AFTER RECORDING MAIL TO:

Name First American Title of Skagit County

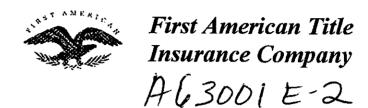
Name First American Title of Skagit County

Address 1419 Commercial Avenue

City, State, Zip Anacortes, WA 98221

Filed for Record at Request of:





DEED OF TRUST

(For use in the state of Washington only)

ORIGINAL

GRANTOR(S): CHURCHILL
GRANTEE(S): CALLERO

TRUSTEE:FIRST AMERICAN TITLE

LEGAL DESCRIPTION (abbreviated): Lot(s) 1 - 30, Block 30, of CITY OF NORTH ANACORTES,

Map Book 3, Map Page 23 1/2

ASSESS'OR'S TAX PARCEL ID#: 3843-030-030-0006 R60824

THIS DEED OF TRUST, made this 8th day of September, 2000, between THOMAS L. CHURCHILL and SUSAN B. CHURCHILL, Husband and Wife, GRANTOR, whose address is 29301 N.E. 11TH STREET, CARNATION, WA 98014, FIRST AMERICAN TITLE COMPANY, a corporation, TRUSTEE, whose address is 1301 RIVERSIDE DRIVE, MOUNT VERNON, WA 98273, and ROY V. CALLERO & DONNA M. CALLERO, BENEFICIARY, whose address is ,6112 SOUTH SHORE ROAD, ANACORTES, WA 98221.

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 Exhibit A attached hereto and made a part hereof.

Assessor's Property Tax Parcel Account Number(s): 3843-030-030-0006 R60824

which real property is not used principally for agricultural or farming purposes, together with all 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 00/100** 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.

DUE DATE: The entire balance of the promissory note secured by this Deed of Trust, together with any and all interest accrued thereon, shall be due and payable in full on **SEPTEMBER 8TH**, 2005

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

SWS Vision Form SSI04WA Rev. 11/06/96

LPB-22A (I) (4/00) Page 1 of 3 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.
- 7. DUE ON SALE: (OPTIONAL Not applicable unless initialed by Grantor and Beneficiary) The property described in this security instrument may not be sold or transferred without the Beneficiary's consent. Upon breach of this provision, Beneficiary may declare all sums due under the note and Deed of Trust immediately due and payable, unless prohibited by applicable law.

Grantor (Initials)

IT IS MUTUALLY AGREED THAT:

- 8. 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 said obligation.
- 9. 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.
- 10. The Trustees 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.
- 11. 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 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.
- 12. 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 purchasers and encumbrances for value.
- 13. 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.
- 14. In the event of the death, incapacity or 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.
- 15. 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, successors and assigns. The term Beneficiary shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiary herein.

16	. ADDITI	ONAL TE	RMS AND CONDITIONS: (Check One)		
	a.	Ø	NONE		
	b.		As set forth on the attached "Exhibit A" which is incorporated by this reference.		
		(NOTE:	If neither a nor b is checked, then option "a" applies)		
Dated: September 8th, 2000					
			Dlomas L. Churchill		
			THOMAS L. CHURCHILL		
		·	Surand hurchure		
			SUSAN B. CHURCHILL		

200009080071 , Skagit County Auditor 9/8/2000 Page 2 of 4 3:55;06PM

STATE	OF V	VASHI	NGTON
COUNT	Y OI	Skag	it

SS

I certify that I know or have satisfactory evidence that THOMAS L. CHURCHILL and SUSAN B. CHURCHILL are the persons who appeared before me, and said persons acknowledged that they signed this instrument and acknowledged it to be their free and voluntary act for the uses and purposes mentioned in this instrument.

Dated September 8th, 2000

Notary Public in and for the State of Washington

Residing at Anacortes

My appointment expires: $\frac{06}{29}$

Anneliese M. Farrell

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

200009080071 , Skagit County Auditor

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Exhibit A

Parcel "A":

Lots 1 through 8, inclusive, and Lots 23 through 30, inclusive, Block 30, "CITY OF NORTH ANACORTES", according to the plat thereof recorded in Volume 3 of Plats, page 23-1/2, records of Skagit County, Washington;

TOGETHER WITH the vacated alley adjacent to said lots;

ALSO TOGETHER WITH the South 1/2 of vacated Poplar Street, adjacent to Lots 1 through 8, inclusive;

ALSO TOGETHER WITH vacated South Shore Drive through Lots 1, 2, 23 through 28, inclusive, and said alley;

ALSO TOGETHER WITH that portion of vacated Vashon Avenue, adjacent to Lot 1 and said alley; EXCEPT that portion conveyed by Quit Claim Deed recorded April 29, 1991, under Auditor's File No. 9104290022, described as: The East 1/2 of that portion of vacated Vashon Avenue lying Southerly of the South line of Walnut Street as said roads were shown on the Plat of "CITY OF NORTH ANACORTES", as per plat recorded February 2, 1890 in Volume 3 of Plats, page 23-1/2, records of Skagit County, Washington.

ALL as would attach to said premises by operation of law;

EXCEPT any portion of the above described tracts lying beyond the line of ordinary high water.

20000908007 , Skagit County Auditor 9/8/2000 Page 4 of 4 3:55:06PM