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SKAGIT KATHY HILL

Name: FIRST AMERICAN TITLE COMPANY

Address: P.O. BOX 1667

City and State: MOUNT VERNON, WA 98273

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BOOKED FILE
RECORDED

Tax Account Number: 340425-4-004-0005, 340425-4-003-0105
340425-3-007-0202, 340425-1-004-0100
340425-4-001-0008, 340425-1-003-0200
340531-0-001-0007, 340531-0-001-0106
340530-0-010-0015, 340530-0-008-0209
340436-1-002-0000, 340436-1-001-0001
340436-0-087-0000, 340436-0-001-0003
Escrow #:

25-34-4 SE
30-34-5 W2SW
36-34-4 NE
31-34-5 W2NW

FIRST AMERICAN TITLE CO
S2837

DEED OF TRUST
(For Use in the State of Washington Only)

THIS DEED OF TRUST, made this 16th day of DECEMBER, 1997, between HOOKACHAMP HILLS LLC, a Washington Limited Company, GRANTOR, whose address is 1642 Gunderson Road, Mount Vernon, WA 98273, First American Title Insurance Company, a California Corporation TRUSTEE, whose address is P.O. Box 1667, Mt. Vernon, WA 98273 and FIRST AMERICAN TITLE COMPANY OF SKAGIT COUNTY, a Washington Corporation, as agent for FIRST AMERICAN TITLE INSURANCE COMPANY, a California Corporation, BENEFICIARY, whose address is P.O. Box 1667, Mount Vernon, WA 98273, WITNESSETH: Grantor hereby bargains, sells and conveys to Trustee in Trust, with power of sale, the following described real property in Skagit County, Washington:

(FOR LEGAL DESCRIPTION, SEE EXHIBIT 'A', ATTACHED HERETO, AND BY THIS REFERENCE MADE A PART HEREOF).

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 the rents, issues and profits thereof.

This deed is for the purpose of securing performance of each agreement of grantor herein contained, AND OBLIGATIONS AGREED TO BY INDEMNITY AGREEMENTS 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.

STATE OF WASHINGTON.

County of SKAGIT

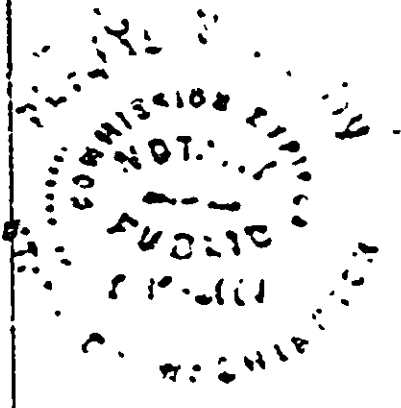
} ss.

ACKNOWLEDGMENT - Representative Capacity

I certify that I know or have satisfactory evidence that DAN R. MITZEL, PATRICIA R. BURKLUND is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the MANAGING MEMBER AND MEMBER, RESPECTIVELY OF MITZEL & ASSOCIATES of NOOKACHAMP HILLS LLC

to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

GIVEN under my hand and official seal the day and year last above written.



Pauline M. Martino

Notary Public in and for the State of Washington,
residing at Sedro Woolley

My appointment expires 02/15/01

This jurat is page _____ of _____ and is attached to _____ dated _____.

EXHIBIT "A" FOR DEED OF TRUST
NOOKACHAMP HILLS I.L.C.

Parcel "A":
Those portions of Sections 25 and 36, Township 34 North, Range 4 East, W.M., and those portions of Sections 30 and 31, Township 34 North, Range 5 East, W.M., situate in Skagit County, Washington, described as follows:

Commencing at the South 1/4 corner of said Section 25; thence North 89 degrees 23' 49" West along the South line of said Section 83.18 feet to the Northeasterly margin of State Highway SR 9, as shown on Sheet 2 of 3 sheets of Washington State Department of Transportation drawing titled "SR 9 - MP 47.22 to MP 47.78 - North Big Lake Vicinity", bearing an approval date of November 14, 1977; thence North 24 degrees 00' 41" West along said Highway margin 189.74 feet to the point of beginning; thence South 24 degrees 00' 41" East along said Highway margin, 610.58 feet to the North line of the South 1/4 of the Northwest 1/4 of the Northeast 1/4 of said Section 36; thence South 89 degrees 06' 52" East along said North line, 388.53 feet to the East line of the West 1/4 of the Northwest 1/4 of the Northeast 1/4 of said Section 36; thence South 2 degrees 01' 17" West along said East line 360.07 feet to the North line of the South 1/4 of the Northwest 1/4 of the Northeast 1/4 of said Section 36; thence South 89 degrees 06' 52" East along said North line 297.95 feet; thence South 9 degrees 53' 08" West, 575.00 feet to the South line of the North 1/2 of the Northeast 1/4 of said Section 36; thence South 89 degrees 06' 52" East along said South line 1819.40 feet to the Southwest corner of Government Lot 1 in said Section 31; thence South 89 degrees 40' 38" East along the South line of said Government Lot 1, a distance of 1316.76 feet to the Southeast corner of said Government Lot 1; thence North 1 degree 43' 22" East along the East line of said Government Lot 1, a distance of 1333.62 feet to the Southeast corner of Government Lot 4 in said Section 30; thence North 1 degree 49' 03" East along the East line of said Government Lot 4, and the East line of Government Lot 3 in said Section 30, a distance of 1944.05 feet to the Northeast corner of the South 1/2 of said Government Lot 3; thence South 89 degrees 53' 48" West along the North line of the said South 1/2 of said Government Lot 3, a distance of 807.95 feet; thence due South 614.99 feet; thence due West, 1152.74 feet; thence North 13 degrees 51' 13" East, 82.77 feet; thence South 60 degrees 25' 56" West, 2455.14 feet to the beginning of a curve to the right having a radius of 30.00 feet; thence Westerly along said curve through a central angle of 95 degrees 33' 23" an arc distance of 50.03 feet to the point of beginning.

EXCEPT those portions of Sections 30 and 31, Township 34 North, Range 5 East, W.M., situate in Skagit County, Washington, described as follows:

Beginning at the Southeast corner of Government Lot 1 of said Section 31; thence North 1 degree 43' 22" East along the East line of said Government Lot 1, a distance of 1333.62 feet to the Southeast corner of Government Lot 4 in said Section 30; thence North 1 degree 49' 03" East along the East line of said Government Lot 4, and the East line of Government Lot 3, in said Section 30, a distance of 1944.05 feet to the Northeast corner of the South 1/2 of said Government Lot 3; thence South 89 degrees 53' 48" West along the North line of the said South 1/2 of said Government Lot 3, a distance of 807.95 feet; thence due South 614.99 feet; thence due West, 483.82 feet; thence South 1 degree 49' 03" West, 1320.12 feet; thence South 32 degrees 47' 11" East, 1591.66 feet to the intersection with the South line of Government Lot 1 of said Section 31; thence South 89 degrees 40' 38" East along said South line, 370.00 feet to the point of beginning.

AND ALSO EXCEPT that portion thereof lying within the boundaries of the following described tract:

That portion of the Northeast 1/4 of the Northeast 1/4 of Section 36, Township 34 North, Range 4 East, W.M., described as follows:

Commencing at the Southeast corner of said subdivision; thence North 89 degrees 06' 52" West along the Southern line thereof, 649.40 feet to the point of beginning; thence continuing North 89 degrees 06' 52" West, 200.00 feet; thence North 0 degrees 53' 08" East, 200.00 feet; thence South 89 degrees 06' 52" East, 200.00 feet; thence South 0 degrees 53' 08" West, 200.00 feet to the point of beginning.

Continued

EXHIBIT "A" CONTINUED
NOOKACHAMP HILLS L.L.C.

Parcel "B";

Those portions of Sections 30 and 31, Township 34 North, Range 5 East W.M., situated in Skagit County, Washington, described as follows:

Beginning at the Southeast corner of Government Lot 1 of said Section 31; thence North 1 degree 43'22" East along the East line of said Government Lot 1, a distance of 1333.62 feet to the Southeast corner of Government Lot 4 in said Section 30; thence North 1 degree 49'03" East along the East line of said Government Lot 4 and the East line of Government Lot 3 in said Section 30, a distance of 1944.05 feet to the Northeast corner of the South 1/2 of said Government Lot 3; thence South 89 degrees 53'48" West along the North line of the said South 1/2 of said Government Lot 3 a distance of 807.95 feet; thence due South 614.99 feet; thence due West 483.82 feet; thence South 1 degree 49'03" West, 1320.12 feet; thence South 32 degrees 47'11" East 1591.66 feet to the intersection with the South line of Government Lot 1 of said Section 31; thence South 89 degrees 40'38" East along said South line 370.00 feet to the true point of beginning; EXCEPT that portion, if any, lying within that certain tract conveyed to Michael L. Schones, et ux, by Deed recorded February 9, 1983, under Auditor's File No. 8302090047.

PARCEL C: That portion of the Northeast 1/4 of Section 25, Township 34 North, Range 4, East, W.M., in Skagit County, Washington, described as follows:

Commencing at the Northwest corner of said subdivision; thence South 77°06'16" East 739.84 feet; thence South 1611.27 feet to the POINT OF BEGINNING; thence South 72°18'04" West 98.43 feet; thence South 38°24'08" East 820.89 feet; thence North 56°55'28" East 1406.87 feet; thence North 38°00'00" West 420.98 feet; thence South 72°18'04" West 1402.22 feet to the POINT OF BEGINNING.

PARCEL D: That portion of the Northeast 1/4 and the Southeast 1/4 of Section 25, Township 34 North, Range 4 East, W.M., in Skagit County Washington, described as follows:

Commencing at the Northwest corner of said Northeast 1/4; thence South 77°06'16" East 739.84 feet; thence South 1611.27 feet; thence South 72°18'04" West 98.43 feet; thence South 38°24'08" East 820.89 feet to the POINT OF BEGINNING at the most Southerly corner of that tract designated Upland No. 14 as shown on sheet 5 of 6 of that survey recorded in Volume 4 of Surveys, pages 56 through 61, records of said county; thence North 56°55'28" East along the Southeasterly boundary of said tract 1406.87 feet to intersect the centerline of that easement 60.00 feet in width as recorded under recording number 8212100052, records of said county; thence South 38°00'00" East along said centerline 69.93 feet to the beginning of a curve to the right having a radius of 830.00 feet; thence Southeasterly along said curve and centerline through a central angle of 13°06'35" an arc distance of 189.91 feet; thence South 1°34'50" West 747.45 feet; thence South 89°44'03" East 117.05 feet to the East 1/4 corner of said section; thence South 1°34'50" West along the East line of said section and the East margin of said easement 447.20 feet; thence North 88°25'10" West 60.00 feet to the West margin of said easement and the beginning of a curve to the right from which the center lies North 88°25'10" West 470.00 feet distant; thence Southwesterly along said curve and margin through a central angle of 38°25'10" an arc distance of 315.16 feet to a point of tangency; thence South 40°00'00" West along said margin 278.74 feet; thence North 42°41'25" West 1557.40 feet to the POINT OF BEGINNING.

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 do so.

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.

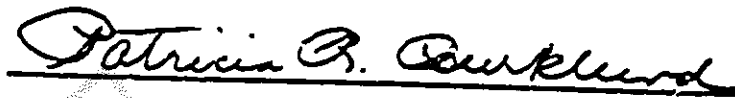
6. The power of sale conferred by this Deed of Trust and by the deed of Trust Act of the State of Washington is not an exclusive remedy; Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.

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 and owner of the note secured hereby, whether or not named as Beneficiary herein.

NOOKACHAMP HILLS LLC


DAN R. MITZEL, MITZEL & ASSOC.
MANAGING MEMBER


PATRICIA R. BURKLUND, MITZEL &
ASSOC. MEMBER

~~FOR SIGNATURE AND NOTARY ACKNOWLEDGMENT SEE EXHIBIT "B", ATTACHED HERETO,
AND BY THIS REFERENCE MADE A PART HEREOF~~

~~ROSS H. LARSON, MEMBER~~

~~RUTH ANN LARSON, MEMBER~~

~~FOR SIGNATURE AND NOTARY ACKNOWLEDGMENT SEE EXHIBIT "C", ATTACHED HERETO,
AND BY THIS REFERENCE MADE A PART HEREOF~~

~~VERN LARSON, MEMBER~~

~~RUBY LARSON, MEMBER~~

~~FOR SIGNATURE AND NOTARY ACKNOWLEDGMENT SEE EXHIBIT "D", ATTACHED HERETO,
AND BY THIS REFERENCE MADE A PART HEREOF~~

~~PAUL W. RUTTER, MEMBER~~