale or transfer, without the Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest therein; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, instalment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of Real Property interest. If any Grantor is a corporation, partnership or limited liability company, transfer also includes any change in ownership of more than twenty-five percent (25%) of the voting stock, partnership interests or limited liability company interests, as the case may be, of Grantor. However, this option shall not be exercised by Londer if such exercise is prohibited by federal law or by Washington law.

TAXES AND LIENS. The following provisions relating to the taxes and tiens on the Property are a part of this Deed of Trust.

applicable laws, ordinances, and regulations of governmental authorities.

CONDEMNATION. The following provisions relating to condomnation proceedings are a part of this Dead of Trust.

Application of Net Proceeds. If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the indebtedness or the repair or restoration of the Property. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Trustee or Lender in connection with the condemnation.

Proceedings. If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice all at Grantor's expense, and Grantor will deliver or cause to be delivered to Lender such instruments as may be requested by it from time to time to permit such participation.

IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES. The fellowing provisions rolating to governmental taxes, fees and charges are a part of this Deed of Trust:

Current Taxes, Fees and Charges. Upon request by Lender, Grantor shall execute such documents in addition to this Deed of Trust and take whatever other action is requested by Lender to perfect and cominue Lender's tien on the Real Property. Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Deed of Trust, including without limitation all taxes, fees, documentary stumps, and other charges for recording or registering this Deed of Trust.

Taxes. The following shall constitute taxes to which this section applies: (a) a specific tax upon this type of Deed of Trust or upon all or any part of the Indebtedness secured by this Deed of Trust; (b) a specific tax on Borrower which Borrower is authorized or required to deduct from payments on the Indebtedness secured by this type of Deed of Trust; (c) a tax on this type of Deed of Trust chargeable against the Lender or the holder of the Note; and (d) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Borrower.

Subsequent Taxes. If any tax to which this section applies is enacted subsequent to the date of this Deed of Trust, this event shall have the same effect as an Event of Default (as defined below), and Lender may exercise any or all of its available remedies for an Event of Default as provided below unless Grantor either (a) pays the tax before it becomes delinquent, or (b) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender.

SECURITY AGREEMENT; FINANCING STATEMENTS. The following provisions relating to this Deed of Trust as a security agreement are a part of this Deed of Trust.

Security Agreement. This instrument shall constitute a security agreement to the extent any of the Property constitutes fixtures or other personal property, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

Security Interest. Upon request by Lender, Grantor shall execute financing statements and take whatever other action is requested by Lender to perfect and continue Lender's socurity interest in the Rents and Personal Property. In addition to recording this Deed of Trust in the real property records, Lender may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Deed of Trust as a financing statement. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall assemble the Personal Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender.

Addresses. The mailing addresses of Grantor (debtor) and Lender (secured party), from which information concerning the security interest granted by this Deed of Trust may be obtained (each as required by the Uniform Commercial Code), are as stated on the first page of this Deed of Trust.

FURTHER ASSURANCES; ATTORNEY-IN-FACT. The following provisions relating to further assurances and attorney-in-fact are a part of this Deed of Trust.

Further Assurances. At any time, and from time to time, upon request of Lender, Grantor with make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refiled, or rerecorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (a) the obligations of Grantor and Borrower under the Note, this Deed of Trust, and the Related Documents, and (b) the liens and security interests created by this Deed of Trust as first and prior liens on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or agreed to the contrary by Lender in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

Attorney-in-Fact. If Grantor fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-tact for the purpose of making, executing, delivering, filing, recording, and doing att other things as may be necessary or desirable, in Lender's sole opinion, to accomplish the matters referred to in the preceding paragraph.

FULL PERFORMANCE. If Borrower pays all the Indebtedness when due, and otherwise performs all the obligations imposed upon Grantor under this Deed of Trust, Lender shall execute and deliver to Trustee a request for full reconveyance and shall execute and deliver to Grantor suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. Any reconveyance tee shall be paid by Grantor, if permitted by applicable law. The grantee in any reconveyance may be described as the "person or persons legally entitled thereto", and the reclass in the reconveyance of any matters or facts shall be conclusive proof of the truthfulness of any such matters or facts.

DEFAULT. Each of the following, at the option of Lender, shall constitute an event of default ("Event of Detault") under this Deed of Trust:

Default on Indebtedness. Fallure of Borrower to make any payment when due on the Indebtedness.

Default on Other Payments. Fallure of Grantor within the time required by this Deed of Trust to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien.

Compliance Default. Failure of Grantor or Borrower to comply with any other term, obligation, covenant or condition contained in this Deed of Trust, the Note or in any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by or on behalf of Grantor or Borrower under this Deed of Trust, the Note or the Related Documents is talse or misleading in any material respect, either now or at the time made or furnished.

Defective Colleteralization. This Deed of Trust or any of the Related Documents ceases to be in full force and effect (including failure of any collateral documents to create a valid and perfected security interest or lien) at any time and for any reason.

Insolvency. The dissolution or termination of Grantor or Borrower's existence as a going business, the insolvency of Grantor or Borrower, the appointment of a receiver for any part of Grantor of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor or Borrower.

Forectosure, Forfetture, etc. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any of the Property. However, this subsection shall not apply in the event of a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the foreclosure or forefeiture proceeding, provided that Grantor gives Lender written notice of such claim and furnishes reserves or a surety bond for the claim satisfactory to Lender.

Breach of Other Agreement. Any breach by Grantor or Borrower under the terms of any other agreement between Grantor or Borrower and conder that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of Grantor or Borrower to Lender, whether existing now or later.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the indebtedness. Lender, at its option, may, but shall not be required to, permit the Guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, cure the Event of Default.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

Right to Cure. If such a failure is curable and if Grantor or Borrower has not been given a notice of a breach of the same provision of this Deed of Trust within the preceding twelve (12) months, it may be cured (and no Event of Default with have occurred) if Grantor or Borrower, after Lander sends written notice demanding cure of such failure: (a) cures the failure within ten (10) days; or (b) if the cure requires more than ten (10) days, immediately initiates steps sufficient to cure the failure and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of any Event of Default and at any time thereafter. Trustee or Lender, at its option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

Accelerate Indebtodness. Lender shall have the right at its option to declare the entire Indebtodness immediately due and payable, including any prepayment penalty which Borrower would be required to pay.

Foreclosure. With respect to all or any part of the Real Property, the Trustee shall have the right to exercise its power of sale and to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

UCC Remedies. With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

Collect Rents. Lender shall have the right, without notice to Grantor or Borrower, to take possession of and manage the Property and collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the Indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use less directly to Lender. If the Rents are collected by Lender, then Grantor irrevocably designates Lender as Grantor's attorney—in—fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, it operate the Property preceding or pending foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Tenancy at Sufferance. If Grantor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at sufferance of Lender or the purchaser of the Property and shall, at Lender's option, either (a) pay a reasonable rental for the use of the Property, or (b) vacate the Property immediately upon the demand of Lender.

Other Remedies. Trustee or Lender shall have any other right or remedy provided in this Deed of Trust or the Note or by law.

Notice of Sate. Lender shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition. Any sale of Personal Property may be made in conjunction with any sale of the Real Property.

Sale of the Property. To the extent permitted by applicable law, Grantor and Borrower hereby waive any and all rights to have the Property marshalled. In exercising its rights and remedies, the Trustee or Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

Watver; Election of Remedies. A waiver by any party of a breach of a provision of this Deed of Trust shall not constitute a waiver of or prejudice the party's rights otherwise to demand strict compliance with that provision or any other provision. Election by Lender to pursue any remedy provided in this Deed of Trust, the Note, in any Related Document, or provided by law shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor or Borrower under this Deed of Trust after failure of Grantor or Borrower to perform shall not affect Lender's right to declare a default and to exercise any of its remedies.

Attorneys' Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Deed of Trust, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and on any appeal. Whether or not any court action is involved, all reasonable expenses incurred by Lender which in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate from the date of expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law.

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Lender's altorneys' lees whether or not there is a tawsuit, including attorneys' fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appears and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, appraisal fees, title insurance, and fees for the Trustee, to the extent permitted by applicable taw. Grantor also will pay any court costs, in addition to all other sums provided by law.

Rights of Trustee. Trustee shall have all of the rights and duties of Lender as set forth in this section.

POWERS AND OBLIGATIONS OF TRUSTEE. The following provisions relating to the powers and obligations of Trustee (pursuant to Lender's Instructions) are part of this Deed of Trust.

Powers of Trustee. In addition to all powers of Trustee arising as a matter of law, Trustee shall have the power to take the following actions with respect to the Proferty upon the written request of Lender and Granton: (a) join in preparing and thing a map or plat of the Real Property, including the dedication of streets or other rights to the public; (b) join in granting any easement or creating any restriction on the Real Property; and (c) join in any subordination or other agreement affecting this Deed of Trust or the interest of Lender under this Deed of Trust.

Obligations to Notify. Trustee shall not be obligated to notify any other party of a pending sale under any other trust dead or lien, or of any action or proceeding in which Grantor, Lender, or Trustee shall be a party, unless required by applicable law, or unless the action or proceeding is brought by Trustee.

Trustee. Trustee shall meet all qualifications required for Trustee under applicable law. In addition to the rights and remedies set forth above, with respect to all or any part of the Property, the Trustee shall have the right to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

Successor Trustee. Lender, at Lender's option, may from time to time appoint a successor Trustee to any Trustee appointed hereunder by an instrument executed and acknowledged by Lender and recorded in the office of the recorder of SKAGIT County. Washington. The instrument shall contain, in addition to all other matters required by state law, the names of the original Lender, Trustee, and Grantor, the book and page or the Auditor's File Number where this Deed of Trust is recorded, and the name and address of the successor trustee, and the instrument shall be executed and acknowledged by Lender or its successors in interest. The successor trustee, without conveyance of the Property, shall succeed to all the title, power, and dules conferred upon the Trustee in this Deed of Trust and by applicable law. This procedure for substitution of trustee shall govern to the exclusion of all other provisions for substitution.

NOTICES TO GRANTOR AND OTHER PARTIES. Subject to applicable law, and except for notice required or allowed by law to be given in another manner, any notice under this Deed of Trust shall be in writing, may be sent by telefacsimile (unless otherwise required by law), and shall be effective when actually delivered, or when deposited with a nationally recognized overnight courier, or, if marked, shall be deemed effective when deposited in the United States mail first class, certified or registered mail, postage prepaid, directed to the addresses shown near the beginning of this Deed of Trust. Any party may change its address for notices under this Deed of Trust by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. All copies of notices of foreclosure from the holder of any lien which has priority over this Deed of Trust shall be sent to Lender's address, as shown near the beginning of this Deed of Trust. For notice purposes, Grantor agrees to keep Lender and Trustoe informed at all times of Grantor's current address.

## MISCELLANEOUS PROVISIONS. The following miscollaneous provisions are a part of this Deed of Trust:

Amendments. This Deed of Trust, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the malters set forth in this Deed of Trust. No afferation of or amendment to this Deed of Trust shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the afferation or amendment.

Annual Reports. If the Property is used for purposes other than Grantor's residence, Grantor shall furnish to Lender, upon request, a certified statement of net operating income received from the Property during Grantor's previous fiscal year in such form and detail as Lender shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

Applicable Law. This Deed of Trust has been delivered to Lender and accepted by Lender in the State of Washington. This Deed of Trust shall be governed by and construed in accordance with the laws of the State of Washington.

Caption Headings. Caption headings in this Dood of Trust are for convenience purposes only and are not to be used to interpret or define the previsions of this Dood of Trust.

Merger. There shall be no merger of the interest or estate created by this Deed of Trust with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

Multiple Parties; Corporate Authority. All obligations of Grantor and Borrower under this Doed of Trust shall be joint and several, and all references to Borrower shall mean each and every Borrower, and all references to Grantor shall mean each and every Grantor. This means that each of the persons signing below is responsible for all obligations in this Doed of Trust.

Severability. If a court of competent jurisdiction finds any provision of this Deed of Trust to be invalid or unenforceable as to any person or circumstance, such finding shall not render that provision invalid or unenforceable as to any other persons or circumstances. If feasible, any such offending provision shall be deemed to be modified to be within the limits of enforceability or validity; however, if the offending provision cannot be so modified, it shall be stricken and all other provisions of this Deed of Trust in all other respects shall remain valid and enforceable.

Successors and Assigns. Subject to the limitations stated in this Deed of Trust on transfer of Grantor's interest, this Deed of Trust shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Deed of Trust and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Deed of Trust or hability under the Indebtedness.

Time is of the Essence. Time is of the essence in the performance of this Deed of Trust.

Walvers and Consents. Lender shall not be deemed to have waived any rights under this Deed of Trust (or under the Related Documents) unless such waiver is in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by any party of a provision of this Deed of Trust shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. No prior waiver by Lender, nor any course of dealing between Lender and Grantor or Borrower, shall constitute a waiver of any of Lender's rights or any of Grantor or Borrower's obligations as to any future transactions. Whenever consent by Lender is required in this Deed of Trust, the granting of such consent by Lender in any Instance shall not constitute continuing consent to subsequent instances where such consent is required.

Waiver of Homestead Exemption. Grantor hereby releases and waives all rights and benefits of the homestead exemption laws of the State of Washington as to all Indebtedness secured by this Deed of Trust.

73/0

KATHY HILL

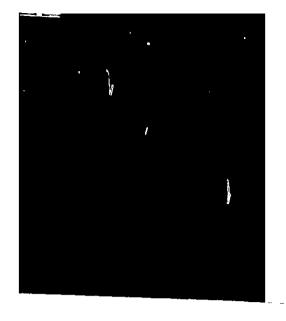
97 DEC 17 P3:58

Return Address

SCHACHT & HICKS
ATTORNEYS AT LAW
PO BOX 1165

REQUEST OF \_\_\_\_

PO BOX 1165 MOUNT VERNON WA 98273 P-8 3410 Please print or type information LAND TITLE COMPANY OF SXAGET COUNTY Document Title(s) (or transactions contained therein): DEED OF TRUST 1. 2. 3. Reserence Number(s) of Documents assigned or released: (on page\_\_of document(s)) Grantor(s) (Last name first, then first name and initials) PEGRAM, JOHN D. PEGRAM, JOYCE A. 3. 5. Additional names on page \_\_\_\_\_ of document. Grantee(s) (Last name first, then first name and initials) AMT INVESTMENTS, a partnership LAND TITLE COMPANY OF SKAGIT COUNTY 5. Additional names on page \_\_\_\_\_\_ of document. Legal description (abbreviated: i.e. lot, block, plat or section, township, range) Lot 47, Clearidge Div I Additional legal is on page 1 of document. Assessor's Property Tax Parcel/Account Number 4410-000-047-0001 R81703 Additional legal is on page 1 of document. The Auditor/Recorder will rely on the information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.



797 DEC 17 P3:57

RECOMDED\_\_\_\_FILED\_\_\_\_ REQUEST OF\_\_\_\_

9712170102

LAND TITLE COMPANY OF SKAGIT COUNTY

RETURN ADDRESS:

Skagil State Bank 301 E. Fairhaven Ave. P.O. BOX 285

Burtington, WA 98233

## **DEED OF TRUST**

Reference # (if applicable): P83492 Grantor(s):

Additional on page

- 1. CHRISTIANSON'S NURSERY LTD., A WASHINGTON CORPORATION, AS TO
- 2. CHRISTIANSON, JOHN L
- 3. CHRISTIANSON, HUSBAND AND WIFE, TONI

Grantee(s)/Assignee/Beneficiary:

Skagit State Bank, Beneficiary LAND TITLE COMPANY, Trustee

Legal Description: A PTN SE1/4 SE1/4 20-34-3 EWM, A PTN SE1/4 NE1/4 & NE1/4 SE1/4 32-34-3 EWM, A PTN SW1/4 NW1/4 & NW1/4 SW1/4 33-34-3 EWM

Additional on page 2

Assessor's Tax Parcel ID#: 340320-0-004-0009, 340332-0-006-0003, 340332-0-008-0106

THIS DEED OF TRUST IS DATED DECEMBER 17, 1987, among CHRISTIANSON'S NURSERY LTD., A WASHINGTON CORPORATION, AS TO PARCEL "A"; , JOHN L CHRISTIANSON and TONI CHRISTIANSON, HUSBAND AND WIFE, AS TO PARCELS B & C, whose mailing address is 1578 BEST ROAD, MOUNT VERNON, WA 98273 (referred to below as "Grantor"); Skapit State Bank, whose melling address is 301 E. Fairhaven Ave., P.O. BOX 285, Burlington, WA 98233 (referred to below sometimes as "Lender" and sometimes as "Beneficiary"); and LAND TITLE COMPANY, whose mailing address is P.O. BOX 1225, MOUNT VERNON, WA 98273 (referred to below as "Trustee").

## DEED OF TRUST (Continued)

Page 2

CONVEYANCE AND GRANT. For valuable consideration, Grantor conveys to Trustee in trust with power of eats, right of entry and possession and for the benefit of Lender as Beneficiary, all of Grantor's right, title, and interest in and to the tollowing described real property, together with all existing or subsequently eracted or affined buildings, improvements and fixtures; all essements, rights of way, and appurtenances; all water, water rights and clitch rights (including stock in utilities with clitch or irrigation rights); and all other rights, royeltes, and profits relating to the real property, including without limitation all interests, oil, jest, geothermat and similar matters, located in SKAGIT County, State of Washington (the "Real Property"):

## SEE ATTACHED LEGAL DESCRIPTIONS

The Real Property or its address is commonly known as 1578 BEST ROAD AND 1780 VALENTINE RD., MOUNT VERNON, WA 98273. The Real Property tex Identification number is 340320-0-004-0009, 340332-0-006-0003, 340332-0-006-0008.

Grantor hereby essigns as security to Lender, all of Granton's right, title, and interest in and to all lesses, Rents, and profits of the Property. This assignment is recorded in accordance with RCW 65.08.070; the lien created by this assignment is intended to be specific, perfected and chaste upon the recording of this Deed of Trust. Lander grants to Granton a itemse to collect the Rents and profits, which license may be revoked at Lender's option and shall be automatically revoked upon acceleration of all or part of the Indebtedness.

DEFINITIONS. The following words shall have the following meanings when used in this Deed of Trust. Terms not otherwise defined in this Deed of Trust shall have the meanings attributed to such terms in the Unitern Commercial Code. All references to dollar amounts shall mean amounts in lewful money of the United States of America.

Beneficiary. The word "Deneficiary" means Stagit State Bank, its successors and assigns. Stagit State Bank also is returned to as "Lender" in this Dead of Trust.

Borrower. The word "Borrower" means each and every person or entity signing the Note, including without Smitulion CHRISTIANSON'S NURSERY LTD.

Deed of Trust. The words 'Deed of Trust' mean this Deed of Trust among Grantor, Lender, and Trustee, and includes without limitation all assignment and security interest provisions relating to the Personal Property and Plants.

Grantor. The word "Grantor" means any and all persons and entities executing this Deed of Trust, including without fimilation CHRISTIANSON'S NURSERY LTD., A WASHINGTON CORPORATION, AS TO PARCEL "A", , JOHN L CHRISTIANSON and TONI CHRISTIANSON, HUSBAND AND WIFE. Any Grantor who signs this Deed of Trust, but does not sign the Note, is signing this Deed of Trust only to grant and convey that Grantor's interest in the Real Property and to grant a security interest in Grantor's interest in the Rents and Personal Property to Lander and is not personally fields under the Note except as otherwise provided by contract or taw.

Guarantor. The word "Guarantor" means and includes without limitation any and all guarantors, surelies, and accommodation parties in connection with the Indubledness.

Improvements. The word "Improvements" meens and includes without limitation at entiting and tuture improvements, buildings, structures, mobile forms afficed on the Real Property, sacilities, additions, replacements and other construction on the Real Property.

Indebtedness. The word "Indebtedness" means all principal and interest payable under the Note and any amounts expended or advanced by Lander to decharge obligations of Grantor or expenses incurred by Trustae or Lander to entorce obligations of Grantor under this Deed of Trust. Together with Interest on such amounts as provided in this Deed of Trust. In addition to the Note, the word "Indebtedness" includes all obligations, debts and liabilities, plus interest thereon, of Borrower to Lander, or any one or more of them, as well as all claims by Lander against Borrower, or any one or more of them, whether now entiting or hereafter arising, whether related or unratiated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, absolute or contingent, liquidated or unfliquidated and whether Borrower may be fable individually or jointly with others, whether obligated as guarantor an otherwise, and whether recovery upon such Indebtedness may be or hereafter may become berned by any statute of lightedness, and whether such Indebtedness may be or hereafter may become berned by any statute of lightedness, and whether such Indebtedness may be or hereafter may become otherwise unenforceptie. (Infillet Nere 1867-1868)

Lender. The word "Lender" meens Skealt State Benk, its successors and assigns.

Note. The word "Note" means the Note dated December 17, 1997, in the original principal amount of \$361,174.35 from Borrower to Lender, together with all renewels, extensions, modifications, refinencings, and substitutions for the Note. NOTICE TO GRANTOR: THE NOTE CONTAINS A VARIABLE INTEREST RATE.

Personal Property. The words "Personal Property" mean all equipment, fictures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter attached or attitud to the Pisial Property, logisther with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and logisther with all issues and profits thereon and proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property.

Property. The word "Property" means collectively the Real Property and the Personal Property.

Fleet Preparty. The words "Real Property" mean the property, interests and rights described above in the "Conveyance and Grant" section.

Pieleted Documents. The words "Related Documents" mean and include without limitation all promiserry notes, credit agreements, loan agreements, environmental agreements, guarantes, security agreements, mortgages, deads of trust, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

Rents. The word 'Rents' means all present and future rents, revenues, income, issues, royallies, profits, and other benefits derived from the Property.

Trustee. The word "Trustee" means LANO TITLE COMPANY and any substitute or successor trustees.

THIS DEED OF TRUST, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (1) PAYMENT OF THE INDESTEDNESS AND (2) PERFORMANCE OF ANY AND ALL CELIGATIONS OF GRANTOR UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS BEED OF TRUST. THIS DEED OF TRUST IS GIVEN AND ACCEPTED ON THE POLLOWING TERMS:

QRANTOR'S REPRESENTATIONS AND WARRANTIES. Granter wavents that: (a) this Dood of Trust is ensouted at Borrover's request and not at the request of Lander; (b) Granter has the full power, right, and sufferily to enter into this Dood of Trust and to Imperhence the Property; (c) the provisions of tips Dood of Jinet, do not conflict with, or result in a default under any agreement or other instrument binding upon Granter table on a signific in a violation of any law, regulation, court decree or order applicable to Granter; (d) Granter has colabilished adequate means of obtaining from Berrower on a continuing basis information about Serrower's financial condition; and (e) Lander has made no representation to Granter about Borrower (including without invitation the creditiventhiness of Borrower).

Schedule "A-1"

P-83492

DESCRIPTION:

#### PARCEL A:

That portion of the Southeast % of the Southeast % of Section 20, Township 34 North, Range 3 East, W.M., described as follows:

Beginning at the Northeast corner of said subdivision; thence South 496.2 feet; thence South 75°36' West along the centerline of a ditch 300.66 feet; thence North 61°55' West along said centerline 32.02 feet; thence North 42°34' West along said centerline 576.48 feet; thence North 4°16' East along said centerline 131.69 feet, more or less, to the North line of said subdivision; thence East along said subdivision line 700 feet, more or less, to the point of beginning,

EXCEPT the East 30 feet for County road,

AND EXCEPT ditch right of way.

Situate in the County of Skagit, State of Washington.

#### PARCEL "B":

A portion of Sections 32 and 33, Township 34 North, Range 3 East W.M., in Skagit County, Mashington, lying West of the Chilberg Road and North of the Valentine Road, being more particularly described as follows:

Beginning at the quarter corner between said Sections 32 and 33; thence South 89°17'48" West along the East-West center of the section line, a distance of 110.99 feet to the Mortherly margin of the Valentine Road, being the true point of beginning; thence North 71°33'51" West along the Northerly margin of said Valentine Road, a distance of 1.97 feet to the beginning of a curve to the left, having a radius of 421.52 feet; thence along the arc of said curve through a central angle of 5°03'48", a distance of 17.25 feet to a point on the West line of that certain tract in Section 32, as recorded under Auditor's File No. 284662;

thence North 0°53'00" West a distance of 110.00 feet; thence North 69°39'15" Bast a distance of 190.86 feet to the Westerly margin of the Chilberg Road, as recorded under Auditor's File No. 452180, having a radius point bearing South 58°55'16" West, a distance of 914.93 feet;

### PARCEL "B" Continued:

thence Southeasterly along the arc of said curve through a central angle of 10°06'40", a distance of 161.46 feet; thence South 20°58'04" East, a distance of 40.05 feet to the South line of the Northwest K of said Section 33; thence North 88°14'00" East along the South line of said Northwest K of Section 33, a distance of 2.92 feet to a point on a 'rve having a radius point bearing North 70°23'04" East, a distance of 1,462.39 feet; thence Southeasterly along said curve, through a central angle of 3°55'22", a distance of 100.12 feet to the intersection of the Westerly margin of the Chilberg Road and the Northerly margin of the Valentine Road; thence North 71°33'51" West along the Northerly margin of the Valentine Road, a distance of 278.68 feet to the true point of beginning.

#### PARCEL "C"

That portion of Sections 32 and 33, Township 34 North, Range 3 East, W.M., in Skagit County, Washington, lying West of the Chilberg Road and North of the Valentine Road, being more particularly described as follows:

Beginning at the quarter corner between said Sections 32 and 33; thence South 99°17'48° West along the East-West center of the section line, a distance of 110.99 feet to the Mortherly margin of the Valentine Road; thence Morth 71°33'51° Mest along the Mortherly margin of eaid valentine Road, a distance of 1.97 feet to the beginning of a curve to the left, having a radius of 421.52 feet; thence slong the arc of said curve through a central angle of 5°03'48°, a distance of 37.25 feet to a point on the West line of that certain tract in Section 32, as recorded under Auditor's File Mo. 284662; thence Morth 0°53'00° West a distance of 10.00 feet to the true point of beginning; thence Morth 0°53'00° West a distance of 183.63 feet to the Morthwest corner of said tract, as recorded under Auditor's File Mo. 284662; thence Morth 89°17'48° East along the Morth line of said tract, recorded under Auditor's File Mo. 284662 a distance of 122.69 feet to the Southwesterly margin of the Chilberg Road, as recorded under Auditor's File Mo. 46532; thence South 38°27'04° East, continuing along the Southwesterly thence South 38°27'04° East, continuing along the Southwesterly thence South 51°47'18° Mest, a distance of 12.36 feet, to the Mesterly margin of the Chilberg Road, as recorded under Auditor's File Mo. 452180, having a radius point bearing South 51°47'18° Mest, a distance of 31.31 feet; thence Southeasterly along the arc of said curve, through a central angle of 7°07'58° a distance of 113.90 feet; thence Southeasterly along the arc of said curve through a central angle of 7°07'58° a distance of 113.90 feet; thence South 69°39'15° Mest a distance of 1190.86 to the true point of beginning.

TOGETHER WITH a non-exclusive easement for ingress and egress as established in Skagit County Probate Cause No. \$4-4-00094-5 over the West 20.00 feet to the following described tract:

Beginning at the quarter corner between said Sections 32 and 33; Beginning at the quarter corner between said sections 32 and 33; thence South 89°17'48" West along the East-Mest center of the section line, a distance of 110.99 feet to the Mortherly margin of the Valentine Road, being the true point of beginning; thence Morth 71°33'51° West along the Mortherly margin of said Valentine Road, a distance of 1.97 feet to the beginning of a curve to the left, having a radius of 421.52 feet; thence along the arc of said curve through a central angle of 5°03'48" a distance of 37.25 feet to a point on the West line of on 12, as recorded under Auditor's File No. 284662; thence North 0.53'00" West a distance of 110.00 feet; thence North 69°39'15° East a distance of 190.86 feet to the Mesterly margin of the Chilberg Road, as recorded under Auditor's File No. 452180, having a radius point bearing South 58\*55'16" West, a distance of 914.93 feet; thence Southeasterly along the arc of said curve through a central angle of 10°06'40" a distance of 161.46 feet; thence South 20°58'04" East, a distance of 40.05 feet to the South line of the Northwest K of said Section 33; thence North 88°14'00° East along the South line of said Northwest W. Section 33, a distance of 2.92 feet, to a point on curve having a radius point bearing North 70°33'04° East, a distance of 1,462.39 feet; thence Southwasterly along said curve, through a distance of 100.12 feet to the intersection of the Westerly margin of the Chilberg Road and the Northerly margin of the Valentine Road; thence North 71°33'51' West along the Northerly margin of the Valentine Road a distance of 278.68 feet to the true point of beginning.

## DEED OF TRUST (Continued)

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Psyment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, special taxes, assessments, charges (including water and sewer), times and impositions levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property tree of all tens having priority over or equal to the interest of Lender under this Deed of Trust, except for the lien of taxes and assessments not due and except as otherwise provided in this Deed of Trust.

Right To Contest. Granter may withhold payment of any tax, assessment, or claim in connection with a good telth dispute over the obligation to pay, so long as Lender't interest in the Property is not jeoperdized. If a lien arises or is liked as a result of nonpayment, Granter shall within filteen (15) days after Granter has notice of the filting, secure the discharge of the lien, or if requested by Lender, depent with Lender can only a sufficient corporate surety bond or other security settletory to Lender in an amount sufficient to decharge the lien plus any costs and atterneys' tess or other charges that could scorue as a result of a ferecissure or sale under the lien. In any contest, Granter shall detend liself and Lender and shall safely any adverse judgment before enforcement against the Property. Granter shall name Lender as an additional obliges under any surety bond furnished in the contest proceedings.

Evidence of Payment. Grantor shall upon dermand furnish to Lander callefactory evidence of payment of the taxes or assessments and shall authorize the aupmortate governmental official to deliver to Lander at any time a written elatement of the taxes and assessments against the Property.

Notice of Construction. Grantor shall notify Lender at least lifeen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property. If any mechanic's item, materialment's item, or other item could be asserted on account of the work, services, or materials. Grantor will upon request of Lender furnish to Lender advance assurances sellulactory to Lender that Grantor can and will pay the cost of such improvements.

PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this Deed of Trust.

Meintenance of Insurance. Grantor shall procure and maintain policies of the Insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all imprevements on the field Properly in an amount sufficient to evoid application of any coinsurance clause, and with a standard martgages clause in lever of Lender. Grantor shall also procure and maintain comprehensive general fability insurance in such severage amounts as Lender may request with trustee and Lender being named as additional insurance in such fability insurance policies. Additionally, Grantor shall maintain such other insurance, including but not favilled to hazard, business interruption, and boiler insurance, as Lander may reasonably require. Policies shall be written in form, amounts, coverages and basis reasonably acceptable to Lender and leaved by a company or companies reasonably acceptable to Lender. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form sallisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days' prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in layor of Lender will not be impaired in any way by any act, ontainin or default of Grantor or any other person. The Real Property is toosted in an area designated by the Director of the Federal Energy of Management Agency as a special food hazard area. Grantor agrees to obtain and maintain Federal Flood insurance Program, or as otherwise required by Lender, and to the maintain such insurance for the term of the loan.

Application of Proceeds. Grantor shall promptly mostly Lender of any loss or damage to the Property. Lander may make proof of loss if Grantor talls to do so within titteen (15) days of the gesustly. Whether or not Lender's sesurity is impaired, Lander may, at its election, receive and retain the proceeds of any insurantoe and apply the proceeds to the reduction of the indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the demaged or destroyed improvements in a manner setisfactory to Lender. Lender shall, upon settletchay proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Deed of Trust. Any proceeds which have not been debursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Deed of Trust, then to pay account interest, and the remainder, if any, shall be applied to the principal belance of the indebtedness. If Lender holds any proceeds after payment in full of the indebtedness, such proceeds shall be paid without interest to Grantor as Grantor's interests may appear.

Unexpired insurance at Sale. Any unexpired insurance shall inure to the benefit of, and pass to, the purchaser of the Property covered by this Deed of Trust at any trustee's sale or other sale held under the provisions at this Deed of Trust,

Grantor's Report on Insurance. Upon request of Lender, however not more than once a year, Grantor shall furnish to Lender a report on each estating policy of Insurance showing: (a) the name of the insurer; (b) the risks insured; (c) the amount of the policy; (d) the property insured, the then current replacement value of such preperty, and the manner of determining that value; and (e) the expiration date of the policy. Grantor shall, upon request of Lander, have an independent appraiser satisfactory to Lender determine the cash value replacement cost of the Property.

EXPENDITURES BY LENDER. If Granter tells to comply with any provision of this Deed of Trust, or if any action or proceeding is commenced that would materially affect Lender's interests in the Property, Lender on Granter's behalf may, but shall not be required to, take any action that Lender deems appropriate. Any amount that Lender expends in se doing will beer interest at the rate provided for in the Note from the date incurred or paid by Lender to this date of repayment by Granter. All such expenses, at Lender's option, will (a) be payable on demand, (b) be added to the between of the Note apportioned among and be payable with any installment payments to become due during effect (i) the term of any applicable insurance policy or (ii) the remaining term of the Note, or (c) be treated as a believe payment which will be due and payable at the Note's maturity. This Deed of Trust also will secure payment of these amounts. The rights provided for in this paragraph shall be in exidition to any other rights or any remedies to which Lender may be entitled on account of the detail. Any such action by Lender shall not be construed as curing the detaut so as to ber Lender from any remedy that it otherwise would have had.

WARRANTY; DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this Deed of Trust.

Title. Grantor warrants that: (a) Grantor holds good and marketable title of record to the Property in tee cimple, free and clear of all tiens and encumbrances other than those set torth in the Real Property description or in any title insurance policy, title report, or final title opinion based in favor of, and accepted by, Lander in connection with this Deed of Trust, and (b) Grantor has the full right, power, and authority to execute and deliver this Deed of Trust to Lander.

Defence of Title. Subject to the exception in the paragraph above, Granter warrants and will tensor defend the title free property against the lawful claims of all paraens. In the event any action or proceeding is commenced that questions Granter's title or the intenset of Trustee or Lander under this Deed of Trust, Granter shall defend the action at Granter's expense. Granter may be the nominal party in such proceeding, but Lander shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lander's sum chales, and Granter will deliver, or cause to be delivered, to Lander such instruments as Lander may request from time to time to permit such participation.

Compliance With Laws. Granter warrants that the Property and Granter's use of the Property complies with all existing

#### **DEED OF TRUST** (Continued)

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GRANTOR'S WAIVERS. Grantor waives all rights or defenses arising by reason of any "one action" or "anti-deficiency" law, or any other law which may prevent Lender from bringing any action against Grantor, including a claim for deficiency to the extent Lender is otherwise entitled to a claim for deficiency, before or after Lender's commencement or completion of any foreclosure action, either judicially or by exercise of a power of sale.

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Deed of Trust, Borrower shell pay to Lender all Indebtedness secured by this Deed of Trust as II becomes due, and Borrower and Grantor shell strictly perform all their respective obligations under the Note, this Deed of Trust, and the Related Documents.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Grantor and Borrower agree that Grantor's possession and use of the Property shall be governed by the following provisions:

Possession and Use. Until the occurrence of an Event of Delault, Granter may (a) remain in possession and central of the Property, (b) use, operate or manage the Property, and (c) collect any Rents from the Property (this privilege is a Scense from Lender to Granter automatically revoked upon delault). The following pravisions relate to the use of the Property or to other limitations on the Property. The Real Property is not used principally for agriculture or larwing

Duty to Melintain. Grantor shall maintain the Property in tenentable condition and premptly perform all repairs. replacements, and maintenance recessary to preserve its value.

Dufy to Maintain. Grantor shall maintain the Property in terantable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

Hoserdous Bubelances. The terms "nazirdous wests," "nazirdous substance," "ristenes," and "tivestened release," as used in this Deed of Trust, shall have the same meanings as set forth in the Comprehenshe Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 8801, el seq. ("CERCLA"), the Supertural Amendments and Resulthorization. Act of 1986, Pub. L. No. 189-489 ("SARA"), the Nearreleus Maistrelas Transportation Act, 49 U.S.C. Section 1801, el seq., the Resource Conservation and Resource Ave. 42 U.S.C. Section 5001, el seq., or other applicable state or Federal level, nitse, or regulations adopted pursuant to any of the terapente. The terms "nazirdous wests" and Phazirdous substances hall also include, without levelater flust. (a) During the period of Grantor's ownership of the Property. There has been no use, generation, manufacture, storage, treatment property. (b) Grantor has no knowledge of, or reason to believe theil there has been, except as previously disclosed to and acknowledged by Lender in writing. (i) any use, generation, manufacture, storage, instance, or threatened release of any hazardous weste or substance on, under, about or they person relating to such and acknowledged by Lender in writing. (i) any use, generation, manufacture, storage, instance, or threatened release of any hazardous weste or substance on, under, about or have they person relating to such and acknowledged by Lender in writing. (ii) any use, generation, manufacture, storage, instance, or threatened release of any hazardous weste or substance on, under, about or have they have person relating to so on the Property or (ii) any exchi are the relation to the Property or (ii) any exchi are the relation to the property or the person of the Property or make and they have the person of the property of the person of the p

Nulsence, Waste. Grantor shall not cause, conduct or permit any nulsance nor commit, permit, or sulter any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), soil, grayel or rock products without the prior written consent of Lender.

Plentoval of Improvements. Grantor shall not demote or remove any improvements from the Real Property without the prior written consent of Lender. As a condition to the removal of any improvements, Lender imay require Grantor to make arrangements satisfactory to Lender to replace such improvements with improvements of at least equal value.

Lander's Right to Enter. Lender and its agents and representatives may enter upon the Real Property at all reasonable times to altend to Lender's Interests and to inspect the Property for purposes of Grantor's compliance with the terms and conditions of this Deed of Trust

Act. Grantor may contact in good tells any such law, ordinance, or regulation and withheld compliance during any proceeding, including appropriate appeals, so long as Granter has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeoperalized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lander, to pretent Lander's interest.

Duty to Protect. Grantor agrees neither to abandon nor leave unaffended the Property. Grantor shell do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

DLE ON SALE - CONSENT BY LEDIDER. Lender may, at its option, (a) declare immediately due and payable all sums secured by this Deed of Trust or (b) increase the interest rate provided for in the Note or other document evidencing the indebtedness and impose such other conditions as Lender deems appropriate, upon the sale or transfer, without the Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest therein; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, instalment sale contract, land contract, or others for deed, lessahold interest with a term greater than three (3) years, lesse-eption contract, or by sale, assignment, or terreter of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of semiogenes of Real Property interest. If any Grantor is a composition, pertnership or limited liability company, transfer also includes any change in ownership of more than twenty-dive percent (25%) of the veting steck, pertnership interests or limited liability company interests, as the case may be, of Granter. However, this option shall not be exercised by Lender II such exercise is prohibited by federal law or by Westelmann law.

TAXES AND LIENS. The following provisions relating to the taxes and tiens on the Property are a part of this Deed of Trust.

### DEED OF TRUST (Continued)

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applicable laws, ordinances, and regulations of governmental authorities.

CONDENNATION. The following provisions relating to condemnation proceedings are a part of this Deed of Trust.

Application of Net Proceeds. If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the indebtedness or the repair or restoration of the Property. The net proceeds of the eward shall mean the award after payment of all reasonable costs, expenses, and alternays' less incurred by Trustee or Lender in connection with the condemnation.

Proceedings. If any proceeding in condemnation is filed, Grantor shall promptly notify Lander in writing, and Grantor shall promptly take such steps as may be necessary to detend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lander shall be entitled to participate in the proceeding and to be represented in the proceeding by coursed of its own choice all al Grantor's expense, and Grantor will deliver or cause to be delivered to Lander such instruments as may be requested by it from time to time to permit such participation.

IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES. The following provisions relating to governmental laws, fees and charges are a part of this Deed of Trust:

Corrent Taxes, Fees and Charges. Upon request by Lender, Grantor shall execute such documents in addition to this Deed of Trust and take whelever other action is requested by Lender to perfect and centinue Lender's fien on the Peel Property. Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Deed of Trust, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this Deed of Trust.

Times. The following shall correllule taxes to which this section applies: (a) a specific test upon this type of Deed of Trust or upon all or any part of the indebtedness secured by this Deed of Trust; (b) a specific test on Borrower which Borrower is authorized or required to deduct from payments on the indebtedness secured by this type of Deed of Trust; (c) a tex on this type of Deed of Trust chargeable against the Lender or the holder of the Notice and (d) a specific tex on all or any portion of the indebtedness or on payments of principal and interest made by Borrower.

Subsequent Yease. If any lax to which this section applies is enected subsequent to the date of this Deed of Trust, this event shall have the same effect as an Event of Default (as defined below), and Lander may exercise any or all of its available remades for an Event of Default as provided below unless Granter either (a) page the tex better it becomes delinquent, or (b) contasts the tex as provided above in the Tomas and Liene section and deposits with Lander cash or a sufficient corporate surely bond or other security sallelectory to Lander.

SECURITY AGREEMENT; FINANCING STATEMENTS. The following provisions relating to this Deed of Trust as a security agreement are a part of this Deed of Trust.

Security Agreement. This instrument shall constitute a security agreement to the extent any of the Property constitutes factures or other personal property, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

Security Interest. Upon request by Lender, Grantor shell execute financing statements and take whatever other action is requested by Lender to perfect and continue Lender's security interest in the Rents and Personal Property. In addition to recording this Deed of Trust in the real property records, Lender may, at any time and without further authorization from Grantor, the executed counterparts, copies or reproductions of this Deed of Trust as a financing statement. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall assemble the Personal Property in a manner and at a place reasonably conventent to Grantor and Lender and make it available to Lender within three (3) days after receipt of written dermand from Lender.

Addresses. The mailing addresses of Grantor (debtor) and Lander (secured party), them which information concerning the security interest granted by this Deed of Trust may be obtained (sech as required by the Uniform Commercial Code), are as stated on the first page of this Deed of Trust.

FURTHER ASSURANCES; ATTORNEY-IN-FACT. The tollowing provisions releting to further assurances and altorney-in-fact are a part of this Deed of Trust.

Further Assurances. At any time, and from time to time, upon request of Lander, Grantor will make, esscule and deliver, or will cause to be made, essculed or delivered, to Lander or to Lander's designee, and when requested by Lander, cause to be filed, recorded, reflect, or rerecorded, as the case may be, at such times and in such affices and places as Lander may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments or further assurance, continues, and other documents as may, in the sate opinion of Lander, be necessary or destrable in order to effectuate, complete, perfect, continue, or preserve (a) the obligations of Grantor and Borrower under the Note, this Deed of Trust, and the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or agreed to the contrary by Lander in writing, Grantor shall relimburse Lender for all costs and expenses incurred in connection with the maillars reterred to in this paragraph.

Attermey-in-Fact. If Grantor talls to do any of the things reterned to in the preceding paragraph, Lander may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby tirevocably appoints Lander as Grantor's elementary-in-fact for the purpose of making, essenting, delivering, sing, recording, and doing all other things as may be necessary or desirable, in Lander's sole opinion, to accomplish the malters reterned to in the preceding paragraph.

FULL PERFORMANCE. If Borrower pays all the indebtedness when due, and otherwise performs all the obligations imposed upon Granter under this Deed of Trust, Lender shall execute and deliver to Trustee a request for full reconveyance and shall execute and deliver to Granter sulfable sistements of termination of any financing statement on the evidencing Lander's security interest in the Rents and the Personal Property. Any reconveyance the shall be paid by Granter, if permitted by applicable law. The grantee in any reconveyance may be described as the person or persons tegally entitled financing, and the recitals in the reconveyance of any matters or facts shall be conclusive proof of the fullifulness of any such malters or facts.

DEFAULT. Each of the following, at the option of Lender, shall constitute an event of default ("E-ent of Default") under this Deed of Trust:

Detection indebtedness. Failure of Borrower to make any payment when due on the indebtedness.

Detects on Other Payments. Failure of Grantor within the time required by this Deed of Trust to make any payment for tenses or insurance, or any other payment necessary to prevent filing of or to effect decharge of any lien.

Compliance Delastit. Failure of Grantor or Borrower to comply with any other term, obligation, covenant or condition contained in this Deed of Trust, the Note or in any of the Palated Decuments.

False Statements. Any warranty, representation or statement made or furnished to Lender by or on behalf of Granter or Someway under this Dood of Trust, the Note or the Related Documents is take or intelleding in any material respect, either now or at the time made or furnished.

# DEED OF TRUST (Continued)

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Detective Collaboratization. This Deed of Trust or any of the Related Documents causes to be in full force and effect (including feiture of any collaboral documents to create a valid and perfected security interest or lien) at any time and for any reason.

treatvency. The dissolution or termination of Grantor or Borrower's existence as a going business, the insolvency of Grantor or Borrower, the appointment of a receiver for any part of Grantor or Borrower's property, any sestiment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any benkruptcy or insolvency laws by or against Grantor or Borrower.

Forectosers, Fertellure, etc. Commencement of foreclosure or fortellure proceedings, whether by judicel proceeding, self-halp, repossession or any other method, by any goddfor of Grentor or by any governmental agency against any of the Property. However, this subsection shall not apply in the event of a good telth cliepute by Grentor as to the validity or researchblaness of the claim which is the bests of the torectosure or forefeiture proceeding, provided that Grentor gives Lender written notice of such claim and furnishes reserves or a surely bond for the claim self-stactory to Lender.

Breach of Other Agreement. Any breach by Grantor or Borrower under the terms of any other agreement between Grantor or Borrower and Lander that is not remedied within any grace period provided therein, including without initiation any agreement concerning any indebtedness or other obligation of Grantor or Borrower to Lander, whether estelling now or later.

Events Affecting Gueranter. Any of the preceding events occurs with respect to any Gueranter of any of the indebtedness or any Gueranter dies or becomes incompetent, or revokes or disputes the validity of, or liability under, to assume unconditionally the obligations arising under the gueranty in a manner satisfactory to Lander, and, in doing so, our the Event of Delaut.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the indebtechese is impaired.

Right to Cure. If such a failure is curable and if Grantor or Borrower has not been given a notice of a breach of the same provision of this Deed of Trust within the preceding hyelve (12) months, it may be cured (and no Event of Default will have occurred) if Grantor or Borrower, after Lander sends written notice demanding cure of such failure: (a) cures the failure within ten (10) days; or (b) if the cure requires more than ten (10) days, immediately initiales steps sufficient to cure the failure and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practices.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of any Event of Detault and at any time thereafter, Trustee or Lander, at its option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

Accelerate indebtedness. Lender shall have the right at its option to declare the entire indebtedness immediately due and payable, including any prepayment perally which Borrower would be required to pay.

Foreclassive. With respect to all or any part of the Real Property, the Trustee shall have the right to exercise its power of sale and to foreclass by notice and sale, and Lander shall have the right to foreclass by judicial foreclassive, in either case in accordance with and to the full extent provided by applicable law.

UCC Remedies. With respect to all or any part of the Personal Property, Lander shall have all the rights and remedies of a secured party under the Uniform Commercial Cods.

Collect Plents. Lender shall have the right, without notice to Grantor or Borrower, to take possession of and manage the Property and collect the Plents, including amounts past due and unpaid, and apply the rist proceeds, over and above Lender's costs, against the indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use tess directly to Lender. If the Plents are collected by Lender, then Grantor intervocably designates Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negoliate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding or pending foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the indebtedness. The receiver may serve without bond if permitted by law. Lander's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the indebtedness by a substantial amount. Employment by Lender shall not disquality a person from serving as a receiver.

Tenancy at Sufference. If Grantor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at sufference of Lender or the purchaser of the Property and shall, at Lender's option, either (a) pay a reasonable remail for the use of the Property, or (b) vecate the Property immediately upon the demand of Lender.

Other Remedies. Trustee or Lender shall have any other right or remedy provided in this Deed of Trust or the Note or by law.

Notice of Sale. Lander shall give Grantor reasonable notice of the time and piece of any public sale of the Personal Property or of the time after witch any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition. Any sale of Personal Property may be made in conjunction with any sale of the Real Property.

Sale of the Property. To the extent permitted by applicable taw, Grantor and Sorrower hereby we've any and all rights to have the Property mershelled. In exercising its rights and remedies, the Trustee or Lender shell be tree to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shell be entitled to bid at any public sale on all or any portion of the Property.

Watver; Election of Remedies. A waiver by any party of a breach of a provision of this Deed of Trust shall not constitute a waiver of or prejudice the party's rights otherwise to demand strict compliance with that provision or any other provision. Election by Lander to pursue any remedy provided in this Deed of Trust, the Note, in any Retailed Document, or provided by law stell not esclude pursuit of any other remedy, and an election to make expenditures or to take action to partorm an obligation of Grantor or Borrower under this Deed of Trust after feiture of Grantor or Borrower to perform shall not affect Lender's right to declare a default and to exercise any of its remedies.

Attorneys' Fees; Expenses. If Lender institutes any sull or action to enforce any of the terms of this Deed of Trust, Lender shall be entitled to recover such sum as the court may adjudge reasonable as alterneys' tess at the and on any appeal. Whether or not any court action is involved, all reasonable expenses incurred by Lender which in Lender's opinion are recessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the indebtedness payable on demand and shall beer interest at the Note rate from the date of expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable taw,

# DEED OF TRUST (Continued)

Page 7

L'ender's attorneys' fees whether or not there is a lawsuit, including attorneys' fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including forectosure reports), surveyors' reports, appraisal fees, life insurance, and fees for the Trustee, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law.

Rights of Trustee. Trustee shall have all of the rights and duties of Lander as set forth in this section.

POWERS AND OULIGATIONS OF TRUSTEE. The following provisions relating to the powers and obligations of Trustee (pursuant to Lender's instructions) are part of this Deed of Trust.

Powers of Trustee. In addition to all powers of Trustee arising as a matter of law, Trustee shall have the power to take the following actions with respect to the Property upon the written request of Lender and Grantor: (a) join in preparing and filling a map or plat of the Real Property, including the dedication of streets or other rights to the public; (b) join in granting any observed in any subordination or either agreement allecting this Deed of Trust or the interest of Lender under this Deed of Trust.

Obligations to Notify. Trustee shall not be obligated to notify any other party of a pending sale under any other trust deed or lien, or of any action or proceeding in which Granter, Lender, or Trustee shall be a party, unless required by applicable law, or unless the action or proceeding is brought by Trustee.

Trustee. Trustee shall meet all qualifications required for Trustee under applicable law. In addition to the rights and remedies set forth above, with respect to all or any part of the Property, the Trustee shall have the right to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

Successor Trustee. Lender, at Lender's option, may from time to time appoint a successor Trustee to any Trustee appointed hereunder by an instrument executed and acknowledged by Lender and recorded in the office of the recorder of SKAGIT County, Washington. The instrument shall contain, in addition to all other malters required by state law, the names of the original Lender, Trustee, and Grantor, the book and page or the Auditor's File Number where this Deed of Trust is recorded, and the name and address of the successor trustee, and the instrument shall be executed and acknowledged by Lender or its successors in interest. The successor trustee, without conveyance of the Property, shall succeed to all the life, power, and duties conterned upon the Trustee in this Deed of Trust and by applicable law. This procedure for substitution of trustee shall govern to the exclusion of all other provisions for substitution.

NOTICES TO GRANTOR AND OTHER PARTIES. Subject to applicable lew, and except for notice required or allowed by law to be given in another manner, any notice under this Deed of Trust shall be in writing, may be sont by telefacsimile (unless otherwise required by law), and shall be effective when actually delivered, or when deposited with a nationally recognited overright courier, or, if mailed, shall be deemed effective when deposited in the United States mail first class, certified or registered mail, postage prepaid, directed to the addresses shown near the beginning of this Deed of Trust. Any party may change its address for notices under this Deed of Trust by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. All copies of molices of forecosure from the holder of any iten which has priority over this Deed of Trust shall be sent to Lander's address, as shown near the beginning of this Deed of Trust. For notice purposes, Grantor agrees to keep Lander and Trustee informed at all times of Grantor's current address.

## MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Deed of Trust:

Amendments. This Deed of Trust, logether with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Deed of Trust. No alteration of or amendment to this Deed of Trust shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the atteration or amendment.

Annual Reports. If the Property is used for purposes other than Grain' ar's residence, Grantor shall furnish to Lender, upon request, a certified statement of net operating income received from the Property during Grantor's previous flecal year in such form and detail as Lender shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

Applicable Law. This Deed of Trust has been delivered to Lender and accepted by Lender in the State of Washington. This Deed of Trust shall be governed by and construed in accordance with the laws of the State of Washington.

Caption Headings. Caption headings in this Deed of Trust are for convenience purposes only and are not to be used to interpret or define the provisions of this Deed of Trust.

Merger. There shall be no merger of the interest or estate created by this Deed of Trust with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

Muttiple Parties; Corporate Authority. All obligations of Granfor and Borrower under this Ooed of Trust shall be joint and several, and all references to Borrower shall mean each and every Borrower, and all references to Granfor shall mean each and every Granfor. This means that each of the persons signing below is responsible for all obligations in

Severability. If a court of competent jurisdiction finds any provision of this Deed of Trust to be invalid or unenforceable as to any person or circumstance, such finding shell not render that provision invalid or unenforceable as to any other persons or circumstances. If feesble, any such offending provision shell be deemed to be modified to be within the limits of enforceability or validity; however, if the offending provision cannot be so modified, if shell be stricken and all other provisions of this Deed of Trust in all other respects shall remain valid and enforceable.

Successors and Assigns. Subject to the limitations stated in this Deed of Trust on transfer of Granton's interest, this Deed of Trust shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Granton, Lender, without notice to Granton, may deal with Granton's successors with reference to this Deed of Trust and the indebtedness by way of forbearance or extension without releasing Granton from the obligations of this Deed of Trust or liability under the indebtedness.

Time is of the Essence. Time is of the essence in the performance of this Deed of Trust.

Walvers and Consents. Lender shall not be deemed to have walved any rights under this Deed of Trust (or under the Related Documents) unless such walver is in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a walver of such right or any other right. A walver by any party of a provision of this Deed of Trust shall not constitute a walver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. No prior waiver by Lender, nor any course of dealing between Lender and Grantor or Borrower's obtigations as to any future transactions. Whenever consent by Lender is required in this Deed of Trust, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required.

Walver of Homestead Exemption. Grantor hereby releases and waives all rights and benefits of the homestead exemption taws of the State of Washington as to all indebtedness secured by this Deed of Trust.

DEED OF TRUST (Continued)  EACH GRANTOR ADDIOUNLEDGES MANING READ ALL THE PROVISIONS OF THIS DEED OF TRUST, AND E GRANTOR AGREES TO ITS TERMS.  FOR L. CHRISTIANSON, SINURSERY LTD.  TONI Christianson, Vice President  Toni Christianson, Vice President  Toni Christianson, Vice President  Toni Christianson  Manuel Christianson  Manuel Christianson  Manuel Christianson  Mindred Christianson  Mindred Christianson  Mindred Christianson  INDIVIDUAL ACKNOWLEDGMENT  TONI Christianson  Mindred Christia			
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