

When recorded return to

MICHAEL A. WINSLOW
Attorney at Law
411 Main Street
Mount Vernon, Washington 98273



200109270063

Skagit County Auditor

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SHORT FORM DEED OF TRUST

GRANTORS: HCR Property Management, LLC, a Washington limited liability company.

GRANTEES:

1. Beneficiary Pension Portfolio Services, Inc. Money Purchase Pension Plan, James E. Bolduc, Trustee, as to a 1/3 interest; Gary Vander Yacht, a single man, as to a 1/3 interest; and Dale Vander Yacht and Shannon Vander Yacht, husband and wife, as to a 1/3 interest.
2. Trustee Michael A. Winslow, Attorney at Law, 411 Main Street, Mount Vernon, Washington 98273

LEGAL DESCRIPTION:

That portion of the Southwest 1/4 of the Southwest 1/4 of Section 5, Township 34 North, Range 4 East, W.M., lying North of Pease Road.

ASSESSOR'S PROPERTY TAX

PARCEL OR ACCOUNT NO. : 340405-3-006-0203

REFERENCE NOS OF DOCUMENTS ASSIGNED OR RELEASED: NA

CONVEYANCE:

This Deed of Trust is made on September 26, 2001 between HCR Property Management, LLC and Michael A. Winslow, Attorney at Law, as Trustee, whose address is 411 Main Street, Mount Vernon, Washington 98273 and Beneficiaries Gary Vander Yacht, a single man, as to a 1/3 interest; Dale Vander Yacht and Shannon Vander Yacht, husband and wife, as to a 1/3 interest; and Pension Portfolio Services, Inc. Money Purchase Pension Plan, c/o Pension Portfolio Services, Inc., 1616 North 18th Street, Suite 114, Mount Vernon, Washington 98273.

Grantors hereby irrevocably grant, bargain, sell, and convey to Trustee in trust, with power of sale, all Grantors' estate, right, title, interest, claim and demand, now owned or hereafter acquired, in and to the following described property in Skagit County, Washington (the "Property," which term shall include all or any part of the Property, any improvements thereon and all the property described in

Section 1 of the Master Form Deed of Trust hereinafter referred to); 415 and 417 Pease Road, Burlington, Washington 98233:

The South 130 feet of the East 1/3 feet of that portion of the Southwest 1/4 of the Southwest 1/4 of Section 5, Township 34 North, Range 4 East, W.M., lying North of the Pease Road. ALSO, the South 130 feet of the West 16 feet of that portion of that certain unnamed vacated road adjoining the West line of Tract 85, of the "Plat of Burlington Acreage Property," as per plat recorded in Volume 1 of Plats, page 49, records of Skagit County, Washington, lying North of the Pease Road. (The North line of Pease Road being considered as being 30 feet North of the South line of said Section 5).

TOGETHER WITH all the tenements, hereditments and appurtenances now or hereafter belonging or in any way appertaining leases and other agreements for use and occupancy pertaining thereto and the rents, issues and profits thereof and all other property or rights of any kind or nature whatsoever further set forth in the Master Form Deed of Trust hereinafter referred to SUBJECT, HOWEVER, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profit. This Deed of Trust shall constitute a security agreement under the Uniform Commercial Code of Washington between Grantors as debtor and Beneficiary as secured party. Grantors grant a security interest to Beneficiary in any of the property which is personal property and also grants a security interest in the property described in Section 2 of the Master Form Deed of trust hereinafter referred to, now owned or hereafter acquired by Grantors (the Property as defined above, and the property described in said Section 2 are hereafter referred to as the "Collateral").

THIS DEED IS FOR THE PURPOSE OF SECURING the following:

- (a) Payment of the sum of One Hundred Thirty-Five Thousand Dollars (\$135,000.00) with interest thereon according to the terms of a promissory note of even date herewith, payable to Beneficiary or order and made by Grantors (the "Note," which term shall include all notes evidencing the indebtedness secured by this Deed of Trust, including all renewals, modifications or extensions thereof);
- (b) Payment of any further sums advanced or loaned by Beneficiary to Grantors, or any of its successors or assigns, if:
 - (i) the note or other writing evidencing the future advance or loan specifically states that it is secured by this Deed of Trust; or
 - (ii) the advance, including costs and expenses incurred by Beneficiary, is made pursuant to this Deed of Trust or any other documents executed by Grantors evidencing, securing or relating to the Note and/or the Collateral, whether executed prior to, contemporaneously with or subsequent to this Deed of Trust (this Deed of Trust, the Note and such other documents, including any construction or other loan agreement are hereafter collectively referred to as the "Loan Documents") together with interest thereon at the rate set forth in the Note unless otherwise specified in the Loan Documents or agreed to in writing.
- (c) Performance of each agreement, term and condition set forth or incorporated by reference

in the Loan Documents, including without limitation the loan agreement and/or commitment dated and assignment of leases and/or rents of even date herewith, which are incorporated herein by reference, or contained herein.

By executing and delivering this Deed of Trust and the Note secured hereby, the parties agree that all provisions of Paragraphs 1 through 65 inclusive of the Master Form Deed of Trust hereinafter referred to, except such paragraphs as are specifically excluded or modified herein, are hereby incorporated herein by reference and made an integral part hereof for all purposes the same as if set forth herein at length, and the Grantors freely make said covenants and agree to fully perform all of said provisions. The Master form Deed of Trust above referred to was recorded on the eleventh 11th day of August, 1987, in the Official Records of the offices of the county Auditors of the following counties in Washington in the book, and at the page designated after the name of each county, to-wit:

COUNTY	BOOK OR VOL.	PAGE NO.	AUDITOR'S FILE NO.
Adams	142	305	213404
Asotin			175404
Benton	493	1125	87-12850
Chelan	880	1663	8708110050
Clallam	784	278	594433
Clark		19	8708110009
Columbia	2H	296	H2135
Cowlitz			870811020
Douglas	M224	76	245733
Ferry	MF		205269
Franklin	0227	251	454027
Garfield			87248
Grant	634	109	804746
Grays Harbor	87	18669	870811031
Island	559	1756	87011073
Jefferson	243	338	309675
King			8708110560
Kitsap	432	682	8708110065
Kitittas	264	212	506597
Klickitat	141	300	206526
Lewis	365	154	960637
Lincoln			377660
Mason	384	027	470654
Okanogan	70	2376	741827
Pacific	8708	348	84496
Pend Oreille	74	899	194502
Pierce	0440	0367	8708110085
San Juan	188	341	87147097
Skagit	719	58	8708110057
Skamania	106	326	1036446
Snohomish	2079	0467	0708110076
Spokane	918	688	8708110112
Stevens	115	0434	8705730

Deed of Trust
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 , Skagit County Auditor

Thurston	1511	769	8708110045
Wahkiakum	71	256	38075
Walla Walla	166	400	8706174
Whatcom		614	1580300
Whitman	48		521420
Yakima	1217	977	2807235

A copy of such Master Form Deed of Trust is hereby furnished to the person executing this Deed of Trust and by executing this Deed of Trust, the Grantors acknowledge receipt of such Master Form Deed of Trust. The Property which is the subject of this Deed of Trust is not used principally or primarily for agricultural or farming purposes. The undersigned Grantors request that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to him at the address hereinbefore set forth.

Paragraph 58(b) of the Master Form Deed of Trust is deleted and the following language is substituted:

"(b) Grantors shall promptly comply with all statues regulations and ordinances which apply to Grantors or the Property and with all orders, decrees or judgments of governmental authorities or courts having jurisdiction which Grantors are bound by, relating to the use, collection, storage, treatment, control, removal or cleanup of hazardous or toxic substances in, on or under the Property or in, on or under an adjacent property that becomes contaminated with hazardous or toxic substances as a result or construction, operations or other activities on, or the contamination of, the Property, at Grantors' expense. Beneficiary may, but is not obligated to, enter upon the Property and take such actions and incur such costs and expenses to effect such compliance as it deems advisable to protect its interest as Beneficiary; and whether or not Grantors have actual knowledge of the existence of hazardous or toxic substances in, on or under the Property or any adjacent property as of the date hereof, Grantor shall reimburse Beneficiary on demand for the full amount of all costs and expenses incurred by Beneficiary prior to Beneficiary acquiring title to the Property through foreclosure or deed in lieu of foreclosure, in connection with such compliance activities."

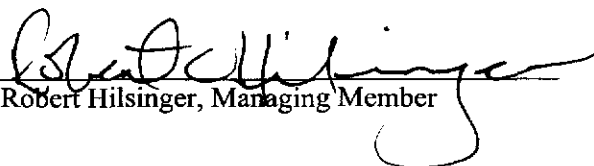
The term "Grantor" as used in this agreement includes the "Borrower" as defined in RCW 61.24, if the Borrower is a person or entity other than the Grantor.

Grantor's Street address for service of process:

417 Pease Road
Burlington, WA 98233

WITNESS the hands and seals of the Grantors on the day and year first above written.

HCR Property Management, LLC by:


Robert Hilsinger, Managing Member



