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Skagit County Auditor

6/4/2003 Page 1 of 3 3:46PM

DEED OF TRUST

Grantors : GEORGE H. STEPHENSON and SHIRLEY J. STEPHENSON, husband and wife

Grantees : MICHAEL R. FRANCE and ETHEL J. FRANCE, husband and wife

Legal Description (abbreviated): Lot 2, N 10' Lot 3, Block 2, Mount Vernon Heights Addition, Volume 5 of Plats

Assessor's Tax Parcel ID#: P53880

THIS DEED OF TRUST is made this 8th day of May, 2003, between GEORGE H. STEPHENSON and SHIRLEY J. STEPHENSON, husband and wife, as Grantors (also referred to as "Borrowers"), whose address is 615 N. 16th Street, Mount Vernon, Washington, and FIRST AMERICAN INSURANCE COMPANY, as Trustee, whose address is 1301 B Riverside Drive, P.O. Box 1667, Mount Vernon, Washington, and MICHAEL R. FRANCE and ETHEL J. FRANCE, husband and wife, as Beneficiaries (also referred to as "Lenders"), whose address is c/o EARL F. ANGEVINE, ESQ., 1003 Cleveland Avenue, Suite B, Mount Vernon, Washington.

Grantors hereby irrevocably grant, bargain, sell and convey to Trustee in trust, with power of sale, the following described property in Skagit County, Washington:

Lot 2 and the North 10 feet of Lot 3 in Block 2, Mount Vernon Heights Addition

to Mount Vernon, Wash., as per plat recorded in Volume 5 of Plats, page 47, records of Skagit County, Washington.

SUBJECT to restrictive covenants of record.

TOGETHER WITH all tenements, hereditaments and appurtenances, now or thereunto belonging or in anywise appertaining, and the rents, issues and profits thereof and all fixtures and property that may be now located upon said real property or may hereafter be installed in or attached to or used in or adapted for use in the operation of the property and improvements, including, but without being limited to, all trees, shrubs, rockeries, retaining walls, walks, driveways, buildings, structures, improvements and fixtures, plumbing, heating, lighting, and mirrors, rugs, carpeting and other floor covering material, drapery traverse rods and hardware, all of which property whether affixed or annexed or not, shall for the purposes of this Deed of Trust be deemed conclusively to be real estate and conveyed hereby. Grantors agree to execute and deliver, from time to time, such further instruments as may be requested by Beneficiaries to confirm the lien of this Deed of Trust on any property. To the extent that any of the property described herein may be subject to the provisions of the Uniform Commercial Code, this Deed of Trust is a security agreement, granting to Beneficiaries, as secured party, a security interest in any such property and the Grantors agree to execute such financing statements as may be required by the Beneficiaries and pay, upon demand, filing fees for any such financing statements and continuations thereof.

THIS DEED IS FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of Grantors incorporated by reference or contained herein and payment of the sum of \$4,000.00 with interest thereon according to the terms of a Promissory Note of even date herewith, payable to the Beneficiaries or order and made by Grantors, all renewals, modifications or extensions thereof, and also such further sums as may be modifications or extensions thereof, and also such further sums as may be advanced or loaned by Beneficiaries to Grantors, or any of their successors or assigns, together with interest thereon at such date as shall be agreed upon.

By executing and delivering this Deed of Trust and the Promissory Note secured hereby, the parties agree that all provisions of Paragraphs 1 through 21 inclusive of the Master Form Deed of Trust hereinafter referred to are hereby incorporated herein by reference and made an integral part hereof for all purposes as if the same was set forth herein at length, and the Grantors hereby make said covenants and agree to fully perform all of said provisions. The Master Form Deed of Trust above referred to was recorded in the office of the Skagit County Auditor under Auditor's File No. 700444. If all or any part of the property or an interest therein is sold or transferred by Grantors without Beneficiaries' prior written consent, excluding (a) the creation of a lien or encumbrance subordinate to this Deed of Trust, (b) the creation of a purchase money security interest for household appliances, (c) a transfer by devise, descent or by operation of law upon the death of a joint tenant or (d) the grant of any leasehold interest of three years or less not containing an option to purchase, Beneficiaries may, at Beneficiaries' option, declare all the sums secured by this Deed of Trust to be immediately due and payable. Beneficiaries shall have waived such option to accelerate if, prior to the sale or transfer, Beneficiaries and the person to whom the property is to be



