

WHEN RECORDED, RETURN TO:

Kevin R. Wallace
Foster Pepper & Shefelman PLLC
1111 Third Ave. #3400
Seattle, WA 98101



200403100047
Skagit County Auditor

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99749-E
LAND TITLE OF SKAGIT COUNTY

DEED OF TRUST

Grantor: Jeffrey W. Hammer and Tara Hammer

Grantee (Trustee): Land Title Company of Skagit County

Grantee (Beneficiary): Meridian Aggregates Company, a Delaware limited partnership

Legal Description: PTN. GOV. LOT 3, 4-33-4 E W.M.
Complete legal description on Exhibit A.

Assessor's Tax Parcel ID#: 330404-0-003-0000; 330404-0-004-0033; 330404-0-004-0108

THIS DEED OF TRUST, made this 10th day of March, 2004, among Jeffrey W. Hammer and Tara Hammer, husband and wife, having an address of 20376 E. Hickox Road, Mount Vernon, WA 98274 ("Grantor"); Land Title Company of Skagit County, having an address of 111 East George Hopper Road, Burlington, Washington 98233 ("Trustee"); and Meridian Aggregates Company, a Delaware limited partnership, having an address of 11252 Aurora Avenue, Des Moines, Iowa, 50322, and its successors and/or assigns ("Beneficiary").

JW
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Grantor hereby grants, bargains, sells and conveys to Trustee in Trust, with power of sale, all Grantor's present and future right, title and interest in the real property and the improvements located thereon, located in Skagit County, Washington, legally described in Exhibit A (the "Property"), which Property is not used principally for agricultural or farming purposes, together with all the rents, issues and profits thereof. The Property includes a 1990 28X66 Marlette Manufactured Home.

IT IS MUTUALLY AGREED THAT:

1. This Deed of Trust is for the purpose of securing performance of each agreement of Grantor herein contained, and payment of all amounts at any time owed under the terms of a promissory note (the "Note") of even date herewith in the original principal amount of \$177,300.00, payable to Beneficiary, 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 Borrower, or any of their successors or assigns.

2. Grantor covenants and agrees:

a. 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.

b. To pay before delinquent all taxes and assessments upon the Property.

c. To keep the Property free and clear of all charges, liens or encumbrances other than this Deed of Trust and the additional encumbrances, if any, listed on attached Exhibit B (the "Permitted Encumbrances").

d. To keep all buildings now or hereafter erected on the Property continuously insured against loss by fire or other hazards in an amount not less than the total debt secured by this Deed of Trust and the Permitted Encumbrances. 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.

Ad *JA*



e. 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 fees of attorneys, appraisers and environmental consultants retained by Beneficiary in a reasonable amount) in any such action or proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

f. 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 actually incurred by Beneficiary.

g. Should Grantor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the Property, 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.

3. 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.

4. 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.

5. 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 obligation secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.

6. Upon default by Grantor or Borrower 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 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 this Deed of Trust; (3) the surplus, if any, shall be distributed to the persons entitled thereto.

JLH *JH*



7. 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 Grantor 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 encumbrancers for value.

8. 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 or exercise any other remedy available under applicable law.

9. 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 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.

10. 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.

11. Grantor shall not transfer title to the Property without the express written consent of the Beneficiary. If Grantor notifies Beneficiary in writing of an intention to transfer title to the Property to any transferee, and to assign the obligations of Grantor under the Note and this Deed of Trust to any transferee (collectively, a "Transfer"), and Beneficiary approves of such Transfer, then Grantor shall be released from any further obligations under the Note and this Deed of Trust as of the closing date of the Transfer. Beneficiary may require, as a condition to such approval, that Beneficiary or the transferee (a) obtain a lender's policy of title insurance on the Property in the amount of the outstanding principal balance of the Note, (b) pay Beneficiary an administrative fee of \$500 and (c) execute any documents Beneficiary deems necessary or desirable to protect its security interest in the Property and to enforce its rights under the Note and Deed of Trust against the transferee. Beneficiary shall not be required to approve any Transfer to a transferee that is not a bona fide third party purchaser of the Property with creditworthiness comparable to Beneficiary. If Beneficiary does not approve the Transfer to a bona fide third party transferee whose FICO credit score is equal to or greater than Grantor's FICO credit score at the time of

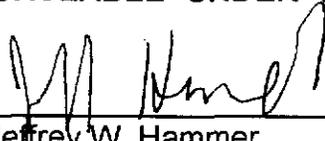
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the approval, then Beneficiary shall elect: (y) to take title to the Property from Grantor for an amount equal to the purchase price under the Grantor's purchase and sale agreement with the bona fide third party transferee less the outstanding unpaid sums due under the Note as of the closing date, with closing to be within fifteen days of Beneficiary's notice of disapproval of the Transfer; or (z) to terminate that certain Quarry Easement and Restrictive Covenant affecting the Property, which was entered into between Grantor and Beneficiary and recorded in the real property records of Skagit County, Washington on the date this Deed of Trust was recorded, with such termination to be effective as of the date of closing of the sale of the Property to the transferee.

PLEASE BE ADVISED THAT ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FOREBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

GRANTOR:


Jeffrey W. Hammer


Tara Hammer



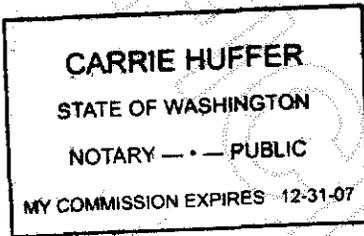
STATE OF WASHINGTON

ss.

COUNTY OF SKAGIT

I certify that I know or have satisfactory evidence that Jeffrey W. Hammer is the person who appeared before me, and said person acknowledged that said person signed this deed of trust and on oath acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

Dated this 10th day of March, 2004.



(Handwritten Signature)
(Signature of Notary)

Carrie Huffer
(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington,
residing at Burlington

My appointment expires 12/31/2007

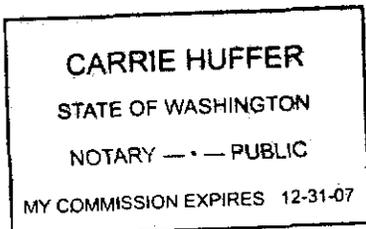
STATE OF WASHINGTON

ss.

COUNTY OF SKAGIT

I certify that I know or have satisfactory evidence that Tara Hammer is the person who appeared before me, and said person acknowledged that said person signed this deed of trust and on oath acknowledged it to be her free and voluntary act for the uses and purposes mentioned in the instrument.

Dated this 10th day of March, 2004.



(Handwritten Signature)
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Carrie Huffer
(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington,
residing at Burlington

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EXHIBIT A

(Legal Description)

PARCEL "A":

Lot 1 of Short Plat No. 91-081, approved February 18, 1992, recorded February 24, 1992, in Book 10 of Short Plats, page 61, under Auditor's File No. 9202240042, records of Skagit County, Washington, and being a portion of Government Lot 3, Section 4, Township 33 North, Range 4 East, W.M.,
EXCEPTING from said Lot 1, the most Easterly 250 feet thereof.
Situate in the County of Skagit, State of Washington.

PARCEL "B":

That portion of the North 180.00 feet, as measured along the East line, of Government Lot 3, Section 4, Township 33 North, Range 4 East, W.M., lying Easterly of Carpenter Creek,
EXCEPT the North 30 feet thereof,
ALSO EXCEPT the East 250.00 thereof.
Situate in the County of Skagit, State of Washington.

PARCEL "C":

The Northerly 200 feet (as measured along the East line), of that portion of the following described property lying Easterly of the centerline of Carpenters Creek:
Government Lot 3, EXCEPT that portion of the West 660 feet of said Government Lot 3, lying Westerly of the Francis E. Bacon Road, in Section 4, Township 33 North, Range 4 East, W.M.
EXCEPT the North 180 feet thereof;
ALSO EXCEPT that portion lying Southerly of the following described line:
Beginning at the Southeast corner of said Government Lot 3,
Thence North 02°43'19" West 611.96 feet along the East line of said Government Lot 3 to a point that is South 02°43'19" East 724.44 feet from the Northeast corner of said Government Lot 3 and the true point of beginning of this line description;
thence South 73°25'28" West 182.18 feet;
thence South 78°13'21" West 254.28 feet;
thence South 85°40'59" West 136.70 feet;
thence South 81°01'24" West 99.48 feet;
thence South 72°25'51" West 279.58 feet to the Easterly margin of the Frances E. Bacon Road and the terminus of this line description.
EXCEPTING from all of the above, the East 25
Situate in the County of Skagit, State of Wash



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EXHIBIT B

(Permitted Encumbrances)

A. Reservations contained in that certain deed dated March 19, 1941, executed by Emil G. Bernhard, Jr., and Mavis Bernhard, his wife, to Robert Nordlund, recorded March 12, 1941, in Volume 182 of Deeds, page 522, under Auditor's File No. 336804, substantially as follows:

"Excepting from said property all mineral rights in connection therewith are reserved to grantor."
(Affects East 300 feet of Government Lot 3)

B. Easement and right-of-way to an existing well; to maintain pump and pipeline in favor of Clayton M. Rud et ux by Easement recorded September 12, 1969, under Auditor's File No. 730994.

C. EASEMENT AND THE TERMS AND CONDITIONS THEREOF:

For: Road and utilities
In Favor Of: Calvin L. Harrington
Disclosed By: Order Quieting Title filed December 4, 1989 in SC 88-2-00224-2

D. Notes contained on the face of Short Plat No. 91-081 as follows:

1. All maintenance and construction of private roads are the responsibility of the lot owners and the responsibility of maintenance shall be in direct relationship to usage of road;
2. Short Plat Number and date of approval shall be included in all deeds and contracts;
3. Zoning – Rural Intermediate;
4. Sewage Disposal – Individual septic system;
5. Water – P.U.D. No. 1

E. CONDITIONS CONTAINED IN DEEDS:

Recorded: August 25, 1994
Auditor's No.: 9408250058 and 9408250059
As Follows:

The above described property will be combined or aggregated with contiguous property owned by the purchaser. This boundary adjustment is not for the purposes of creating an additional building lot.

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EXHIBIT B-1



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F. TERMS AND CONDITIONS OF SPECIAL USE PERMIT FOR TEMPORARY MOBILE HOME:

Recorded: December 5, 1995
Auditor's No.: 9512050034

G. EASEMENT SHOWN ON SHORT PLAT, AS FOLLOWS:

For: Roadway and stream channel maintenance
Affects: North 20 feet of Lot 1, lying West of creek

H. Easement and Restrictive Covenant for Quarrying Operations, Ingress and Utilities, dated March 10th, 2004, executed by Jeffrey W. Hammer and Tara Hammer in favor of Meridian Aggregates Company, recorded March 10th, 2004 under Skagit County Auditor's File No. 20040310 0046

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EXHIBIT B-2

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