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KATHY HILL
SKAGIT COUNTY AUDITOR

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Reference #

LAND TITLE COMPANY OF SKAGIT COUNTY RECORDED _____ FILED _____

Grantor: Kelly O. Calavan and Shannon M. Calavan, husband and wife
T-85914 REQUEST OF _____

Beneficiary: All City Fence Co., Inc., Profit Sharing Trust

Legal Description: Section 30, Township 34, Range 4; Ptn. NM - NE

Tax Account No.: 340430-0-144-0007 (R28965)

DEED OF TRUST

THIS DEED OF TRUST, made this 5th day of October, 1998, between Kelly O. Calavan and Shannon M. husband and wife, GRANTOR, whose address is 1116 E. State Street, Sedro Woolley, WA 98273, Land Title Company of Skagit County, TRUSTEE, whose address is 601 Second Street, Mount Vernon, WA 98273, and All City Fence Co., Inc., Profit Sharing Trust, BENEFICIARY, 2345 Rainier Avenue, Seattle, WA 98144.

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

Those portions of the Northwest Quarter of the Northeast Quarter of Section 30, Township 34 North, Range 4 East, W.M., described as follows:

1) Beginning at a point on the West line of Douglas Street, 140 feet South of the Southeast corner of Lot 11, Block 23, "Plat of Southern Addition to Mount Vernon", as per plat recorded in Volume 2 of Plats, page 110, records of Skagit County, Washington; thence South 60 feet, thence West 100 feet, thence North 60 feet, thence East 100 feet to the point of beginning.

2) Beginning at a point on the East line of West Street, as established in the City of Mount Vernon, if extended, 150 feet South of the Southwest corner of vacated Lot 23, "Plat of Southern Addition to Mount Vernon", as per plat recorded in Volume 2 of Plats, page 110, records of Skagit County, Washington; thence East 100 feet, more or less, to a point 116 feet West of the West line of Douglas Street and the true point of beginning of this description; thence East 16 feet, thence South 60 feet;

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thence West 16 feet; thence South 60 feet; thence North 60 feet to the point of beginning.

Tax account No. 340430-0-144-0007 (R28965)

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

This deed is for the purpose of securing performance of each agreement of grantor herein contained and as set out in that certain loan application agreement from Grantor to Beneficiary of even date herewith, and payment of the sum of \$20,500 in accordance with the terms of a promissory note of even date herewith, payable to Beneficiary or order, and made by Grantor, and all renewals, modifications and extensions thereof, and also such further sums as may be advanced or loaned by Beneficiary to Grantor, or any of his successors or assigns, together with interest thereon at such rate as shall be agreed upon.

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

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

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secured hereby and Trustee's and attorney's fees actually incurred, as provided by statute.

6. Should Grantor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the property hereinabove described, Beneficiary may pay the same, and the amount so paid, with interest at the rate set forth in the note secured hereby, shall be added to and become a part of the debt secured in this Deed of Trust..

IT IS MUTUALLY AGREED THAT:

1. In the event that any portion of the property is taken or damaged in an eminent domain proceeding, the entire amount of the award or such portion as may be necessary to fully satisfy the obligation secured hereby, shall be paid to Beneficiary to be applied to said obligation.

2. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right to require prompt payment when due of all other sums so secured or to declare default for failure to so pay.

3. The Trustee shall reconvey all or any part of the property covered by this Deed of Trust to the person entitled thereto on written request of the Grantor and the Beneficiary, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.

4. Upon default by Grantor in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, all sums secured hereby shall immediately become due and payable at the option of the Beneficiary. In such event and upon written request of Beneficiary, Trustee shall sell the trust property, in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. Any person except Trustee may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (1) to the expense of sale, including a reasonable Trustee's fee and attorney's fee; (2) to the obligation secured by this Deed of Trust; (3) the surplus, if any, shall be distributed to the persons entitled thereto.

5. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the property which Grantor had or had the power to convey at the time of his execution of this Deed of Trust, and such as he may have acquired thereafter, Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchasers and encumbrancers for value.


6. The power of sale conferred by this Deed of Trust and by the Deed of Trust Act of the State of Washington is not an exclusive remedy; Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.

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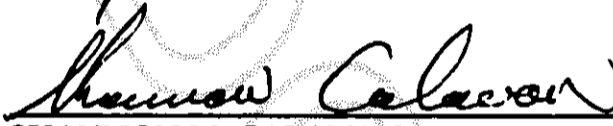
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7. In the event of the death, incapacity, disability or resignation of Trustee, Beneficiary may appoint in writing a successor trustee, and upon the recording of such appointment in the mortgage records of the county in which the Deed of Trust is recorded, the successor trustee shall be vested with all powers of the original trustee. The Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Grantor, Trustee or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

8 This Deed of Trust applies to and inures to the benefit of, and is binding not only on the parties hereto, but on their heirs, devisees, legatees, administrators, executors and assigns. The term Beneficiary shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiary herein.



KELLY O. CALAVAN




SHANNON M. CALAVAN

STATE OF WASHINGTON)
COUNTY OF SNOHOMISH) ss.

On this 5th day of October 1998, before me, a Notary Public in and for the State of Washington, personally appeared Kelly O. Calavan and Shannon M. Calavan, to me known to be (or proven to me on the basis of satisfactory evidence) the persons described in and who executed the within and foregoing instrument, and on oath acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year above written.



NOTARY PUBLIC in and for the State
of Washington, residing at Bellevue
My commission expires 5/23/01

REQUEST FOR FULL RECONVEYANCE

TO: TRUSTEE:

The undersigned are the legal owners and holders of the note and all other indebtedness secured by the within Deed of Trust. Said note, together with all other indebtedness secured by said Deed of Trust, has been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel said note above mentioned, and all other evidences of indebtedness secured by said

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BK 1880 PG 0428

**Deed of Trust delivered to you herewith, together with the said Deed of Trust,
and to reconvey, without warranty, to the parties designated by the terms of said
Deed of Trust, all the estate now held by you thereunder.**

Dated: _____ 19 _____

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BK 1880 PG 0429

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