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321 West Washington, Suite 300
Mt. Vernon, WA 98273



200010060026

Skagit County Auditor

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DEED OF TRUST

(For Use in the State of Washington Only)

Grantor: William R. Chandler, Trustee of the Deanna K. Chandler Irrevocable Credit Trust dated October 15, 1999
Grantee: William R. Chandler, a single person
Trustee: Land Title Company of Skagit County
Abbreviated Legal: That portion of Government Lot 3 in Section 19, Township 35 North, Range 5 East, W.M.
Assessor's Tax Parcel Number: 350519-0-053-0009

THIS DEED OF TRUST, made this 19th day of September, 2000 between **GRANTOR**, William R. Chandler, Trustee of the Deanna K. Chandler Irrevocable Credit Trust dated October 15, 1999, whose address is 9050 Carter Rd. Sedro Woolley, WA 98284, **LAND TITLE COMPANY OF SKAGIT COUNTY**, a Washington corporation, **TRUSTEE** whose address is PO Box 445, Burlington, Washington 98233 and William R. Chandler, a single person, **BENEFICIARY**, whose address is 9050 Carter Rd. Sedro Woolley, WA 98284.

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 Exhibit "A" and incorporated herein by this reference.

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 One Hundred Eighteen Thousand Dollars (\$118,000) 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 all 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 the Deed of Trust.

7. If Grantor, without written consent of Beneficiary, (a) conveys, (b) sells, (c) leases, (d) contracts to convey, sell, lease or assign, (e) grants an option to buy the property, (f) permits a forfeiture or foreclosure or trustee or sheriff's sale of any of the Grantor's interest in the property, Beneficiary may, at its sole discretion, at any time thereafter either raise the interest rate on the balance of the Promissory Note or declare the entire balance of the Promissory Note due and payable.

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.

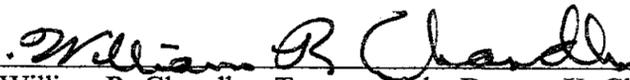
4. Upon default by Grantor in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, all sums secured hereby shall immediately become due and payable at the option of the Beneficiary. In such event and upon written request of Beneficiary, Trustee shall 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 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 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 any action or proceeding in which Grantor, Trustee or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

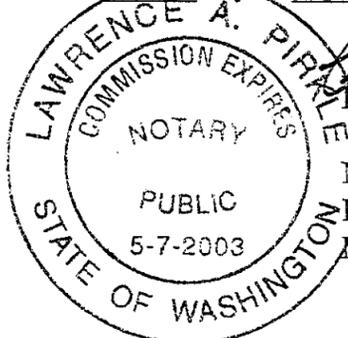
8. This Deed of Trust applies to, inures to the benefit of, and is binding not only on the parties hereto, but on their heirs, devisees, legatees, administrators, executors and assigns. The term Beneficiary shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiary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

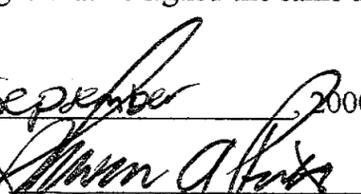

William R. Chandler, Trustee of the Deanna K. Chandler
Irrevocable Credit Trust dated October 15, 1999

State of Washington)
)ss.
County of Skagit)

On this day personally appeared before me WILLIAM R. CHANDLER to me known to be a single person, described in and who executed the foregoing instrument, and acknowledged that he signed the same as his free and voluntary act and deed,, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 19 day of September, 2000




LAWRENCE A. PIRKLE
Notary Public in and for the State of Washington
Residing at: Mt. Vernon
My Commission Expires: 5/7/03



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Skagit County Auditor

UNOFFICIAL DOCUMENT

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 this _____ day of _____,



200010060026

, Skagit County Auditor

EXHIBIT "A"

LEGAL DESCRIPTION:

Assessor's Parcel No: 35019-0-053-0009

That portion of Government Lot 3 in Section 19, Township 35 North, Range 5 East, W.M., described as follows:

Beginning at a point on the East line of Township Street that is 30 feet East and 651 feet North of the Southwest corner of said Government Lot 3, said point being the Northwest corner of that certain tract conveyed to Clark Selix et ux, by deed recorded May 4, 1948 under Auditor's File No. 417773; thence East along the North line of said Selix tract 420 feet to the West line of the Plat of "OTTO GREENSTREET'S ADDITION TO SEDRO WOOLLEY", as per plat recorded in Volume 6 of Plats, page 18, records of Skagit County, Washington; thence North along the West line of said plat 319.5 feet, more or less, to a point 344 feet South of the North line of said Government Lot 3; thence West along a line that is parallel to and 344 feet South of the North line of said Government Lot 3 a distance of 270 feet, more or less, to a point 180 feet East of the West line of said Government Lot 3, said point being the Northwest corner of a Tract conveyed to L.M. Elliott by deed recorded July 17, 1950 under Auditor's File No. 448342; thence South along the West line of said Elliott tract a distance of 138.5 feet, more or less, to the Southeast corner of a tract conveyed to D.E. Cummings by deed recorded July 26, 1954 under Auditor's File No. 504397; thence West along the South line of said Cummings tract a distance of 150 feet to the East line of Township Street; thence South along said East line to the point of Beginning.

SITUATE IN THE COUNTY OF SKAGIT, STATE OF WASHINGTON.



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