

When Recorded Return to:
N.T. PRESNELL DORA PRESNELL
27514 82nd Drive NE
Stanwood WA 98292



200106070101
, Skagit County Auditor
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Island Title Company
Order No: BE4844 MKP

B17830✓

DEED OF TRUST

(For use in the State of Washington only)

THIS DEED OF TRUST, made this June 5, 2001

GRANTOR, HOMESTEAD NW DEV. CO., a Washington corporation whose address is

P.O. Box 409 Lynden WA 98264

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

NT PRESNELL and DORA M. PRESNELL, husband and wife
BENEFICIARY, whose address is

27514 82nd Drive NE, Stanwood WA 98292

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

Lots 2, 3, 4, 6, 7 and 8, PLAT OF AUTUMN RIDGE, according to the plat thereof recorded December 1, 1999, under Auditor's File No. 199912010085, records of Skagit County, Washington.

Situated in Skagit County, Washington.

Tax Account No.: 4741-000-002-0000 P116316	4741-000-003-0000 P116317
4741-000-004-0000 P116318	4741-000-006-0000 P116320
4741-000-007-0000 P116321	4741-000-008-0000 P116322

Provided however if not sooner paid, the entire unpaid principal balance together with accrued interest shall be all due and payable on or before June 1st, 2002.

See Exhibit "A" for additional terms and conditions to this Deed of Trust

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 TWO HUNDRED NINETY-FIVE THOUSAND AND 00/100 (\$295,000.00) Dollars
LPB No. 22

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;



(2) to the obligation secured by the 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 encumbrances for value.

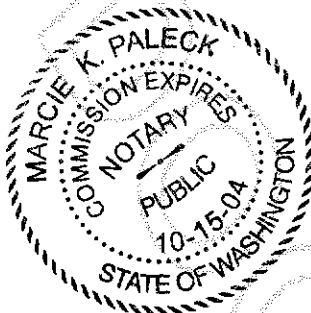
6. The power of sale conferred by this Deed of Trust and by the Deed of Trust Act of the State of Washington is not an exclusive remedy; Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.

7. In the event of 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 the 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 and owner of the note secured hereby, whether or not named as Beneficiary herein.

HOMESTEAD NW DEV. CO.

James A. Wynstra 6/6/01
BY JAMES A. WYNSTRA, Date
President



STATE OF WASHINGTON
COUNTY OF Skagit

I certify that I know or have satisfactory evidence that JAMS A. WYNSTRA the person(s) who appeared before me, and said person(s) acknowledged that he signed this instrument, on oath stated that he is authorized to execute the instrument and acknowledged it as the President of HOMESTEAD NW DEV. CO. to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated: *June 6 2001*

Marcie K. Paleck
Marcie K. Paleck
Notary Public in and for the State of Washington
Residing at Mount Vernon
My appointment expires: October 15, 2004



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:

ESCROW NO: BE4844

PROPERTY ADDRESS: Lots 2-4 and 6-8, AUTUM RIDGE, Mount Vernon, WA

By signing their names below, the undersigned Seller and Purchaser hereby instruct Island Title and Escrow as to the following additional terms and conditions:

That the certain Note and Deed of Trust dated October 8, 1999, recorded October 18, 1999 in Auditor's File No. 199910180138, records of Skagit County, wherein N.T. Presnell and Dora M. Presnell, are Grantors, Land Title Company is Trustee and Skagit State Bank is Beneficiary; shall remain as an exception to the Purchaser's Owner's Policy and Seller's Lender's Policy of Title Insurance.

If the installment payments provided for herein is not sufficient enough to pay the accrued interest on the underlying prior encumbrance. The Seller herein agrees to pay the additional interest due to the prior encumbrance. Purchaser herein may be forced to pay more than the required payments set forth herein, to protect his interest, in order to complete the required payments as set forth in the prior encumbrance, and any payments so made by the Purchaser and acknowledged by the prior encumbrance holder shall be prima fascia evidence of the necessity therefore, and any amount so advanced shall be repaid to the Purchaser by the Seller on demand, together with interest thereon at the same rate as the new obligation being created herein, or at the option of the Purchaser, said advanced amount, together with interest thereon at the same rate as the new obligation being created herein, shall be credited towards any obligation due to the Seller by the Purchaser.

The Seller and Purchaser respectively, under the above numbered escrow, hereby certify that the executed escrow instructions form the only binding agreement between said parties, and no formal written or oral purchase agreements have been entered into between the parties.

HOMESTEAD NW DEV CO


JAMES A. WYNSTRA, PRESIDENT -
Purchaser


N.T. PRESNELL - Seller


DORA M. PRESNELL - Seller



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, Skagit County Auditor

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Date: June 5, 2001
Escrow No. BE4844

ENCUMBRANCE(S) REMAINING THE OBLIGATION OF THE SELLER/BENEFICIARY

The Buyer/Trustor has been advised and acknowledges that the following encumbrance(s) appear on record and shall be an exception(s) in the Buyer's/Trustor's Policy of Title Insurance:

Deed of Trust including the terms and conditions thereof: N.T. Presnell and Dora M. Presnell; Grantor and Land Title Company; Trustee and Skagit State Bank; Beneficiary: in the original amount of \$457,717.61, dated October 8, 1999, recorded October 18, 1999 in Auditors No. 199910180138, records of Skagit County, Washington.

Parties herein agree that the foregoing prior encumbrance(s) shall be and will remain the obligation of the Seller/Beneficiary herein. The Seller/Beneficiary shall pay or cause to be paid all payments due under any prior encumbrance when due and cause the same to be discharged in full on or before the date upon which the Buyer/Trustor shall have discharged the deferred balance due hereunder.

The Parties herein agree that the Escrow Agent and Title Insurer, as designated shall have no liability or responsibility in connection with any prior encumbrance, as to any action or demands made by the holder(s) thereof by reason of this transaction or any future transaction concerning this property.

June 5, 2001

SIGNED:

Grantor:

HOMESTEAD NW DEV. CO


JAMES A. WYNSTRA, President


NT. PRESNELL


DORA M. PRESNELL



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Skagit County Auditor

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