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Kathy Hill, Skagit County Auditor
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Filed for Record at Request of:
Washington School Employees Credit Union
325 Eastlake Avenue East
Seattle, WA 98109-5466
Tax Parcel No.: 340111-1-017-0007

Deed of Trust

Title Order No.: A19841SM

Island Title Co.
THIS DEED OF TRUST, made this 1 day of August, 2000, between
GRANTOR(S) Sidney McHarg and Judith A. McHarg, Husband and Wife.

13161 Deane Drive Anacortes, Wa. 98221-8410

TRUSTEE(S) **Island Title Company**
PO Box 1228 Anacortes, Wa. 98221

and **Washington School Employees Credit Union**, Beneficiary, whose address is:
325 Eastlake Avenue East, Seattle, WA 98109-5466.

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

See attached legal description

Abbreviated legal description:
PTN GL 4 11-34-1

which real property is not used principally for agriculture 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 the Grantor herein contained, and payment of the sum of **Ninety Thousand and 00/100**** Dollars (\$ **90,000.00**) 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 conveys 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 building 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 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 proceedings 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.

Member No: 66614 (continued on reverse side)

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 thereof as may be necessary to fully satisfy the obligation secured hereby, shall be paid to Beneficiary to be applied to such 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 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 or Trustee's authorized agent 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. 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 or shall be deposited (less clerk's filing fee) with the clerk of the superior court of the county in which the sale takes place.

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 this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bonafide purchasers 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 shall 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.

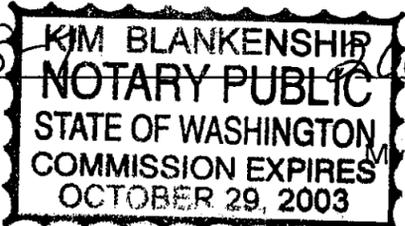
8. This Deed of Trust applies to, insures to the benefit of, and is binding not only on the parties hereto, but on their heirs, devisees, legatees, administrators, executors, successors, and assigns. The term Beneficiary shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiary herein.

X S. Holt

X Judith A. McHarg

STATE OF WASHINGTON
COUNTY OF SKAGIT

I certify that I know or have satisfactory evidence that Sidney & Judith McHarg
is (are) the person(s) who appeared before me, and said person(s) acknowledged that
they signed this instrument and acknowledged it to be their
free and voluntary act for the uses and purposes mentioned in the instrument.

Dated 8/2000
 Kim Blankenship
Notary Public
My appointment expires 10-29-03

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 _____
By _____
Loan Services Representative

Mail reconveyance to

Order No.: A19841 SM

EXHIBIT "A"

PARCEL A:

A tract of land in Government Lot 4, Section 11, Township 34 North, Range 1 East of the Willamette Meridian, described as follows:

Beginning at a point on the West line of said Lot 4, 1,653.93 feet North of the Southwest corner thereof;

thence North 4°09' East along the West line of said Lot 4, 200.00 feet;

thence South 85°51' East, 487.13 feet to the shore of Lake Erie;

thence Southeasterly along the shore of said Lake Erie to a point which bears South 85°51' East, 535.88 feet from the point of beginning;

thence North 85°51' West, 535.88 feet to the point of beginning;

EXCEPT that portion lying below the line of ordinary high water, if any.

PARCEL B:

A non-exclusive easement for ingress and egress over a 40 foot strip of land, the centerline of which is described as follows:

Beginning at a point in Government Lot 4, Section 11, Township 34 North, Range 1 East of the Willamette Meridian, at a point 1,553.93 feet North and 284 feet South 85°51' East from the Southwest corner of the aforesaid Lot 4 and from said point of beginning proceeding West 82°42' North across the property of the grantors as granted by Lavern M. Deane and Ila June Deane, his wife, by instrument dated April 24, 1958 and recorded May 6, 1958, under Auditor's File No. 564930, records of Skagit County, Washington.

Situate in Skagit County, Washington.

- END OF EXHIBIT "A" -



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