



200001260028

Kathy Hill, Skagit County Auditor

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NOTE

November 3, 1999 Redmond, Washington

Grantors: Brian Conlin and Kim Hutchinson
213 Reed Street
Sedro Wooley, WA

DAVID & MERRILLANN HUTCHINSON
3406 W. LK. SAMMAMISH PKWY. N.E.
REDMOND, WA 98052-5907
425-885-9105

Secured by mortgage on:

Lots 4 and 5, Block 24, REPLAT OF JUNCTION ADDITION TO SEDRO WOOLEY, according to the plat thereon recorded in Volume 3 of Plats, page 48, records of Skagit County, Washington

Tax parcel P76776, Tax account number 4166-024-005-0007

1. BORROWER'S PROMISE TO PAY

In return for a loan that we have received, we, jointly and severally, promise to pay the total of the following payments (the total amount is called "principal"), plus interest, to the order of the Grantees who are the Lenders. The Lenders are David C. and Merrillann Hutchinson.

The principal is a total of sums owing by, paid to, and agreed to by us, plus interest added. Sums owing by, paid to, and agreed by us are itemized as follows:

June 30, 1999 balance of car loan made June 17, 1996	\$1,564
June 30, 1999 balance of home improvement loan of June 4, 1998	\$5,579
November 3, 1999 cash advance	\$5,200
November 26, 1999 cash advance	\$ 650
December 16, 1999 cash advance	\$2,000
Total	\$14,993

This amount will be added to by accrued interest and may be added to by amounts subsequently agreed to by the Mortgagors and mortgagees.

We understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note in call the "Note Holder."

2. INTEREST

Interest will be charged on unpaid principal from the November 3, 1999 and subsequent dates of each principal amount paid on our behalf until the full amount of principal has been paid. We will pay interest at a yearly rate of Seven Per Cent (7%) compounded monthly and added to principal. The interest rate required by this Section 2 is the rate we will pay both before and after any default described in Section 6(B) of this Note.

3. PAYMENT

We will pay this note and it is due and payable upon the sale or transfer of title of our house at 213 Reed Street, Sedro Wooley, Washington or at any time that we cease to use it as our principal residence. If this note is owing at either of our deaths, we charge our executors to pay it. Payments will be applied to interest before principal.

Payment will be made at 3406 W. Lk. Sammamish Parkway N.E., Redmond, Washington or at a different place if required by the Note Holder.

4. BORROWER'S RIGHT TO PREPAY

We, and each of us, have the right to make payments of principal at any time before they are due. A payment of principal only is known as a "prepayment." When we make a prepayment, we will tell the Note Holder in writing that we are doing so.

We, and each of us, may make a full prepayment or partial prepayments without paying any prepayment charge. The Note Holder will use all of our prepayments to reduce the mount of principal that we owe under this Note. If we make a partial prepayment, there will be no changes in the due date unless the Note Holder agrees in writing to those changes.

5. LOAN CHARGES

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (i) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (ii) any sums already collected from us which exceeded permitted limits will be refunded to us. The Note Holder may choose to make this refund by reducing the principal we owe under this Note or by making a direct payment to us. If a refund reduces principal, the reduction will be treated as a partial prepayment.

6. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Default

If we do not pay the full amount of principal and interest upon the transfer of title to our house at 213 Reed Street, Sedro Wooley, Washington, or upon our ceasing to use it as our principal residence, we will be in default.



(B) Notice of Default

If we are in default, the Note Holder may send us, or either of us, a written notice telling us that If we do not pay the overdue amount by a certain date, the Note Holder may require us, or either of us, to pay immediately the full amount of principal which has not been paid and all the interest that we owe on that amount. That date must be at least 30 days after the date on which the notice is delivered or mailed to us, or either of us.

(C) No Waiver By Note Holder

Even if, at a time when we are in default, the Note Holder does not require us, or either of us, to pay immediately in full as described above, the Note Holder will still have the right to do so if we are in default at a later time.

(D) Payment of Note Holder's Costs and Expenses

If the Note Holder has required us, or either of us, to pay immediately in full as described above, the Note Holder will have the right to be paid back by us for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

7. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to us, or either of us, under this Note will be given by delivering it or by mailing it by first class mail to us at the Property Address above or at a different address if we give the Note Holder a notice of our different address.

Any notice that must be given to the Note Holder under this Note will be given by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if we are given a notice of that different address.

8. WAIVERS

We waive the rights of presentment and notice of dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

9. UNIFORM SECURED NOTE

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given the Note Holder under this Note, a Mortgage, Deed of Trust or Security Deed (the "Security Instrument"), dated the same date as this Note, protects the Note Holder from possible losses which might result if we do not keep the promises which we make in this Note. That Security Instrument describes how and under what conditions we may be required to make immediate payment in full of all amounts we owe under this Note. Some of those conditions are described as follows:



Transfer of the Property or a Beneficial Interest in Borrower. If all or any part of the Property of any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

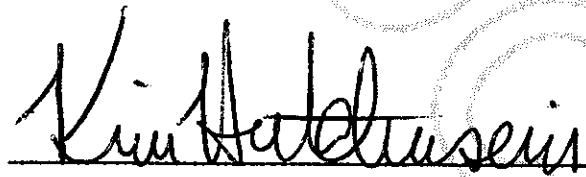
Ceasing to use the Property as the principal residence of Borrower. If borrowers cease to use the Property as their principal residence without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

WITNESS THE HAND AND SEAL OF THE UNDERSIGNED.



(Seal)
Borrower



(Seal)
Borrower

January 24, 2000 Date

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