

After Recording Return To:

**LAW OFFICE OF BRIAN E. CLARK, INC., P.S.
415 PINE STREET / P.O. BOX 336
MOUNT VERNON, WA 98273**



200004030043

**Kathy Hill, Skagit County Auditor
4/3/2000 Page 1 of 4 10:56:37AM**

DEED OF TRUST

GRANTOR: MACDONALD, R. DANIEL, a single man
TRUSTEE: Land Title Company of Skagit County
BENEFICIARY: ESTATE OF ANNA MACDONALD
MACDONALD, R. Daniel, Co-Personal Representative
SAVAGE, Margaret, Co-Personal Representative

Legal Description:
Abbreviated Form: Sec 31, Twp 34 N, R 4 E.W.M., Part NE¼
Additional on: Page 1
Assessor's Tax Parcel Nos: 340431-0-027-0008; P29266

THIS Deed of Trust, made effective as of the 1st day of April, 2000, between **R. DANIEL MACDONALD**, a single man as his separate estate, whose address is: **17031 Britt Road, Mount Vernon, WA 98273**, as Grantor; **LAND TITLE COMPANY OF SKAGIT COUNTY**, as Trustee, whose address is: **111 E. Hopper Road, P. O. Box 445, Burlington, WA 98233**; and **THE ESTATE OF ANNA MACDONALD, R. DANIEL MACDONALD and MARGARET SAVAGE**, Co-Personal Representatives, as Beneficiary.

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

The South 194.7 feet of the North 414 feet of that part of the NE¼ of Section 31, Township 34 North, Range 4 East W.M. between the East line of county road running along the East bank of Britt's Slough and the West line of the right of way of the Great Northern Railway Company.

Situs: 17031 Britt Road, Mount Vernon, Washington 98273

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 of Trust is for the purpose of securing performance of each agreement of Grantor herein contained

and payment of the sum of **ONE HUNDRED FORTY SEVEN THOUSAND TWO HUNDRED DOLLARS (\$147,200)**, 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 his 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 improvements 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 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 hazards in an amount not less than the replacement value. 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. Grantor will pay to Beneficiary or its contract collection agent on the first day of each month, together with and in addition to the regular installment due under the Note, an amount equal to one-twelfth (1/12th) of the yearly taxes, assessments, other similar charges, including insurance premiums reasonably estimated by the Beneficiary or the Beneficiary's contract collection agent to be sufficient to allow the payment at least thirty (30) days before they become due of all taxes, assessments, other similar charges and insurance premiums related to the Property. The arrangement provided in this section is solely for the added protection of Beneficiary and entails no responsibility on Beneficiary's part beyond the allowing of due credit, without payment of interest or income to Grantor, unless specifically required by law, for the sum actually received by it. Those sums received, but not immediately required for payment of the items set forth above, may be commingled with the other funds of Beneficiary and may be invested or otherwise used by Beneficiary without payment to or on behalf of Grantor until such time as payment of the items set forth above is required. Upon demand of Beneficiary or its contract collection agent, Grantor shall promptly deliver to Beneficiary or its contract collection agent such additional sums as are necessary to make up any deficiency in the amount necessary to pay such taxes, assessments, other similar charges and insurance premiums in a timely manner. Upon assignment of this Deed of Trust by Beneficiary, any funds on hand shall be turned over to the assignee and any responsibility of the assignor with respect thereto shall terminate. Any transfer of the real property shall automatically transfer to the grantee all rights of the grantor with respect to any funds accumulated hereunder.
5. 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 attorneys' fees in a reasonable amount, in any such action or proceeding and in any suit brought by Beneficiary to foreclose this Deed of Trust.
6. 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 attorneys' fees actually incurred, as provided by statute.
7. 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

DEED OF TRUST - 2

JF\MACDONALD\DEED OF TRUST-2.DOC



200004030043

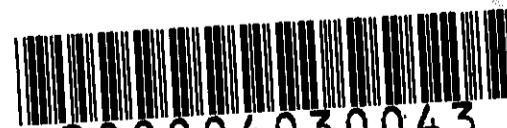
Kathy Hill, Skagit County Auditor

4/3/2000 Page 2 of 4 10:56:37AM

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. Beneficiary may, as a condition to allowing Grantor to cure such default, thereafter require the Grantor to pay into a mortgage reserve monthly, the above-described charges as more particularly provided in section 4 above.

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 portions 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 attorneys' fees; (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 execution of this Deed of Trust, and such as he/they may have acquired thereafter. Trustee's deeds 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 bonafide 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, subject to restrictions on assignment as set forth herein. The term "Beneficiary" shall mean the holder and owner of the Note secured hereby, whether or not named as Beneficiary herein.



200004030043

Kathy Hill, Skagit County Auditor

4/3/2000 Page 3 of 4 10:56:37AM

9. In the event of default by the Grantor 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.

TRANSFER OF PROPERTY; ASSUMPTION:

1. Beneficiary may declare all sums secured by this Deed of Trust to be immediately due and payable if all or any part of the property or any interest therein is sold or transferred voluntarily or involuntarily by Grantor without Beneficiary's prior written consent, which the Beneficiary may withhold in its sole and absolute discretion.

2. The foregoing provisions for acceleration in interest rate shall not apply if: (a) the conveyance or transfer is to create a lien or encumbrance subordinate to this Deed of Trust, so long as such lien or encumbrance is not foreclosed upon; and, (b) the transfer is by devise or descent upon the death of the Grantor, or in an inter-vivos trust for the benefit of the Grantor for estate planning purposes.

3. Any consent to transfer by Beneficiary will not relieve Grantor from liability on the debt secured by this Deed of Trust or the terms of this Deed of Trust.

4. Beneficiary shall be entitled to charge a fee as a condition to such consent, such fee to be equal to the reasonable costs incurred by the Beneficiary by way of securing credit reports, financial statements, legal advice, and other costs reasonably and properly associated with the granting of such consent.

R. Daniel MacDonald
R. DANIEL MACDONALD

STATE OF WASHINGTON)
COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that R. DANIEL MACDONALD is the person who appeared before me and said person acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

GIVEN under my hand and official seal this 28th day of March, 2000.

Brian E. Clark
Notary Public
BRIAN E. CLARK
(Type or Print Name of Notary)
My commission expires: 5/24/2003

