

AFTER RECORDING MAIL TO:
Paul W. Taylor
Attorney at Law
20388 Eric Street
Mount Vernon, WA 98274



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Skagit County Auditor

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Reference No.: 200408310157
Section, Township and Range: Sec 27 , T35N, R3E
Tax Parcel No./Account No.: 4840-000-006-0000/P121879

Grantor: B.C.Cypress Construction Inc.
Beneficiary: Elaine N. Lukoff

Deed of Trust

THIS DEED OF TRUST, made this 29th day of March, 2005, between B. C. CYPRESS CONSTRUCTION INC., **GRANTOR**, whose address is 826 Metcalf, # 236, Sedro Woolley, Washington 98284, and ELAINE N. LUKOFF, **BENEFICIARY**, whose address is 6101 Chennault Beach Drive, Mukilteo, Washington 98275, **WITNESSETH: GRANTOR** hereby bargains, sells and conveys to **TRUSTEE**, Hecker, Wakefield & Feilberg, P. S., a Washington professional services corporation, in trust, with power of sale, subject to the terms of a Forbearance Agreement dated March 29th, 2005 and a Promissory Note dated March 29th, 2005, the following described real property in Skagit County, Washington:

See attached Exhibit "A"

Assessor's Property Tax Parcel/Account Number(s): 4840-000-006-0000/P121879

which real property is **not used principally for agricultural or farming purposes**, together with all the tenements, and appurtenances now or hereafter thereunto belonging or in any way appertaining, and the rents, issues and profits thereof. This deed is for the purpose of securing performance of each agreement of **GRANTOR** herein contained, and payment of the sum of a maximum amount of 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.

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 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 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 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.



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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 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. **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 encumbrancers 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, 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**.


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 and assigns. The term **BENEFICIARY** shall mean the holder, owner of the Promissory Note dated March 29th, 2005 secured



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hereby, and signatory to the Forbearance Agreement dated March 29th, 2005, whether or not named as **BENEFICIARY** herein.

B.C. CYPRESS CONSTRUCTION INC.



By: WILLIAM BRUCE CRITCHLEY
Its President

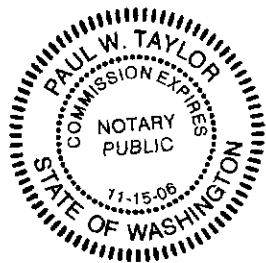
Do not lose or destroy this Deed of Trust or the promissory note which it secures. Both must be delivered to the Trustee for cancellation before reconveyance will be made.

STATE OF WASHINGTON)
)
COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that WILLIAM BRUCE CRITCHLEY is the person who appeared before me, and said person acknowledged that he signed this instrument, and upon oath stated he had authority to sign as President of B.C. Cypress Construction Inc., a Washington corporation, and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

Dated: March 29, 2005

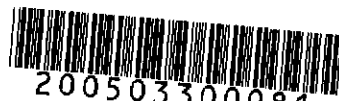

PAUL W. TAYLOR, Notary Public
Residing in Mount Vernon, Washington
My Commission expires: 11/15/06




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EXHIBIT A

Lot 6, "RED TAIL FLATS, PL03-0016", recorded August 9, 2004, under Auditor's File No. 2004080900156, records of Skagit County, Washington



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