

WHEN RECORDED RETURN TO:

Name: Stephen C. Schutt
Address: P.O. Box 1032
City, State, Zip Anacortes, WA 98221



200008310073
Kathy Hill, Skagit County Auditor
8/31/2000 Page 1 of 4 11:32:54AM

Island Title Company

SB-16670

Deed of Trust

(For Use in the State of Washington Only)

THIS DEED OF TRUST, made this 30th day of August, 192000, between
Andcarr, Inc., a Washington corporation, UBI# 601-885-708-001, GRANTOR,

whose address is 29752 Alder Place, Sedro Woolley WA 98284
**ISLAND TITLE COMPANY, a Washington corporation, 770 NE Midway Boulevard, Oak Harbor, Washington
98277, TRUSTEE, and**

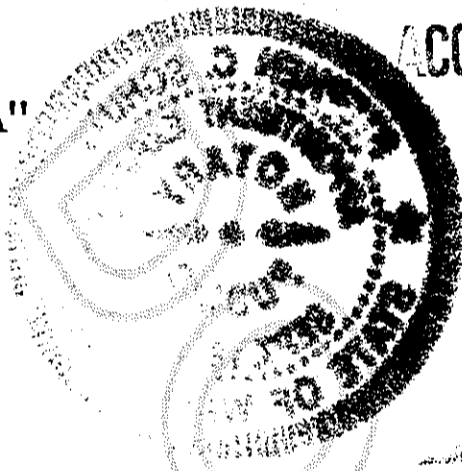
David Clayton and Barbara Clayton, husband and wife, BENEFICIARY,

whose address is 717 Steelhead Lane, Burlington, WA 98233
WITNESSETH: Grantor hereby bargains, sells and conveys to Trustee in Trust, with power of sale, the following described
real property in Skagit County,
Washington:

Ptn. SE NE, Sec. 30, T34N, R4EWM

Full legal description attached as "A"

Island Title Company has placed
this document for recording as a
customer courtesy and accepts no
liability for its accuracy or validity



ACCOMMODATION RECORDING

Tax Account Number: P28979 340430-0-1⁵88-0000

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 (\$ 135,000.00)

One Hundred Thirty Five Thousand and 00/100 Dollars
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; (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.
9. See attached as "B"

Andcarr, Inc.
 By Robert J. Anderson
 Robert Anderson, President
Cheeri Carr
 Cheeri Carr, Secretary/Treasurer

STATE OF WASHINGTON)
 COUNTY OF _____)

STATE OF WASHINGTON)
 COUNTY OF SKAGIT)
 ss.

On this day personally appeared _____
 to me known to be the individual _____ who
 executed the within and foregoing instrument
 acknowledged that _____
 as _____ free and voluntary
 and deed, for the uses and purposes therein mentioned.

On this 30th day of August, 192000
 me, the undersigned, a Notary Public in and for the State of
 Washington, duly commissioned and sworn, personally appeared
Robert Anderson
Cheeri Carr
 to me known to be the _____ President and _____
 Secretary, respectfully, of Andcarr, Inc.
 the corporation that executed the foregoing instrument, and
 acknowledged the said instrument to be the free and voluntary act and
 deed of said corporation, for the uses and purposes therein mentioned,
 and on oath stated that they are authorized to execute the
 said instrument and that the seal affixed is the corporate seal of said
 corporation.

GIVEN under my hand and official seal this
 day of _____, 19____.

Witness my hand and official seal hereto affixed the day and year
 first above written.
Stewart R. Schutt
 Notary Public in and for the State of Washington,
 residing at Anacortes
 My commission expires: 18 Sept 2000

Notary Public in and for the State of Washington,
 residing at _____

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 _____, 19____



EXHIBIT "A"

PARCEL A:

That portion of the Southeast Quarter of the Northeast Quarter of Section 30, Township 34 North, Range 4 East of the Willamette Meridian, described as follows:

Beginning at a point on the East line of 2nd Street, 165 feet South of the North line of said subdivision;
Thence East a distance of 116 feet, more or less, to a point 100 feet West of the West line of 3rd Street;
Thence South a distance of 55 feet;
Thence West a distance of 116 feet, more or less, to the East line of 2nd Street;
Thence Northerly along said East line a distance of 55 feet to the point of beginning.

PARCEL B:

That portion of the Southeast Quarter of the Northeast Quarter of Section 30, Township 34 North, Range 4 East of the Willamette Meridian, described as follows:

Beginning at a point on the West line of 3rd Street, 220 feet South of the North line of said subdivision;
Thence West a distance of 108 feet to the true point of beginning;
Thence continue West a distance of 108 feet, more or less, to the East line of 2nd Street;
Thence Southerly along said East line a distance of 20 feet;
Thence East to a point 108 feet West of the West line of 3rd Street;
Thence North a distance of 20 feet to the true point of beginning.

Situated in Skagit County, Washington.

- END OF EXHIBIT "A" -



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Kathy Hill, Skagit County Auditor

8/31/2000 Page 3 of 4 11:32:54AM

EXHIBIT "B"

DUE ON SALE. If all or any part of the property described in this Deed of Trust, or any interest therein, is sold or transferred without the prior written consent of the Beneficiary, which consent shall not be unreasonably withheld, then the Beneficiary, its successors or assigns, at its sole option, may declare immediately due and payable the entire balance then due on the present Note secured by this Deed of Trust.

PREPAYMENT. The buyer's right to prepay the note secured by this deed of trust is subject to the following restrictions and additional charges.

During the first FIVE YEARS following execution of the note, if the buyer makes payments to principal that exceed TWENTY PERCENT (20%) of the original principal balance during any twelve month period, the buyer shall pay a prepayment fee to the Holder equal to the interest that would accrue on such excess from date of payment through August 31, 2005.

Any partial prepayment shall be applied against the principal amount outstanding and shall not postpone the due date of any subsequent installment or change the amount of such installments, unless the Holder agrees otherwise in writing.

PERSONAL GUARANTEE.

The undersigned guarantors, Robert Anderson and Cheeri Carr, hereby guarantee the obligations of Andcarr, Inc., under this Deed of Trust.



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