

WHEN RECORDED RETURN TO
Great Northwest Investments

P.O. Box 2505

Mount Vernon, Wa. 98273



200410180155
Skagit County Auditor

10/18/2004 Page

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3 11:17AM

LAND TITLE OF SKAGIT COUNTY

113966

TAX PARCEL ID: 4135-029-018-0009 P74637

FIRST DEED OF TRUST

THIS DEED OF TRUST, made this 15th, day of October, 2004 between MICHAEL F. COLES & MELODI L. COLES H&W, AS GRANTORS whose address is, 24303 LEE RD., MOUNT VERNON WA 98274, and LAND TITLE CO OF SKAGIT COUNTY, TRUSTEE, whose address is 111 E GEORGE HOPPER RD, MOUNT VERNON WA 98273 and JAMES R. MATHEWS & NANCY R. MATHEWS H&W, BENEFICIARY whose address is, PO BOX 2505 MOUNT VERNON WA 98273, WITNESSETH: Grantor hereby bargains, sells and conveys to Trustee in trust, with power of sale, the following described real property located in SKAGIT, County, WASHINGTON, and described as follows:

LOT 16, 17 & 18, BLOCK 29 "PLAT OF THE TOWN OF MONTBORNE, SKAGIT COUNTY WASHINGTON" as per plat recorded in Volume 2 of Plats, page 80, EXCEPT the Northwesterly 30 feet of said Lot 16.

(ALSO KNOWN AS TRACT F OF SURVEY RECORDED APRIL 17, 2000 UNDER AUDITOR'S FILE NO. 200004170117)

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 all of the Grantor's rights as landlord in and to all existing and future leases and tenancies, whether written or oral, the rents, issues and profits thereof.

This deed is for the purposes of securing performance of each agreement of grantor herein contained, and payment of the sum of THIRTY FIVE THOUSAND and no/100 dollars (35,000.00) 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 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. The Beneficiary shall have the right to enter premises for the purpose of inspection at all times & Grantor shall provide for access thereto.
2. To pay before delinquent all lawful taxes and assessments upon the property free and clear of all other charges, liens or encumbrances impairing the security of this 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 Deed of Trust. All policies shall be held by the Beneficiary, and be in such companies as the Beneficiary may approve and shall be named as first loss payee on all insurance policies and insurance binder sent to Beneficiary. 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.
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 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 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 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 such 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 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 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.
5. Nothing herein contained shall prohibit the Beneficiary from pursuing any other remedy available to them or their successors at law. Specifically, in the event of default, the Beneficiary or the Trustee shall be entitled to take possession of any property defined as security hereunder, including the collection of all rents which shall be applied to the indebtedness secured by this Deed of Trust.
6. 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 purchaser and encumbrances for value.
7. 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.
8. In the event of the death, incapacity, disability or resignation of Trustee, Beneficiary may 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 recorded, the successor trustee shall be vested with all the 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.
9. 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.

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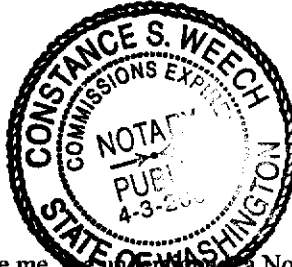
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10. This Deed of Trust is personal to the Grantor herein. In the event of the sale, assignment or transfer of all or a part of the Grantor's interest in the said property, the full balance of principal and interest due on the Note secured by this Deed of Trust shall be due and payable in full.

Michael F. Coles
MICHAEL F. COLES

Melodi L. Coles
MELODI L. COLES

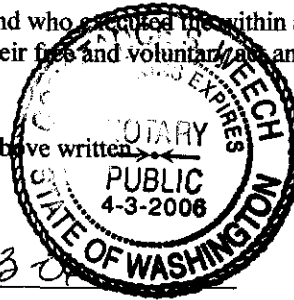
State of WASHINGTON >
> ss.
County of SKAGIT >



On this 15TH day of OCTOBER, 2004, before me, Constance S. Weech, a Notary Public in and for the State of Washington, duly commissioned and sworn personally appeared MICHAEL F. COLES AND MELODI L. COLES, to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their 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 first above written

Constance S. Weech
Notary Public in and for the State of Washington,
residing at Not Given My appointment expires: 4-3-06



REQUEST FOR FULL RECONVEYANCE
Do not record. To be used only when note has been paid.

TO: TRUSTEE

The undersigned is the legal owner and holder of the note and all other indebtedness secured by the within Deed of Trust. Said note, together with all other indebtedness secured by said Deed of Trust, has been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel said note above mentioned, and all other evidences of indebtedness secured by said Deed of Trust delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty to the parties designated by the terms of said Deed of Trust, all the estate now held by you thereunder.

Dated _____

