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Garrison Engineering Corporation
806 Metcalf Street
Sedro-Woolley, WA 98284



200106040216
Skagit County Auditor

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DEED OF TRUST

(For Use in the State of Washington Only)

LAND TITLE OF SKAGIT COUNTY

THIS DEED OF TRUST, made this 26th day of April, 2001, between John W. Binschus, GRANTORS, whose address is 7785 Fredrickson Road, Sedro-Woolley, Washington, 98284, **LAND TITLE COMPANY**, a corporation, **TRUSTEE**, whose address is 111 East George Hopper Road, P.O. Box 445, Burlington, Washington, 98233, and Garrison Engineering Corporation, **BENEFICIARY**, whose business address is 806 Metcalf Street, Sedro-Woolley, Washington 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:

Assessor Property Tax Numbers: 350413-0-009-0002; 350412-0-007-0004

Parcel/Account Numbers: P36234; P36231

Parcel A: That portion of the Southeast ¼ of the Southeast ¼ of Section 12, T35N, R4E, W.M. lying Westerly of the following described line: Beginning at a point 300 feet West of the Northeast corner of the Southeast ¼ of Section 12, T35N, R4E, W.M.; Thence Southerly and Westerly along the Westerly shore of Lake Fascination, formerly Bottomless Lake, and along the West bank of the creek following Southerly from the South end of Lake Fascination to a point on the South line of the Southeast ¼ of said Section 12 which is a distance of 500 feet East of the Southwest corner of said Southeast ¼ of the Southeast ¼ of Section: EXCEPT that portion conveyed to Skagit County by deed recorded August 25, 1944, under Auditor's File No. 370126, records of Skagit County, Washington.

Parcel B: That portion of the Southeast ¼ of the Southeast ¼ of Section 12, T35N, R4E, W.M. lying East of the East line of that certain tract conveyed to John Binschus by deed recorded September 14, 1998, under Auditor's File No. 9809140154, records of Skagit County, Washington, and West of the following described line: Commencing at the Northeast corner of the Southeast ¼ of the Southeast ¼ of said Section 12:

Thence South 88°00'55" West along the North line thereof, a distance of 66.34 feet to the initial point of this line description:

Thence South 39°08'36" West a distance of 805.09 feet to the Northerly most corner of that certain tract conveyed from Earl K. and Mary Ann Everett to James G. and Doris K. Reeder by deed dated April 22, 1971, and recorded under Auditor's File No. 867502, records of Skagit County, Washington:

Thence Southerly along the West line of said Reeder tract through the following courses:

South 60°34'24" West, a distance of 161.73 feet:

Thence South 32°46' West a distance of 41.00 feet;
Thence South 10°45' East a distance of 82 feet;
Thence South 70°37' West a distance of 73.00 feet
Thence South 37°29' West a distance of 121.46 feet
Thence South 22°17'15" West a distance of 126.68 feet;
Thence South 36°35'45" West a distance of 87.56 feet;
Thence South 05°47'15" East a distance of 89.52 feet;
Thence South 51°23'38" East a distance of 48.38 feet;
Thence South 14°42'24" East a distance of 46.96 feet;
Thence South 16°52'04" East a distance of 33.62 feet to the Northerly right-of-way line of the
County Road and the Southwest corner of said Reeder tract and the terminal point of this line
description.

All situated 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 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 Eight Thousand Two Hundred Dollars (\$8,200.00), 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.

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 improvements 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 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 of 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, in any suit



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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 herein above 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 rights 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 re-convey 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 requires 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 sales 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, 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 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



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PROMISSORY NOTE

\$8,200.00
Amount of Note

4/26/01
Month/Day

FOR VALUE RECEIVED, the undersigned ("Maker") promises to pay to the order of Garrison Engineering Corporation, ("Holder") the sum of Eight Thousand Two Hundred Dollars and -0- Cents (\$8,200.00) with interest thereon at the rate of Eighteen percent (18%) per annum (the "Note Rate") from the date of this Note as follows:

Maker shall pay \$ 8,200.00 or more on the date of closing of the sale to Mr. Tim Rawls of "Maker's" Southwest 10-acre tract of land (aka Lot No. 2 of proposed Binschus Short Plat No. PL00-0344.)

If any of said installments are not so paid, the whole sum of both principal and interest shall become due and payable at once without further notice at the option of the Holder. Acceptance of late payment by the Holder does not constitute waiver of the Holder's right to claim a default should late payments reoccur. Time remains of the essence.

This Note shall bear interest at the Note Rate plus Eighteen percent (18%) points per annum after maturity or after failure to pay any installment as above specified, and if this Note shall be placed in the hands of an attorney for collection, or if suit shall be brought to collect any of the principal or interest of this Note, Maker agrees to pay actual attorneys' fees and costs, including fees for representation and appearances in bankruptcy proceedings for the protection of collateral.

Each maker of this Note executes the same as a principal and not as a surety.

All makers, endorsers, guarantors and all other persons becoming liable for any part of this indebtedness, jointly and severally waive notice of protest, of demand, of nonpayment and of dishonor, and consent to any renewals, extensions or modifications hereof.

Print Name: John W. Binschus
Maker



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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 the owner of the note secured hereby, whether or not named as Beneficiary herein.

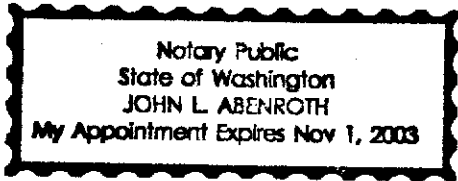
DATED 5/9/2001, 2001.

John W. Binschus
Name: John W. Binschus

STATE OF WASHINGTON,)
) ss.
COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that John W. Binschus are the persons who appeared before me, and said persons acknowledged that they signed this instrument, on oath, stated that they are authorized to execute the instrument and acknowledged it to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

DATED May 9, 2001



John L. Abenroth
(Printed Name)
Notary Public in and for the State of
Washington residing in Burlington
My appointment expires Nov. 1, 2003

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 _____



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