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Skagit County Auditor

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This Space Provided for Recorder's Use

WHEN RECORDED RETURN TO:  
Watermark Credit Union  
800 Stewart Street  
Seattle, WA 98101

67742-39

DEED OF TRUST

CHICAGO TITLE CO.  
1031922-SM

THIS DEED OF TRUST IS DATED July 28, 2004 AMONG:

DALE P. HOWELL AND PATRICIA HOWELL, HUSBAND AND WIFE.

whose address is 20753 FRANCIS ROAD, MOUNT VERNON WASHINGTON 98273-8495,

(referred to below as 'Grantor');

Watermark Credit Union whose address is 800 Stewart Street, Seattle, Washington 98101 (referred to below sometimes as 'Lender' and sometimes as 'Beneficiary'); and

Trustee Services, Inc., a Corporation, whose address is P.O. Box 2980, Silverdale, WA 98383, (referred to below as 'Trustee').

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

Assessor's Property Tax Parcel or Account No.: 340404-0-013-0007

Legal Description:

THE NORTH 116 FEET OF THE EAST 360 FEET OF THE SOUTH HALF OF LOT 7, IN SECTION 4, TOWNSHIP 34 NORTH, RANGE 4 EAST OF THE WILLAMETTE MERIDIAN. SITUATED IN SKAGIT COUNTY, WASHINGTON.

SUBJECT TO EASEMENTS, RESTRICTIONS AND COVENANTS OF RECORD THEREOF.

which real property is not used principally for agricultural or farming purposes, together with all tenements, hereditaments, and appurtenances now or hereafter thereunto belonging or in any wise, appertaining and the rents, issues and profits thereof.

In the event of sale, transfer, conveyance, or alienation of said property or any part thereof, or any interest therein, whether voluntary or involuntary, Beneficiary shall have the right of acceleration, at its option, to declare the note secured by this deed of trust, irrespective of the maturity date expressed therein, and without demand or notice, immediately due and payable, including any prepayment charge provided for therein. No waiver of this right shall be effective unless in writing. Consent by the Beneficiary to one such transaction shall not constitute a waiver of the right to require such consent to succeeding transactions.

This deed is for the purpose of securing performance of each agreement of grantor herein contained, and payment of the sum of \$10,000.00 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.

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 there on; 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 provide, maintain and deliver to Beneficiary insurance in the amounts and for the periods that lender requires from an insurance carrier chosen by borrower subject to lenders' approval which shall not be unreasonably withheld against fire, hazards within the term extended coverage and any other hazards for which Beneficiary requires, such as, by example only, and without limitation, flood, earthquake and/or hurricane or other insurance which lender may require in the future, with loss payable to the Beneficiary. In the event the property is now, or at any time during the term of the secured instrument is determined to be, in a special flood hazard area, borrower must maintain flood insurance. The amount(s) collected under the insurance policy(s) may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at the option of Beneficiary the entire amount collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice and Beneficiary, solely at its option, at the written request of trustor or on its own, may apply such proceed (s) to reinstatement, but Beneficiary is under no obligation to do so. Beneficiary may

elect, solely at its option, to have insurance proceeds applied to restoration of the subject property. To the extent that Trustor obtains any form of insurance coverage such as, by example only, and without limitation, flood, earthquake, and/or hurricane for the subject property without being directed to do so by Beneficiary, all such policies shall include a standard mortgagee clause and shall name Beneficiary as mortgagee. Any insurance proceeds from any insurance policy shall be additional security for the note and Beneficiary shall have the same rights to any such insurance policy and proceeds as it has with regard to Beneficiary required insurance policies which are expressly assigned herein to Beneficiary.

The borrower stipulates and acknowledges that failure to insure the property, which is the security for this agreement, according to the terms and conditions of this agreement, is an event of default subject to the remedies available to Beneficiary under this agreement. If borrower fails to maintain the type of insurance coverage described above, Beneficiary may, at Beneficiary's option and borrower's expense, obtain insurance with an insurance carrier of Beneficiary's choice, protecting only lender's interest in the property in accordance with this security agreement. Beneficiary shall have no duty to obtain any insurance protecting borrower's interest in the property or covering risks for which Beneficiary has not required insurance as described in the first paragraph of this covenant, even if borrowers previously maintained such insurance coverage. Beneficiary may, at its sole option, obtain insurance in whatever amounts and types Beneficiary deems adequate to protect Beneficiary's interest in the property regardless of the unpaid principal balance remaining under the note or the amounts remaining under the security instrument. Borrower acknowledges that the cost of the insurance coverage so obtained may significantly exceed the costs of insurance the borrower could have maintained, as described above, if borrower had purchased the insurance directly, and further may provide borrower with less or no insurance coverage protecting borrower's interest in the property, subject to applicable law. 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 herein above 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 thereof as may be necessary to fully satisfy the obligation 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 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 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 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 the death, incapacity or disability or resignation of Trustee, Beneficiary shall appoint in writing a successor Trustee, and upon recording of such appointment in the mortgage records of the county in which this Deed of Trust is recording, 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 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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Skagit County Auditor

EACH GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS DEED OF TRUST, AND EACH GRANTOR AGREES TO ITS TERMS.

GRANTOR(S):

Dale P. Howell  
DALE P. HOWELL

Patricia Howell  
PATRICIA MAE HOWELL



STATE OF WASHINGTON )  
County of Skagit ) ss.

On this 28 day of July 2004, before me, a Notary Public in and for said state, personally appeared DALE P HOWELL and PATRICIA MAE HOWELL known to me to be the person(s) who executed the within DEED OF TRUST and acknowledged to me that he/she/they executed the same for the purposes therein stated.

Notary Public for Washington D. Whalen  
My Commission Expires: 8-10-06

STATE OF WASHINGTON )  
County of \_\_\_\_\_ ) ss.

On this \_\_\_\_\_ day of \_\_\_\_\_, before me, a Notary Public in and for said state, personally appeared \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) who executed the within DEED OF TRUST and acknowledged to me that he/she/they executed the same for the purposes therein stated.

Notary Public for Washington \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_

