AFTER RECORDING MAIL TO:

SKAGIT FUNCTIOR

STEVEN L. SHROPSHIRE
SHROPSHIRE LAW FIRM, PLLC
103 EAST HOLLY STREET SUITE 3059903190086
BELLINGHAM WASHINGTON 98225

99 MAR 19 P1:53

REQUEST OF _____

DOCUMENT TITLE: DEED OF TRUST

REFERENCE NUMBER OF RELATED DOCUMENT: n/a

GRANTOR: M & D Holdings, LLC

BENEFICIARY: David G. Richardson and T. Michelle Richardson

ABBREVIATED LEGAL DESCRIPTION: Lots 26, 27 and Access Tract to Lots

26 and 27, EAGLEMONT PHASE 1A

ASSESSOR'S TAX PARCEL NUMBER(S): 4621-000-026-0005 and 4621-000-

027-0006

DEED OF TRUST

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

Lots 26, 27, and Access Tract to Lots 26 and 27, EAGLEMONT PHASE 1A, according to the plat thereof recorded in Volume 15 of Plats, pages 130 through 146, records of Skagit County, Washington.

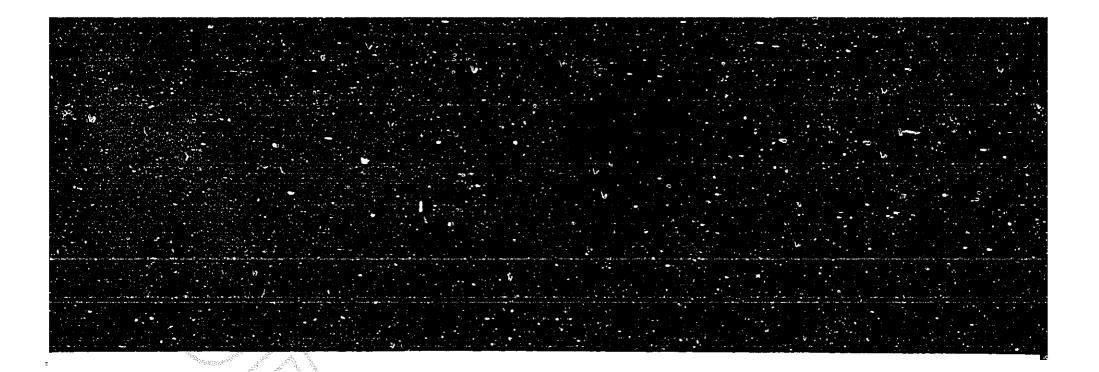
which real property is not used primarily for agricultural or farming purposes, together with all the tenements, hereditaments, and appurtenances now or hereafter thereunto belonging or in any wise appertaining, and the rents, issues, and profits thereof.



This deed is for the purpose of securing performance of a Promissory Note between the Grantor and Beneficiary in the amount of one hundred thirty thousand dollars (\$130,000.00) without interest, in accordance with the terms of the same Promissory Note, payable to Beneficiary.

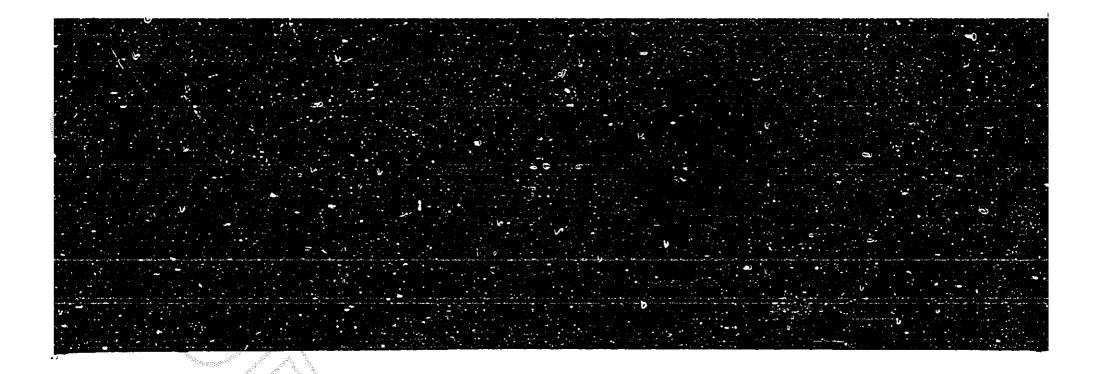
To protect the security of this Deed of Trust, Grantor covenants and agrees:

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



IT IS MUTUALLY AGREED THAT:

- 1. In the event any portion of the property is taken or damaged in any 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 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 the Trustee may bid at Trustee's sale. The Trustee shall apply the proceeds of the sale as follows: (a) to the expense of the sale, including a reasonable Trustee's fee and attorney's fee; (b) to the obligation secured by this Deed of Trust; and (c) 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 or acquire thereafter. Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchaser and encumbrancers for value.
- 6. The power of sale conferred by this Deed of Trust and by the Deed of Trust Act of the State of Washington is not an exclusive remedy; Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.
- 7. In the event of the death, incapacity, disability, or resignation of Trustee, Beneficiary may appoint in writing a successor trustee, and upon the recording of such appointment in the mortgage records of the county in which 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 an action or proceeding in which Grantor, Trustee, or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.



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

M & D Holdings, LLC

David G. Richardson, Manager

By: Mckelle Richardson, Mcmber

STATE OF WASHINGTON)

COUNTY OF WHATCOM)

I certify that I know or have satisfactory evidence that the persons appearing before me and making this acknowledgement is the person whose true signature appears on this document.

On this 5 day of MARCH, 1999 David G. Richardson and T. Michelle Richardson personally appeared before me to me known to be the Manager and Member, respectively, of M & D Holdings, LLC, the Washington Limited Liability Company that executed the within and foregoing instrument to be a free and voluntary act an deed of said corporation for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute this instrument.

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

Notary Public in and for the State of Washington

Residing at: REDUCAD WA:

My commission expires: 69-29-01

PUBLIC &