

After Recording Return to:

Thomas D. Adams
Adams Johnson & Duncan
3128 Corby Avenue
Everett WA 98201



200706060071

Skagit County Auditor

6/6/2007 Page

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4 10:22AM

DEED OF TRUST

REFERENCE NO.: N/A
GRANTOR: Carole Atwood
GRANTEES: Doris Gallego and Russ Gallego, Co-trustees of the Gallego Family Trust
LEGAL DESCRIPTION: Unit 2A, CEDAR POINT (a condominium)
PARCEL NO.: P118737
Xref ID: 4788-000-002-0100

THIS DEED OF TRUST, made this ____ day of March, 2007, between CAROLE ATWOOD, Grantor, whose address is 1207 Decatur Circle, Burlington, Wa 98233, and FIRST AMERICAN TITLE INSURANCE COMPANY OF SKAGIT COUNTY, Trustee, whose address is 160 Cascade Place, Burlington, WA 98233, and DORIS GALLEG0 and RUSS GALLEG0, CO-TRUSTEES OF THE GALLEG0 FAMILY TRUST, Beneficiary, whose address is PO Box 5447, Medford, OR 97504.

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

Unit 2A, CEDAR POINT (a condominium), according to First Amended Declaration thereof recorded April 27, 2004, under Auditor's File No. 200404270060 And Survey Map and Plans thereof recorded under Auditor's File No. 200201100078, records of Skagit County, Washington; being a portion of Tract 17; BURLINGTON ACREAGE PROPERTY in Volume 1 of Plats, Page 49, records of Skagit County, Washington.

Assessor's Parcel No.: P118737
Xref ID: 4788-000-002-0100

which 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 the rents, issues and profits thereof.

This Deed is for the purpose of securing performance of each agreement of Grantor herein contained, and Grantor's performance of each and every obligation required of the Grantor under the terms and conditions of the Promissory Note, dated _____, which agreement provides in pertinent part for the payment of the sum of EIGHTY-FIVE THOUSAND AND NO/100 Dollars [\$85,000.00] without interest upon the occurrence of a Triggering Event as provided for in said Promissory Note.

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 subject to any obligations to any condominium association and any covenants, conditions and restrictions; 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 additional charges, liens or encumbrances impairing the security of this Deed of Trust to the extent of her ability. Grantees recognize that the property is a condominium and is subject to mechanic liens outside of Ms. Atwood's control. Grantees also recognize that the property is already encumbered by a mortgage.
3. To keep all buildings now or hereafter erected on the property described herein continuously insured against all loss by fire or other hazards in an amount not less than the total debt secured by this Deed of Trust.
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 Grantors fail to pay when due any taxes, assessments, 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:

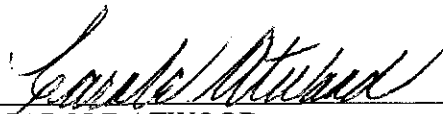
1. In the event any portion of the property is taken or damaged in an eminent domain proceeding, the entire amount of the award or such portion of the award as may be necessary to fully satisfy the obligation secured hereby, shall be paid to Beneficiary to be applied to said obligation.



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 convey 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. If all or any part of the property or an interest therein is sold or transferred by Grantor without the Beneficiary's prior written consent excluding a) the creation of a lien or encumbrance subordinate to this Deed of Trust; b) the creation of a purchase money security interest on household appliances; c) a transfer by devise, decent, or by operation of law upon the death of a joint tenant; d) the grant of any leasehold interest of three years or less not containing an option to purchase; or e) the creation of a lien or encumbrance as a result of the action or omission of any condominium association or which lien arises out of any covenants, conditions and restrictions on the property, Beneficiary may, at Beneficiary's option, declare all of the sums secured by this Deed of Trust to be immediately due and payable.
5. 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. Notwithstanding anything to the contrary contained in this Deed of Trust or the Promissory Note, Grantor shall not be in default of this Deed of Trust or the Promissory Note until ninety (90) days after the Beneficiary has provided the Grantor with written notice of any such default or of any triggering event as defined under the Promissory Note.
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 their execution of this Deed of Trust and such as they may have acquired thereafter. Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of the 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.



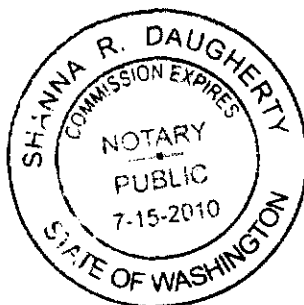
8. In the event of the death, incapacity, disability or resignation of Trustee, Beneficiary may appoint in writing a successor trustee, and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded, the successor trustee shall be vested with 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.
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.


CAROLE ATWOOD

STATE OF Washington)
COUNTY OF Skagit) : ss

On this day personally appeared before me CAROLE ATWOOD, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that she signed the same as her free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 3rd day of APRIL, 2007.




PRINT NAME: Shanna R. Daugherty
NOTARY PUBLIC in and for the
State of Washington.
My Appointment Expires: 07-15-2010

