

Filed for record at request of:
Law Office of Paul W. Taylor, Inc., P.S.
3302 Cedardale Road, Ste. C-100
Mount Vernon, WA 98274
(360) 416-6900


200001250040
Kathy Hill, Skagit County Auditor
1/25/2000 Page 1 of 5 12:31:40PM

DEED OF TRUST

Reference Nos.: 9411180025 and 9411180024
Section, Township, and Range: Sec. 31, T 35N, R 2E
Tax Parcel No./Account No.: 3841-022-040-0003,
3841-023-038-0005, 3841-028-040-0109,
3841-028-040-0000, 3841-027-020-0006

Grantor(s): John L. Miller.
Margaret K. Miller
Beneficiary: NSG, Inc.

THIS DEED OF TRUST, made this 25th day of JANUARY, 2000,
between **John L. Miller** and **Margaret K. Miller**, husband and wife, collectively as
GRANTORS, whose address is 1102 7th Street, Anacortes, Washington, **Island Title**
Company, a Washington Corporation, as **TRUSTEE**, whose address is 3110 Commercial
Avenue, Anacortes, Washington; and **NSG, Inc.**, a Washington Corporation, as
Beneficiary, whose address is 4307 Glasgow Way, Anacortes, Washington.

WITNESSETH: GRANTORS hereby grant and convey to the Trustee in Trust, with
power of sale, the following described real property in Skagit County, Washington:

Lots D, E, Y, Z, and AE in "Fidalgo Bay Addition to Anacortes Map of Aggregation", recorded
in Volume 12 of Surveys, pages 147 and 148, under Auditor's File No. 9204200040; being a
portion of Blocks 15 through 32, "Fidalgo Bay Addition to Anacortes", as per plat recorded in
Volume 2 of Plats, page 24, records of Skagit County, Washington.

Situate in the County of Skagit, State of Washington.

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

This deed is for the purpose of securing performance of a Settlement Agreement entered into as a result of Skagit County Superior Court Cause No. 98-2-01399-3 of **GRANTORS** herein contained, for payment of the sum of **One Hundred Fifty Thousand Dollars (\$150,000.00)** with interest at **Five Percent (5%)** per annum beginning December 22, 1999, in accordance with the terms of Settlement Agreement filed in Skagit County Superior Court Cause No. 98-2-01399-2, payable to **BENEFICIARY** or order, and made by **GRANTORS**, and all renewals, modifications and extensions thereof, and also such further sums as may be advanced or loaned by **BENEFICIARY** to **GRANTORS**, or any of their successors or assigns, together with interest thereon at such rate as shall be agreed upon.

To protect the security of this Deed of Trust, **GRANTORS** covenant and agree:

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 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.
4. 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.
5. Should **GRANTORS** 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 Settlement Agreement, shall be added to and become a part of the debt secured in this Deed of Trust.



200001250040

Kathy Hill, Skagit County Auditor

1/25/2000 Page 2 of 5 12:31:40PM

IT IS FURTHER AGREED THAT:

1. In the event any portion of the property is taken or damaged in an eminent domain proceeding, the entire amount of the award or such portion as 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 **GRANTORS** 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 **GRANTORS** in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, all sums secured hereby shall immediately become due and payable at the option of the **BENEFICIARY**. In such event and upon written request of **BENEFICIARY**, **TRUSTEE** shall sell the trust property, in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. Any person except **TRUSTEE** may bid at **TRUSTEE'S** sale. **TRUSTEE** shall apply the proceeds of the sale as follows: (1) to the expense of the sale, including a reasonable **TRUSTEE'S** fee and attorney's fee; (2) to the obligation secured by this Deed of Trust; (3) the surplus, if any, shall be distributed to the persons entitled 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 **GRANTORS** had or had the power to convey at the time of his execution of this Deed of Trust, and such as he may have acquired thereafter. **TRUSTEE'S** deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchaser and encumbrancers for value.
6. The power of sale conferred by this Deed of Trust and by the Deed of Trust Act of the State of Washington is not an exclusive remedy: **BENEFICIARY** may cause this Deed of Trust to be foreclosed as a mortgage.
7. In the event of the death, incapacity, disability or resignation of **TRUSTEE**, **BENEFICIARY** may appoint in writing a **SUCCESSOR TRUSTEE**, and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded, the **SUCCESSOR TRUSTEE** shall be vested with all powers of the original **TRUSTEE**. The **TRUSTEE** is not obligated to notify any party hereto of pending sale under



any other Deed of Trust or of any action or proceeding in which **GRANTORS, 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 NSG, Inc., a Washington corporation, its successors or assigns, pursuant to the Settlement Agreement hereby, whether or not named as **BENEFICIARY** herein.

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

10. This Deed of Trust does not in any way supercede, modify, or replace the Settlement Agreement filed in Skagit County Superior Court Cause No. 98-2-01399-2. Any conflict between the Settlement Agreement and this Deed of Trust, the language in the Settlement Agreement shall control.

GRANTORS:



JOHN L. MILLER

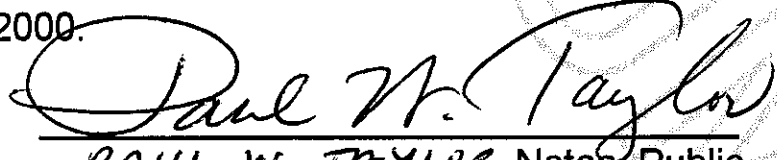


MARGARET K. MILLER

STATE OF WASHINGTON)
COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that JOHN L. MILLER and MARGARET K. MILLER, husband and wife, personally appeared before me, and said persons acknowledged that they signed this instrument and acknowledged it to be their free and voluntary act for uses and purposes mentioned in the instrument.

Dated this 25TH day of January, 2000.



PAUL W. TAYLOR, Notary Public
My commission expires 11-15-02



200001250040

Kathy Hill, Skagit County Auditor

1/25/2000 Page 4 of 5 12:31:40PM

FULL RECONVEYANCE

TO: TRUSTEE

The undersigned is the legal owner and holder of the indebtedness as described in and secured by the within Deed of Trust. Said 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 and upon delivery to you of the original of this Deed of Trust (or proper affidavit, if lost) 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 this _____ day of _____, _____.

NSG, INC.,

By: _____

Mark F. Wray
Its President



200001250040

Kathy Hill, Skagit County Auditor

1/25/2000 Page 5 of 5 12:31:40PM