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Kathy Hill, Skagit County Auditor

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WHEN RECORDED MAIL TO:

Home Builders Finance, Inc. D.B.A. Owner Builder Loan Services
2035 Hogback Road
Ann Arbor, MI 48105

P-91196

LAND TITLE COMPANY OF SKAGIT COUNTY

DEED OF TRUST

Effective Date January 14, 2000

Grantor John E. Everett and Glenda L. Everett, Husband and Wife
 341 Sudden Valley
 Bellingham, WA 98226

Trustee Thomas B. Eriksen, ESQ
 P.O. Box 1086
 Vancouver, WA 98666-1086

Beneficiary Home Builders Finance, Inc. D.B.A. Owner Builder Loan Services
 2035 Hogback Road
 Ann Arbor, MI 48105

Abbreviated legal Lot N1 of SP 94-012 in 26 and 35-36-3 E W.M.

Tax parcel P 103792

1. Grantor hereby irrevocably grants, bargains, sells and conveys to Trustee, in trust, with power of sale, the property in Skagit County, Washington, described as:

See "Exhibit A" for full legal description.

NOW THEREFORE, TO SECURE TO BENEFICIARY:

(a) the repayment of the indebtedness evidenced by the Note, with interest thereon, and all renewals, extensions and modifications thereof; (b) the performance of the provisions of the Note, this Trust Deed and that certain Construction Loan Agreement of even date herewith by and between Grantor and Beneficiary (the "Loan Agreement") (the Note, this Trust Deed and the Loan Agreement hereinafter sometimes referred to as the "Loan Documents"); (c) the payment of all other sums, with interest thereon advanced in accordance herewith to protect the security of this Trust Deed; and (d) the repayment of any and all present and future indebtedness of Grantor to Beneficiary, whether direct or indirect, absolute or contingent, due or to become due, and howsoever evidenced; Grantor does hereby convey and warrant unto the Beneficiary and it its successor and assigns, all of the real property described above or in exhibit attached hereto and by this reference made a part hereof, together with all building and improvement now or hereafter existing thereon which real property is not used principally for agricultural or farming purposes, together with all improvements now or hereafter erected on the property and all the tenements, hereditaments, appurtenances, easements and fixtures now or hereafter belonging or appertaining thereto, and the rents, issues and profits thereof.

2. This deed is for the purpose of securing performance of each agreement of Grantor here in contained, and the payment of the sum of One Hundred Sixty-Four Thousand Dollars and No Cents (\$164,000.00), with interest, in accordance with the terms of a Promissory Note of even date herewith, payable to Beneficiary or order, and made by Grantor and all renewals, modifications and extensions thereof, and also such further sums as may be advanced or loaned by beneficiary to Grantor, or any of their successors or assigns, together with interest thereon at such rate as shall be agreed upon.

3. Upon recordation of this Deed of Trust, loan proceeds shall be held by the beneficiary for disbursement during the construction period of the improvement to be erected on the property. As the construction progresses, loan proceeds will be disbursed from time to time, but only after the Beneficiary has determined that the items for which disbursement is being requested have been completed in a workman like manner, and in accordance with a construction schedule, specifications, and contract, or modifications thereto, as previously approved by the Beneficiary.

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To PROTECT THE SECURITY OF THIS DEED OF TRUST, Grantor covenants and agrees:

4. That Grantor is lawfully seized of the estate hereby conveyed and has the right to grant and convey the property and that the property is unencumbered, except for encumbrances of record. Grantor warrants and will defend generally the title to the property against all claims and demands, subject to any encumbrances of record.

5. To promptly pay when due the principal of and interest on the debt evidenced by the Promissory Note and any prepayment and late charges due under the Promissory Note. All prepayments received Beneficiary shall be applied first to any costs, advances or late charges due under the Promissory Note or Deed of Trust, second to accrued interest due, and last to principal.

6. 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.

7. 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.

8. To keep all improvements now existing or hereafter erected on the property described herein continuously insured against loss by fire or other hazards in an amount not less the total indebtedness 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 discontinuance of any proceeding 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.

9. 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.

10. 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.

11. To occupy, establish, and use the property as Grantor's principal residence and continue to occupy the property as Grantor's principal residence for at least one year after the date of occupancy, unless Beneficiary otherwise consents in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Grantor's control.

12. Should Grantor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the property hereinabove described, Beneficiary may, but is under no obligation to, 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:

13. 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 thereof as may be necessary to fully satisfy the indebtedness secured hereby, shall be paid to Beneficiary to be applied to said indebtedness.

14. 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.

15. 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.

16. Upon default by Grantor in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, all amounts 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 (as amended), at public auction to the highest bidder. Any person except Trustee may bid at Trustee's sale.

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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 indebtedness secured by this Deed of Trust; (3) the surplus, if any, shall be distributed to the persons entitled thereto or maybe deposited (less clerk's filing fee) with the clerk of the superior court of the county in which sale takes place.

17. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which will convey to the purchaser the interest in the property which Grantor had or had the power to convey at the time of execution of this Deed of Trust, and such as Grantor may have acquired thereafter. Trustee's deed shall recite all 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 such conclusive evidence thereof in favor of bona fide purchasers and encumbrances for value.

18. 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.

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


20. 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, successors and assigns. The term Beneficiary shall mean the holder and owner of the Promissory Note secured hereby, whether or not named as Beneficiary herein.

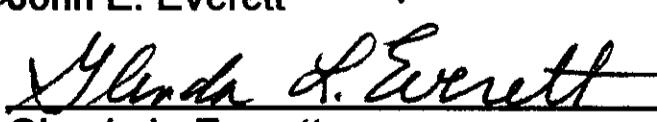
21. The Promissory Note or a partial interest in the Promissory Note (together with this Deed of Trust) may be sold one or more times without prior notice to the Grantor. A sale may result in change in the entity (known as the "loan servicer") that collects monthly payments due under the Promissory Note and this Deed of Trust. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Promissory Note. If there is a change of the Loan Servicer, Grantor will be given written notice of the change in accordance with applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any other information required by applicable law.

22. Grantor shall not cause or permit the presence, use, disposal, storage or release of Hazardous Substances on or in the property. Grantor shall not do, nor allow anyone else to do, anything affecting the property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use or storage on the property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the property.

23. Grantor shall promptly give Beneficiary written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the property and Hazardous Substance or Environmental Law of which Grantor has actual knowledge. If Grantors learns, or is notified by any governmental or regulatory authority, that any removal or remediation of any Hazardous Substance affecting the property is necessary, Grantor shall promptly take all necessary remedial actions in accordance of Environmental Law.

24. As used herein, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radio active materials. As used herein, "Environmental Law" shall mean all federal laws and laws of jurisdiction where the property is located that relate to health, safety or environmental protection.

GRANTOR: 
John E. Everett

GRANTOR: 
Glenda L. Everett


Please Initial: JEE GLE


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STATE OF WASHINGTON, COUNTY OF SKAGIT

I certify that I know or have satisfactory evidence that John E. Everett is the person who appeared before me, and said person acknowledged that he/she signed this instrument and acknowledged it to be his/her free and voluntary act for the uses and purposes mentioned in this instrument.

Dated 1/20/00



Notary Public in and for the State of Washington

residing at Mount Vernon

Nancy Lea Cleave

My appointment expires 9-1-02

I certify that I know or have satisfactory evidence that Glenda L. Everett is the person who appeared before me, and said person acknowledged that he/she signed this instrument and acknowledged it to be his/her free and voluntary act for the uses and purposes mentioned in this document.

Dated 1/20/00

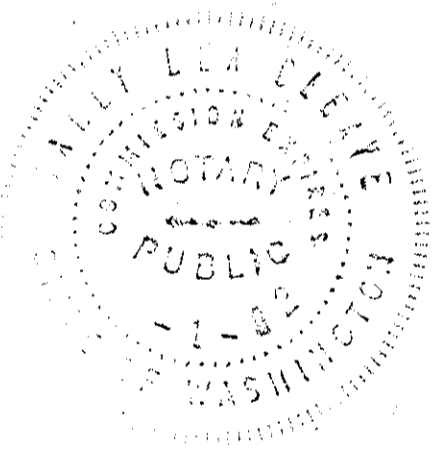


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DOCUMENT



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REQUEST FOR FULL RECONVEYANCE

(Do not record. To be used only when obligations have been paid)

To: Thomas B. Eriksen, ESQ, P.O. Box 1086, Vancouver, WA 98666-1086

The undersigned is the legal owner and holder 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, have 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 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 estate now held by you thereunder.

Dated: _____

Mail reconveyances to:

Home Builders Finance, Inc. D.B.A. Owner Builder Loan Services
2035 Hogback Road
Ann Arbor, MI 48105

Please Initial: JEE GLE



EXHIBIT A

DESCRIPTION OF REAL ESTATE

Debtor: John E. Everett and Glenda L. Everett

Tax Code No.: P 103792


The land situated in City of Bow, Skagit County, Washington and is described as follows:

Tract N1 of Short Plat No. 94-012, approved December 12, 1994, recorded December 14, 1994, in Volume 11 of Short Plats, page 158, under Auditor's File No. 9412140072, records of Skagit County, Washington, and being a portion of the Southwest 1/4 of the Southeast 1/4 of Section 26, and of the Northwest 1/4 of the Northeast 1/4 of Section 35, all in Township 36 North, Range 3 East, W.M.

TOGETHER WITH a non-exclusive easement for access and utilities over the North 30 feet of Tract N4, as shown on the face of the Short Plat.

Situate in the County of Skagit, State of Washington.

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