

When Recorded Return to:
GARY COSELMAN KAREN COSELMAN
8219 District Line Road
Burlington WA 98233



200105300066

Skagit County Auditor

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Island Title Company
Order No: BE4991 MKP
B18057

DEED OF TRUST
(For use in the State of Washington only)

THIS DEED OF TRUST, made this May 25, 2001

TIMOTHY GEBHARD and MARYANN GEBHARD, husband and wife
GRANTOR, whose address is

9279 Samish Island Road Bow WA 98232

Island Title Company, a Washington Corporation
TRUSTEE, whose address is 839 S Burlington Boulevard
P. O. Box 670, Burlington WA 98233
and

GARY W. COSELMAN and KAREN W. COSELMAN, husband and wife
BENEFICIARY, whose address is

8219 District Line Road, 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:

Abbreviated Legal Description: Ptn. Govt Lot 3, Sec. 27, T36N, R2E W.M. See legal description attached hereto and by reference made a part hereof.

Provided however if not sooner paid the entire unpaid principal balance together with accrued interest shall be all due and payable on or before May 30, 2006.

This property may not be sold or transferred without Beneficiary's consent. Beneficiary may decalre all sums secured by this Deed of Trust immediately due and payable, unless prohibited by applicated law.

See addendum attached hereto for additional restrictions concerning this property.

Tax Account No.: 360227-0-057-0007 P47257

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 THIRTY-SEVEN THOUSAND AND 00/100 (\$37,000.00) Dollars

with interest, in accordance with 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 and 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 obligations 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 obligations 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;



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 ____.

BY: _____

RETURN Full Reconveyance to the following parties:

Island Title Company

EXHIBIT 'A'

Description:

Order No: BE4991 MKP

That portion of Government Lot 3, Section 27, Township 36 North, Range 2 East of the Willamette Meridian, described as follows:

Beginning at the intersection of the center line of Alexander Street and the West line of the Plat of Samish;

Thence West along the center of the county road as conveyed to Skagit County by deed recorded in Volume 188 of Deeds, page 458 of the records of Skagit County, a distance of 464 feet to the true point of beginning;

Thence South parallel with the West line of the Plat of Samish 296 feet to the Northeast corner of a tract conveyed to Gladys R. Coselman by deed recorded under Auditor's File No. 408612;

Thence West 50 feet;

Thence North to the center line of the county road;

Thence East to the true point of beginning;

EXCEPT county road along the North line thereof as conveyed to Skagit County by deed Recorded in Volume 188 of deeds, page 458, records of Skagit County, Washington.

Situated in Skagit County, Washington.



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, Skagit County Auditor


**ADDENDUM TO
PURCHASE & SALE AGREEMENT**

The following is an Addendum to that Purchase & Sale Agreement, by and between
TIMOTHY & MARYANN GEBHARD, h/w, as Buyer, and GARY & KAREN COSELMAN,
h/w, as Seller, dated April 27th, 2001.

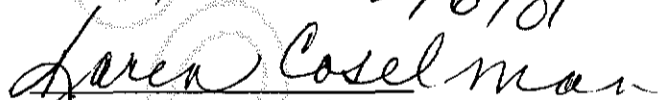
In addition to and in consideration of the terms and conditions of the said Purchase
Agreement of which this Addendum is an integral part, IT IS AGREED AS FOLLOWS:

1. Seller shall retain a security interest in and to any marketable or merchantable timber on the real property that is the subject of the said Purchase Agreement until such time as the Promissory Note and Deed of Trust mentioned in the Purchase Agreement are respectively fully satisfied and reconveyed to Buyer.
2. Buyer shall not commercially log the property that is the subject of the Purchase Agreement, nor shall any timber be removed therefrom except as may be necessary to control insect infestations, to remove hazardous or danger trees, to provide necessary avenues for utility or access purposes, or for other purposes not inconsistent with Seller's security interest in the property or the other terms and conditions of the Purchase Agreement, or the Promissory Note or the Deed of Trust concerned therewith. The provisions of this paragraph shall be effective until such time as the Promissory Note and Deed of Trust mentioned in the Purchase Agreement are respectively fully satisfied and reconveyed to Buyer.
3. The provisions of this Addendum shall not merge into the deed for the property, and shall survive closing. The provisions of this Addendum shall control over any inconsistent provisions of the Purchase Agreement, the Note, and/or the Deed of Trust. The existing Addendum to the Purchase Agreement concerning reservation of timber rights shall be void and of no force and effect whatsoever.
4. Violation of any of the provisions of this Addendum by Buyer shall constitute an event of default under the Promissory Note and/or Deed of Trust mentioned herein. This Addendum shall be fully incorporated into the said Note and Deed of Trust as if fully set forth therein.


TIMOTHY GEBHARD (date) 5-6-01


GARY COSELMAN (date) 5/6/01


MARYANN GEBHARD (date) 5-6-01


KAREN COSELMAN (date) 5/6/01



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UNOFFICIAL DOCUMENT