

WHEN RECORDED RETURN TO:

Mike Parnell and Melissa Parnell, Trustees
M & M Parnell Revocable Trust
PO Box 1390
Eastsound, WA 98245



200106010078

, Skagit County Auditor

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Information Required by RCW Ch. 36.18 and 65.04.

FIRST AMERICAN TITLE CO.

B64715 E-2

Document Title: First Deed of Trust

Reference Number(s) of Document Assigned or Released: None.

Grantor(s): Steffan Steinhorst and Charlotte Ann Steinhorst, husband and wife

Grantee(s): M & M Parnell Revocable Trust and Mike Parnell

Legal Description (abbreviated: i.e., lot, block, plat or section, township, range): Lot No. 578, "SURVEY OF SHELTER BAY DIVISION NO. 3," Skagit County, Washington (*Additional Legal below*).

Assessor's Property Tax Parcel/Account Number(s): L84575 5100-003-578-0000

FIRST DEED OF TRUST

(for use in the State of Washington only)

THIS DEED OF TRUST, made this 30th day of May, 2001, between Steffan Steinhorst and Charlotte Ann Steinhorst, husband and wife, collectively the GRANTOR, First American Title Co., a corporation, TRUSTEE, whose address is 1301 - B Riverside Drive, P.O. Box 1667, Mount Vernon, Washington 98273, and M & M Parnell Revocable Trust whose address is PO Box 1390, Eastsound, WA, 98245, BENEFICIARIES.

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

Lot No. 578, "SURVEY OF SHELTER BAY DIVISION NO. 3" as recorded March 17, 1970 in Official Records of Skagit County, Washington under Auditor's Filing No. 737014.

Situate in Skagit County, Washington.

which real property is not used principally for agricultural or farming purposes, together with all the tenements, hereditaments, and appurtenances now or hereafter thereunder belonging to 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 a Promissory Note in the aggregate amount of \$208,299.62, plus interest, payable to Beneficiary or order, and made by Grantor on May 31st, 2001, and all renewals, modifications and extensions thereof, together with interest thereon as shall be set forth in the note.

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 further encumbrances impairing the security of this Deed of Trust, and to pay when due any prior encumbrances.
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 obtained by Grantor, 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 on a pro-rata basis to the balance due on the Beneficiary Note. 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 forces 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 the Beneficiary or Trustee, and to pay all costs and expenses, including the cost of title search and attorney's fees in a reasonable amount, in any such action or proceeding, and in any suit brought by the 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, either the 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 and Note held by the Beneficiary making such payment secured by 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 herein, shall be paid to the Beneficiary on a pro-rata basis to the balance due on the Notes to be applied to said obligation.



2. By accepting payment of any sum secured hereby after its due date, the Beneficiary does not waive its rights to require prompt payment when due of all other sums so secured or for either to declare default or 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 to reconveyance made by the Beneficiary or the person entitled thereto.

4. Upon default by Grantor in the payment of either Note secured hereby or in the performance of any agreement contained herein, all sums due under both Notes secured hereby shall immediately become due and payable at the option of 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 obligations secured by this Deed of Trust in proportion to the outstanding balance on each Note; and (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 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 Act of the State of Washington is not an exclusive remedy: the Beneficiary may demand this Deed of Trust to be foreclosed as a mortgage in which case any non-judicial foreclosure proceedings shall be discontinued and an action brought to foreclose this Deed of Trust as a mortgage.

7. In the event of the death, incapacity, disability, or resignation of Trustee, the 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 the 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 holders and owners of the notes secured hereby, whether or not named as Beneficiary herein.

9. In the event of the sale, conveyance, further encumbrance or other transfer of the Property without the Beneficiary prior written consent, or if title shall pass from Grantor for any reason whatsoever, such change in title shall be deemed to increase the risk of the Beneficiary, and the Beneficiary may, at its option, declare the entire amount of principal and interest due under the Note immediately due and payable.


Steffan Steinhorst



STATE OF WASHINGTON)
COUNTY OF SKAGIT) ss. *Sam*
W. A.

ON THIS DAY before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Steffan Steinhorst and Charlotte Ann Steinhorst, known to me to be the individuals in and who executed the within and foregoing instrument as their free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN UNDER MY HAND and official seal this 30th day of May, 2001.

NOTARY PUBLIC in and for the State of Washington
residing at Everett My Commission Expires

REQUEST FOR FULL RECONVEYANCE

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 not 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 _____, 2001.

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UNOFFICIAL DOCUMENT

