

AFTER RECORDING MAIL TO:

Eagle Investors
C/O 4350 Cordata Parkway
Bellingham, WA 98226



200001250045
Kathy Hill, Skagit County Auditor
1/25/2000 Page 1 of 6 3:27:25PM

Filed for Record at Request of
Land Title Company of Skagit County

Escrow Number: P-91196-E

LAND TITLE COMPANY OF SKAGIT COUNTY

DEED OF TRUST

(For use in the state of Washington only)

Grantor(s): John E. Everett, Glenda L. Everett

Grantee(s): Beneficiary - Timothy C. Potts, as to an undivided 37.5% interest, Steve Brinn, as to undivided 37.5% interest and Faruk Taysi, as to an undivided 25.0% interest, Trustee - Land Title Company of Skagit County

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

Additional legal(s) on page:

Assessor's Tax Parcel Number(s): 360335-1-004-0100/P103792

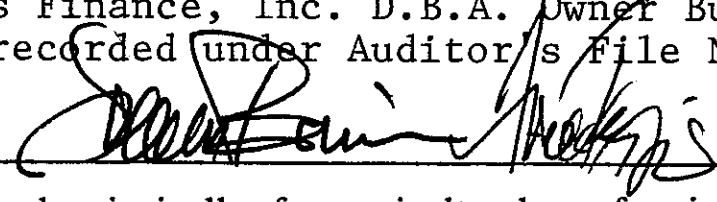
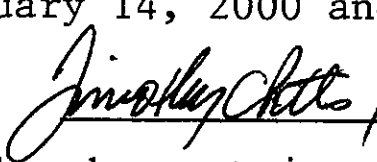
THIS DEED OF TRUST, made this _____ day of January, 2000, between John E. Everett and Glenda L. Everett, husband and wife, GRANTOR, whose address is 341 Sudden Valley, Bellingham, WA 98226, Land Title Company of Skagit County, TRUSTEE, whose address is P.O. Box 445/111 E. George Hopper Road, Burlington, WA 98233, and Timothy C. Potts, as to an undivided 37.5% interest, Steve Brinn, as to undivided 37.5% interest and Faruk Taysi, as to an undivided 25.0% interest, BENEFICIARY, whose address is C/O 4350 Cordata Parkway, Bellingham, WA 98226, WITNESSETH: Grantor hereby bargains, sells, and conveys to Trustee in trust, with power of sale, the following described real property in Skagit County, Washington:

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.

This Deed of Trust is second and subordinate to that certain Deed of Trust in favor of Home Builders Finance, Inc. D.B.A. Owner Builder Loan Services dated January 14, 2000 and recorded under Auditor's File No. 200001250044.


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 wise 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 payment of the sum of TWENTY THOUSAND AND NO/100 Dollars (\$ 20,000.00) 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.

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 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 upon 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 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 debt 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 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 the sale, including a reasonable Trustee's fee and attorney's fee; (2) to the obligation secured by this Deed of Trust; and (3) the surplus, if any, shall be distributed to the persons entitled thereto.

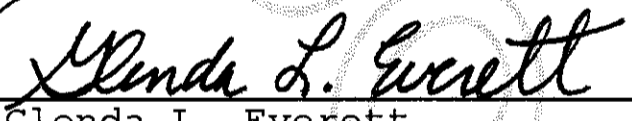
5. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the property which Grantor had or had the power to convey at the time of his execution of this Deed of Trust, and such as he may have acquired thereafter. Trustee's deed 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 purchaser and encumbrances 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 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.



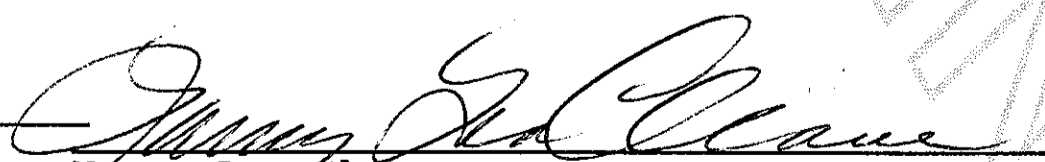
John E. Everett


Glenda L. Everett

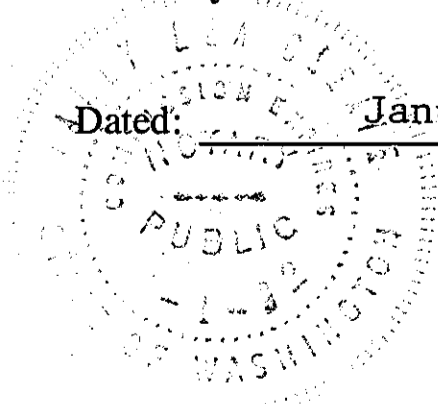
STATE OF Washington }
County of Skagit } SS:

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

Dated: January 20, 2000



Nancy Lea Cleave
Notary Public in and for the State of Washington
Residing at Mount Vernon



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Kathy Hill, Skagit County Auditor

My appointment expires: 9/01/2002

REQUEST FOR FULL RECONVEYANCE

Do not record. To be used only when note has been paid.

TO: TRUSTEE

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, 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 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 _____,



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Kathy Hill, Skagit County Auditor
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ADDENDUM TO DEED OF TRUST
(additional terms)

(a) Due On Sale/Refinance. Grantor acknowledges and agrees that the indebtedness evidenced by the Note that is secured by this Deed of Trust (the "Note") is personal to Grantor. If Grantor should sell, assign for any reason (including assignments made for the benefit of creditors or in bankruptcy), alienate, transfer or contract to sell, assign or transfer title or possession of the property subject to this Deed of Trust (the "Pledged Property"), the entire balance of the Note, plus interest at the Default Rate, shall be immediately due and payable to the Holder of the Note (the "Holder"). This section shall not apply to assignments to the heirs, beneficiaries or successors of Grantor in the event of death or legal incompetency of Grantor, provided that such assignees shall become personally liable on the Note. The Holder's secured position in the Pledged Property is being subordinated by a written subordination agreement to the lien of the deed of trust for Grantor's residential construction loan obtained by Grantor for the purpose of building a personal residence on the Pledged Property. Upon refinance or "take out" of such construction loan by Grantor obtaining a new permanent loan, a new construction loan or otherwise converting the initial construction loan to permanent or other financing, the entire balance of the Note, plus interest at the Default Rate, shall be immediately due and payable to Holder.

(b) Cutting or Removal of Timber.

No timber, whether merchantable or immature may be cut or removed from the property without the written approval of Beneficiary except as necessary for access roads, utility easements or for construction of improvements.

(c) Subordination to Utility Easements.

Beneficiary will not unreasonably withhold its consent to subordinate this Deed of Trust to easements across the property granted to public or private utility companies for the purpose of providing electric power, water, natural gas, sewer, telephone, or other utilities which are intended to serve improvements to be constructed on the property.

(d) No Hazardous Substances; Indemnity.

Grantor shall not use any portion of the property (i) for the storage, disposal or discharge of oil, solvents, fuel, chemical or any type of toxic or dangerous or hazardous waste or substance, or (ii) as a landfill or waste disposal site. Grantor agrees to indemnify and hold Beneficiary harmless from and against any and all loss, damage, claims, penalties, liability, suits, costs and expenses (including, without limitation, reasonable attorneys' fees) and also including without limitation, costs of remedial action or cleanup, suffered or incurred by Beneficiary arising out of or related to any such use of the Premises subsequent to the date of this Deed of Trust.



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(e) Additional Events of Default.

In addition to any default under the covenants and agreements of this Deed of Trust, Grantor shall also be in default under this Deed of Trust if Grantor is in default of any of the provisions of the Note secured by this Deed of Trust.

(f) Further Documents.

At any time and from time to time, upon the written request of Beneficiary, Grantor will promptly and duly execute and deliver any and all such further instruments and documents as Beneficiary may deem advisable in order to obtain the full benefits of this Deed of Trust and the rights and powers herein contained.

(g) Time of the Essence.

Time is of the essence hereof.

(h) Successors and Assigns.

This Deed of Trust shall inure to the benefit of and bind the heirs, legatees, devisees, administrators, executors, successors and assign of Grantor and Beneficiary.

(i) Governing Law.

This Deed of Trust shall be governed by and construed according to the laws of the State of Washington. Grantor and Beneficiary hereby irrevocably consent to the jurisdiction of the courts of the State of Washington, in the County where the subject property is located.

(j) Notice.

It is understood and agreed that Grantor shall be entitled to receive prior written notice of and opportunity to cure any default or defaults. In those circumstances when Grantor is entitled to prior written notice hereunder, such notice shall be given at least ten (10) days prior to the exercise of any remedy. All notices, requests, demands, or other communications hereunder shall be in writing and shall be addressed to the address first above given or to such other address as either party may designate in writing. All notices shall be effective: (a) two (2) days after deposit in the U.S. mail, postage prepaid, registered or certified mail, return receipt requested at the time evidenced for such delivery by such requested return receipt; (b) upon delivery, if delivered in person to the address set forth in this Deed of Trust; or (c) upon delivery, if sent by commercial express service, such as Federal Express; except that notices of change of address shall be effective ten (10) days after the effective date of all other notices hereunder.

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Kathy Hill, Skagit County Auditor

(k) Fees and Costs.

In the event of any conflict, claim or dispute between the parties thereto affecting or relating to the purpose or subject matter of this Deed of Trust, the prevailing party shall be entitled to receive from the non-prevailing party all reasonable expenses, including but not limited to, attorneys' fees and accounting fees actually incurred or expended including any appeals.

(l) Severability.

If any of the provisions hereof shall be determined to contravene or be invalid under the laws of the State of Washington, such contravention or invalidity shall not invalidate any other provisions of this agreement, but it shall be construed as if not containing the particular provision or provisions held to be invalid, and all rights and obligations of the parties shall be construed and enforced accordingly.

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END OF ADDENDUM TO DEED OF TRUST



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Kathy Hill, Skagit County Auditor