

After recording return to:
Olsen, Horn LLC
Attorneys at Law
PO Box 688
St. Helens, OR 97051



200507190111

Skagit County Auditor

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DEED OF TRUST

CHICAGO TITLE COMPANY IC33865

ACCOMODATION RECORDING

Indexing information required by the Washington State Auditor's/Recorder's Office, (RCW 36.18 and RCW 65.04) 1/97:

(Please print last name first)

Reference # (If applicable): _____

Grantor(s) (Borrower): (1) MALCOLM E. HIATT and CHERISE M. HIATT, husband and wife

Add'l on pg _____

Grantee(s) Beneficiary/Trustee): (1) JOHN B. SMITH, Trustee of the John B. Smith Trust dated July 1992

Add'l on pg _____ Legal Description (abbreviated): S 1/2 of SE 1/4 of Sec. 4, T.35, N, R 5E of WM

Add'l legal is on pg 4 Assessor's Property Tax Parcel/Account # 350504-1-001-0100 (P122479)

THIS DEED OF TRUST, made this 30 day of June, 2005 between MALCOLM E. HIATT and CHERISE M. HIATT, husband and wife, as Grantor, whose address is PO Box 404, Columbia City, Oregon 97018; HAROLD L. OLSEN as Trustee, whose address is P.O. Box 688, St. Helens, Oregon 97051, and JOHN B. SMITH, Trustee of the John B. Smith Trust dated July 1992, as Beneficiary, whose address is 6717 SW 33rd Place, Portland, Oregon 97219.

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

See Exhibit "A" which is attached hereto and by this reference incorporated herein.

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.

This deed is for the purpose of securing performance of each agreement of Grantor herein contained, and payment of the sum of **THREE HUNDRED TEN THOUSAND AND NO/100 DOLLARS (\$310,000.00)** 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.
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 proceedings 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 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.
7. To pay to Grantee the net proceeds from any logging operations in the event Grantor cuts or removes merchantable timber from all or any portion of the property.

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 hereto 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 the 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 deposited with the clerk of the court of the county of sale.
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 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, 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, successors and assigns. The term Beneficiary shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiary herein.

WITNESS the hand(s) of the Grantor(s) on the day and year first above written.

Malcolm E. Hiatt
Malcolm E. Hiatt

Cherise M. Hiatt
Cherise M. Hiatt

STATE OF OREGON)

County of Columbia Multnomah)

) ss. DATED: June 30th, 2005

I certify that I know or have satisfactory evidence that Malcolm E. Hiatt and Cherise M. Hiatt are the persons who appeared before me, and said persons acknowledged it to be their free and voluntary act for the uses and purposes mentioned in the instrument.



Micki Swenson
Print Name
NOTARY PUBLIC for
My Appointment Expires



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REQUEST FOR FULL RECONVEYANCE

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 convey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you thereunder.

Dated this _____ day of _____, 20____.

Mail reconveyance to:



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EXHIBIT 'A'

PARCEL A:

The South Half of the Southeast Quarter of Section 4, Township 35 North, Range 5 East of the Willamette Meridian.

Situated in Skagit County, Washington.

PARCEL B:

A non-exclusive easement 60 feet wide for ingress, egress and utilities over, under and through the Southeast Quarter of Section 5, Township 35 North, Range 5 East of the Willamette Meridian, and over, under and through the Southwest Quarter of Section 4, Township 35 North, Range 5 East of the Willamette Meridian, described as follows:

Beginning at the intersection of the South line of said Section 5 with the centerline of Cokedale Road which point is also the beginning of the existing Crown Pacific 190 Road;
Thence Northerly and Easterly along the centerline of the Crown Pacific 190 Road to its intersection with the centerline of the existing Crown Pacific 192 Road;
Thence Easterly along the centerline of the Crown Pacific 192 Road to the West line of the South Half of the Southeast Quarter of said Section 4.

Situated in Skagit County, Washington.

- END OF EXHIBIT 'A' -



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