

AFTER RECORDING MAIL TO:
The Law Office of Mann and Blaine
P. O. Box 399
Eastsound, WA 98245



200206200056

Skagit County Auditor

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SUBORDINATE DEED OF TRUST

THIS SUBORDINATE DEED OF TRUST is made this 18th day of June, 2002, between BRUCE ORCHID and CHRISTINA ORCHID, husband and wife, GRANTOR, whose address is 253 Emily Orchard Lane, Eastsound, WA 98245, FIRST AMERICAN TITLE COMPANY, a corporation, TRUSTEE, whose address is 1301 Riverside Drive, Mount Vernon, WA 98273, and MICHAEL BRENNAN, BENEFICIARY, whose address is P.O. Box 822, Eastsound, WA 98245.

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

The Easterly 43 feet of Lots 5 and 6 (measured along the southerly line of said Lot 6), Block 18, "Gates First Addition to Mount Vernon," according to the plat recorded in Volume 2 of Plats, page 98, records of Skagit County, Washington, EXCEPT any portion thereof lying within the Westerly 57 feet of said Lots 5 and 6, as conveyed to First Baptist Church of Mount Vernon, a Corporation, by Deed recorded under Auditor's File No. 702763; Tax Parcel Number 3700-018-006-0003 R52099;

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 Subordinate Deed of Trust is for the purpose of securing performance of each agreement of grantor herein contained, and payment of the sum of Twenty Thousand and xx/100 Dollars (\$20,000.00) 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.

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To protect the security of this Subordinate 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 begin 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 Subordinate 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 Subordinate 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 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 Subordinate 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, and in any suit brought by Beneficiary to foreclose this Subordinate Deed of Trust.
5. To pay all costs, fees and expenses in connection with this Subordinate 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 Subordinate 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 thereof as may be necessary to fully satisfy the obligation secured hereby, shall be paid to Beneficiary to be applied to said obligation.

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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 Subordinate 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 request of Beneficiary, Trustee or its authorized agent 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 sale, including a reasonable Trustee's fee and attorney's fee; (2) to the obligation secured by this 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 Subordinate 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 purchasers and encumbrances for value.

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

7. In the event, of the death, incapacity or disability or resignation of Trustee, 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 Subordinate 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 Grantor, Trustee or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

8. This Subordinate 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, successors and assigns. The term Beneficiary shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiary herein.

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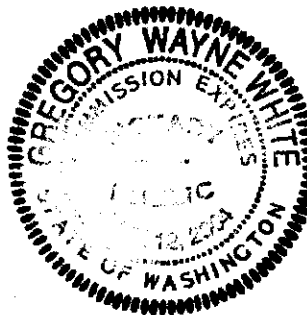
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9. The obligation secured by this Subordinate Deed of Trust shall be immediately due and payable upon any sale or transfer of the real property encumbered hereby.

Dated this 17 day of June, 2002.

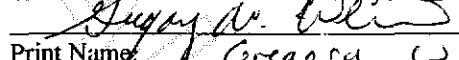

BRUCE ORCHID



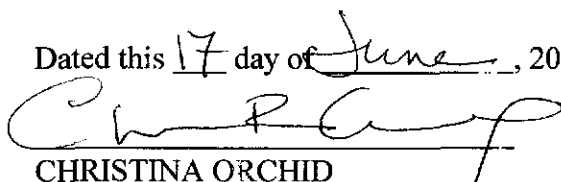
STATE OF WASHINGTON)
) ss.
County of San Juan)

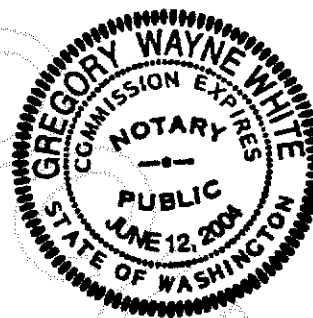
On this 17th day of June, A.D. 2002, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared to me Bruce Orchid, known to be the individual described in and who executed the foregoing instrument, and acknowledged to me that he signed and sealed the said instrument as his free and voluntary act and deed for the uses and purposes therein mentioned.

Witness my hand and official seal hereto affixed the day and year in this certificate above written.


Print Name: Gregory W. White
NOTARY PUBLIC in and for the State of Washington
Residing at Eastsound WA
My commission expires: JUNE 12, 2004

Dated this 17 day of June, 2002.

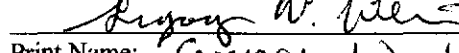

CHRISTINA ORCHID



STATE OF WASHINGTON)
) ss.
County of San Juan)

On this 17th day of JUNE, A.D. 2002, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared to me Christina Orchid, known to be the individual described in and who executed the foregoing instrument, and acknowledged to me that she signed and sealed the said instrument as her free and voluntary act and deed for the uses and purposes therein mentioned.

Witness my hand and official seal hereto affixed the day and year in this certificate above written.


Print Name: Gregory W. White
NOTARY PUBLIC in and for the State of Washington
Residing at Eastsound WA
My commission expires: JUNE 12, 2002

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