

AFTER RECORDING RETURN TO:

David Stark
7735 178th Place, N.E., Suite A
Redmond, WA 98052



200105170034

, Skagit County Auditor

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Chicago Title Insurance Company

701 5th Avenue, Suite 1700, Seattle, Washington 98104

Deed of Trust

(For Use in the State of Washington Only)

THIS DEED OF TRUST, made this 7th day of May, 2001 between DEREK SLOTEMAKER and SUSAN SLOTEMAKER, husband and wife (herein the "Grantors") whose address is: 23436 PALM CREST PLACE, MOUNT VERNON, SKAGIT COUNTY, WASHINGTON, CHICAGO TITLE INSURANCE COMPANY, a corporation, the TRUSTEE, whose address is 1700 Columbia Center, 701 Fifth Avenue, Seattle, Washington 98104 and DAVID STARK (herein the "Beneficiary"), whose address is 7735 178th Place, N.E., Suite A, Redmond, WA 98052.

WITNESSETH: the Grantors hereby bargain, sell and convey to the Trustee in Trust, with power of sale, the real property legally described as:

A portion of the south west quarter (1/4) of the northeast quarter (1/4), track 3 Skagit County short plat number 10-8 as recorded under Skagit County recorders recording number 8507170021 situate in the County of Skagit, State of Washington, having Skagit County tax account no. 330432-1-011-0400., and commonly known as: 23436 Palm Crest Place, Mount Vernon, Skagit County, Washington (herein the "Property")

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 of Trust is for the purpose of securing:

A. The full, prompt and complete payment by the Grantors of all sums of every nature due or to come due under the terms of the Promissory Note of even date

herewith executed by the Grantors as "Maker" in favor of the Beneficiary as "Holder" in the principal sum of SIXTY-NINE THOUSAND FIVE HUNDRED SIXTY TWO AND 77/100 DOLLARS (\$69,562.77) due under the terms of a Promissory Note executed by Grantor as "Maker", with interest (herein the "Note"), and all renewals, modifications and extensions of the Note, and also such further sums as may be advanced or loaned by the Beneficiary to Maker.

B. The full, prompt and complete payment of all costs and attorneys fees incurred by the Beneficiary in the enforcement against the Grantors of the Beneficiary' rights, and Grantor' duties and obligations under the Note and the Guaranty; and

C. The full, prompt and complete payment of all costs and attorney's fees incurred by the Beneficiary in the enforcement against the Grantors of the Beneficiary' rights, and the Grantors' duties and obligations under the Note and/or under this Deed of Trust.

The duties and obligations set forth in Subparagraph A through Subparagraph C hereof shall be referred to collectively as the "Obligations".

To protect the security of this Deed of Trust, the Grantors covenant and agree:

1. To keep the Property and all buildings, structures and improvements thereon in good condition and repair; to permit no waste thereof; 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.

4. To defend any action or proceeding purporting to affect the security hereof or the rights or powers of the Beneficiary or the 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 the 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 the Grantors 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. The Grantors covenant and agree that no liens or encumbrances, whether superior or inferior to this Deed of Trust, other than liens and encumbrances of record upon the date of execution hereof, shall be created or suffered to be created by the Grantors during the life of this Deed of Trust without the prior written consent of the Beneficiary.

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 the Beneficiary to be applied to said obligation.

2. By accepting payment of any sum secured hereby after its due date, the 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 Grantors 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 material default by the Grantors in the payment of any indebtedness secured hereby or in the performance of any agreement secured hereby or contained herein, including any default by the Grantors under any term, condition or provision of the Note or the Guaranty, and after notice from the Beneficiary requiring cure of such



default within thirty (30) days of the date of service of such notice, the Beneficiary may commence all remedies available to it and may declare that all sums secured hereby shall immediately become due and payable. In such event and upon written request of the Beneficiary, Trustee shall sell the 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. The 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. The 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 the Grantors 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, the 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.

5. 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; the Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.

6. In the event of the death, incapacity, disability or resignation of the Trustee, the 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 the Grantors, the Trustee or the Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

7. 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 the Beneficiary herein.

8. The Grantors hereby agree, covenant and warrant that they shall not sell, assign, transfer, convey, hypothecate, mortgage, pledge, encumber or alienate the Property, or contract or agree to do any of the foregoing, (herein a "Sale") with respect to all or any portion of the "Property" or any interest therein, voluntarily or involuntarily,



by operation of law or otherwise. For the purposes of this Deed of Trust, any change in the legal, equitable or beneficial ownership of the Property or any item or portion thereof, whether or not of record and whether or not for consideration shall be deemed a "Sale" of an interest in the Property.

In the event of a "Sale" of all or any interest in the Property without the Beneficiary's prior written consent (which consent the Beneficiary in his sole discretion may withhold), the entirety of the Principal Sum due under the Note and the Guaranty and all interest due hereunder shall immediately be due and payable as of the date of the Sale and the Grantors shall fully and unconditionally pay the entire unpaid Principal Sum and all interest, late charges and other charges due or payable without deduction, set-off or reduction and without notice or demand therefore by the Beneficiary.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR FORBEAR FROM ENFORCING REPAYMENT OF DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

Dated this 7th day of May, 2001

Derek Slotemaker

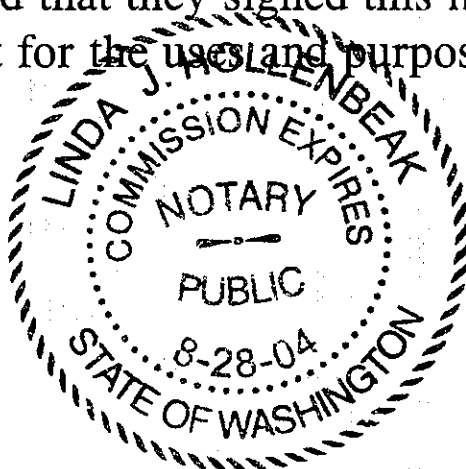
DEREK SLOTEMAKER

Susan Slotemaker

SUSAN SLOTEMAKER

STATE OF WASHINGTON)
) ss:
COUNTY OF KING)

I certify that I know or have satisfactory evidence that DEREK SLOTEMAKER and SUSAN SLOTEMAKER are the persons who appeared before me, and said persons acknowledged that they signed this instrument and acknowledged it to be their free and voluntary act for the uses and purposes mentioned in the instrument.



DATED: MAY 7 2001

NAME: LINDA J. HOLLENBEAR
(Print Name)

Notary Public in and for the State of Washington. Commission Expires: 8/28/04

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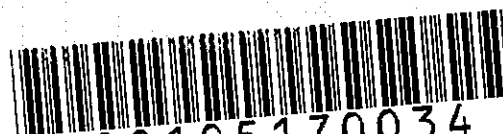
REQUEST FOR FULL RECONVEYANCE

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 this ____ day of _____, 20__



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