RECORDING REQUESTED BY AND WHEN RECORDED MAIL TO:

John S. McMasters P. O. Box 70567 Seattle, Washington 98107



SPECIAL WARRANTY DEED

GRANTOR: THE KROESING AND HAYES LIVING TRUST, JEAN VON DOHRMANN,

TRUSTEE

GRANTEE: JOE L. HAYES AND DIANE M. HAYES, HUSBAND AND WIFE

LEGAL DESCRIPTION (abbreviated): LOTS 2 AND 14 HILLCREST TERR ADD TO ANA

ASSESSOR'S TAX PARCEL ID #: P57515 and P57529

REFERENCE NOS. OF DOCUMENTS RELEASED OR ASSIGNED: N/A

THE GRANTOR(S), THE KROESING AND HAYES LIVING TRUST, JEAN VON DOHRMANN, TRUSTEE, for and in consideration of love and affection, in hand paid, grant(s), bargain(s), sell(s), convey(s) and confirm(s) to the GRANTEE(S), JOE L. HAYES AND DIANE M. HAYES, HUSBAND AND WIFE, all of the Grantor's interest in that real property located in the County of Skagit, State of Washington, legally described as follows:

Lots 2 and 14, "Hillcrest Terrace Addition to Anacortes, Washington", according to the plat recorded in Volume 7 of Plats, Pages 81 and 82, Records of Skagit County, Washington.

EXCEPT that portion of Lot 14 described as follows:

Commencing at the Southeast Corner of said Lot 14: Thence Northwesterly along the Easterly line of Tract 14, 20 feet; Thence Southwesterly to a point on the South line of Tract 14, 71.355 Feet West of the Southeast corner of said tract; Thence East along the South line of said tract to the point of beginning.

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Together with that portion of Lot 13 of said plat, described as follows:

Commencing at the Northwest corner of said Lot 13; Thence South along the West line of Tract 13, 20 Feet; Thence Northeasterly to a point on the North line of Tract 13, 20 Feet; Thence Northeasterly to a point on the North line of Tract 13 which is 71.355 Feet East of the Northwest corner of said tract; thence West along said North line to the point of beginning.

Situate in the County of Skagit, State of Washington.

SUBJECT TO all rights, restrictions, reservations, easements, conditions, covenants, rights-of-way, mineral leases, mineral reservations, and mineral conveyances of record.

The Grantor(s) for themselves and for their successors in interest does by these presents expressly limit the covenants of the deed to those herein expressed, and excludes all covenants arising or to arise by statutory or other implication, and does hereby covenant that against all persons whomsoever lawfully claiming or to claim by, through or under said Grantor(s) and not otherwise, they will forever warrant and defend the said described real estate.

DATED this 22 day of January, 2002

The Kroesing and Hayes Living Trust,

Jean von Dohrmann, Trustee

SKAGIT COUNTY WASHINGTON
BEAL ESTATE EXCISE TAX

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FOR TREASURER'S USE ONLY:

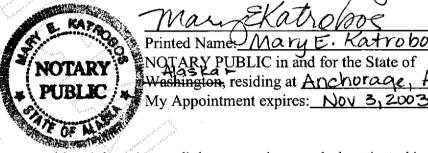
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STATE OF WASHINGTON)

3rd Judicial District) ss
COUNTY OF KING 1.

On this day personally appeared before me Jean von Dohrmann, Trustee of the Kroesing and Hayes Living Trust to me known to be the individual(s) described in and who executed the within and foregoing instrument and acknowledged that he signed the same as hisr free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 22 day of January, 2002



NOTE: This document was prepared from information supplied to preparer by one or both parties to this document, and no title examination was requested in connection with the preparation of this document, nor was any made. The preparer expresses no opinion on title to this property.

FOR TREASURER'S USE ONLY:

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