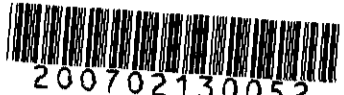


AFTER RECORDING RETURN TO:

Washington Federal Savings
Kirkland Office
116 Kirkland Ave
Kirkland WA 98033
Attention: _____



200702130052
Skagit County Auditor

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LAND TITLE OF SKAGIT COUNTY

Loan Number 007 209 325381-2

124478-0

SHORT FORM DEED OF TRUST

THIS DEED OF TRUST ("Security Instrument") is made February 5th, 2007 between CHAFFEY NORTH LLC, A WASHINGTON LIMITED LIABILITY COMPANY

_____ as Grantor ("Borrower"), whose address is PO BOX 560, KIRKLAND WA 98083; and WASHINGTON SERVICES, INC., A WASHINGTON CORPORATION as trustee, whose address is 6125 SOUTH MORGAN ROAD, FREELAND, WA. 98249, and WASHINGTON FEDERAL SAVINGS, a United States Corporation, as Beneficiary ("Lender"/ Grantee), whose address is 425 Pike Street, Seattle, Washington 98101.

Borrower hereby irrevocably grants, bargains, sells and conveys to Trustee in trust, with power of sale according to Washington law, all Borrower's 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 Paragraph 2 of the Master Form Deed of Trust hereinafter referred to):

LOT 16, "BAY MEADOWS," AS PER PLAT RECORDED ON NOVEMBER 28, 2005, UNDER AUDITOR'S FILE NO. 200511280180, RECORDS OF SKAGIT COUNTY, WASHINGTON.

SITUATE IN THE COUNTY OF SKAGIT, STATE OF WASHINGTON.

Assessor's Property Tax Parcel Account Number(s): 48760000160000

TOGETHER WITH all the tenements, hereditaments and appurtenances, now or hereafter thereunto belonging or in any way appertaining, leases and other agreements for the 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 Lender to collect and apply such rents, issues and profits.

This Security Instrument shall constitute a security agreement under the Uniform Commercial Code of Washington between Borrower as debtor and Lender as secured party. Borrower grants a security interest to Lender in any of the Property which is personal property and also grants a security interest in the property described in Paragraph 3 of the Master Form Deed of Trust hereinafter referred to, now owned or hereafter acquired by Borrower (the Property, as defined above, and the property described in said Paragraph 3 are hereafter collectively referred to as the "Collateral").

Borrower's Initials 8

(a) Payment of the sum of

FIVE HUNDRED TWENTY FOUR THOUSAND AND NO/100S (\$524,000.00), with interest thereon according to the terms of a promissory note of even date herewith, payable to Lender or order and made by Borrower (the "Note", which term shall include all notes evidencing the indebtedness secured by this Security Instrument, including all renewals, modifications or extensions thereof):

b) Payment of any further sums advanced or loaned by Lender to Borrower, or any of its successors or assigns, if (1) the Note or other writing evidencing the future advance or loan specifically states that it is secured by this Security Instrument, or (2) the advance, including costs and expenses incurred by Lender, is made pursuant to this Security Instrument or any other documents executed by Borrower evidencing, securing, or relating to the Note and/or the Collateral, whether executed prior to, contemporaneously with, or subsequent to this Security Instrument (this Security Instrument, the Note and such other documents, including any construction loan, land loan or other loan agreement, are hereinafter 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 of even date herewith, which are incorporated herein by reference or contained herein.

THE MATURITY DATE OF THESE SECURED OBLIGATIONS, AS CONTAINED IN THE LOAN DOCUMENTS, INCLUDING THE NOTE, IS February 5th, 2009

By executing and delivering this Security Instrument and the Note secured hereby, the parties agree that all provisions of Paragraphs 1 through 69 inclusive of the Master Form Deed of Trust herinafter 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 Borrower hereby makes said covenants and agrees to fully perform all of said provisions. The Master Form Deed of Trust above referred to was recorded on the dates below shown, in the Official Records of the offices of the County Auditors or County Records of the following counties in the State of Washington according to the enumerated recordation designations appearing below after the name of each county, to wit:

| COUNTY | DRAWER, REEL, BOOK OR VOLUME | FRAME OR PAGE NOS. | RECORDING OR AUDITOR'S FILE NO. | DATE OF RECORDING |
|--------------|------------------------------|--------------------|---------------------------------|-------------------|
| ADAMS | 229 | 260-271 | 239483 | October 12, 1995 |
| ASOTTI | 636 | 65-76 | 217406 | October 11, 1995 |
| BENTON | 1052 | 1633-1644 | 9510120008 | October 11, 1995 |
| CHETLAN | 1111 | 694-705 | 729425 | October 11, 1995 |
| CLARK | 3D | 712-723 | 8601 | October 11, 1995 |
| COLUMBIA | 1213 | 0637-0648 | 951012074 | October 12, 1995 |
| COWLETT | M444 | 09-20 | 307858 | October 11, 1995 |
| DOUGLAS | [M.F. of O.R.] | 0564-0575 | 524669 | October 11, 1995 |
| FERRIS | 0377 | | 3317 | October 11, 1995 |
| FREY | 068 | 1954-1965 | 951012004 | October 11, 1995 |
| GRANT | 95 | 33136-33147 | 951012026 | October 11, 1995 |
| GRAYS HARBOR | 696 | 1410-1421 | 95016396 | October 11, 1995 |
| ISLAND | 537 | 328-339 | 385505 | October 11, 1995 |
| JEFFERSON | 0879 | 2392-2403 | 9510100421 | October 10, 1995 |
| KING | 370 | 717 | 586108 | October 11, 1995 |
| KITKAT | 327 | 218 | 249676 | October 11, 1995 |
| LEWIS | 672 | 350-361 | 9514582 | October 11, 1995 |
| LINCOLN | 65 | 003034-003045 | 400875 | October 11, 1995 |
| MASON | 688 | 144-155 | 615408 | October 11, 1995 |
| OKANOGAN | 137 | 1089-1100 | 833848 | October 11, 1995 |
| PACIFIC | 9510 | 559-570 | 62332 | October 11, 1995 |
| PEND ORIELLE | 121 | 1099-1110 | 230779 | October 12, 1995 |
| PIERCE | 1163 | 2511-2522 | 9510110478 | October 11, 1995 |
| SAN JUAN | 525 | 230-241 | 95101201 | October 12, 1995 |
| SKAGIT | 1483 | 0372-0383 | 9510110046 | October 11, 1995 |
| SKAMANIA | 152 | 860-871 | 123494 | October 11, 1995 |
| SNOHOMISH | 3081 | 1623-1634 | 9510110189 | October 11, 1995 |
| SPOKANE | 1781 | 1737-1748 | 9510110230 | October 11, 1995 |
| STEVENS | 193 | 2376-2387 | 9510157 | October 11, 1995 |
| THURSTON | 2464 | 702-713 | 9510110097 | October 11, 1995 |
| WAHKIAKUM | 104 | 0579-0590 | 45447 | October 12, 1995 |
| WALLA WALLA | 234 | 1593-1604 | 9509789 | October 11, 1995 |
| WHATCOM | 465 | 1133-1144 | 95101197 | October 11, 1995 |
| WHITMAN | 1494 | 1819-1830 | Microfilm No. 580488 | October 11, 1995 |
| YAKIMA | | | 3110734 | October 11, 1995 |



A copy of such Master Form Deed of Trust has been furnished to the person executing this Security Instrument, and by executing this Security Instrument the Borrower acknowledges having received such Master Form Deed of Trust.

The Property which is the subject of this Security Instrument is not used principally or primarily for agricultural or farming purposes.

The undersigned Borrower requests that a copy of any Notice of Default and of any Notice of Sale hereunder, as required by Washington law in case of non-judicial foreclosure of a deed of trust, be mailed to Borrower at Borrower's address as hereinabove set forth.

Borrower agrees to obtain all insurance required from time to time by Lender and as elsewhere provided in the Loan Documents, including flood insurance. If Borrower fails to maintain such insurance satisfactory to the Lender, Lender may make the payment on behalf of the Borrower and any sums expended shall be added to principal and bear interest at the rate provided in the Note.

If the box preceding any of the following statements contains an "X", that statement is a part of this Security Instrument. If the box is not so checked, the corresponding statement is not part of this Security Instrument.

- Paragraph 49 of the Master Form Deed of Trust (which refers to the existence, if any, of an adjustable rate feature in the Note) is hereby deleted.
- The Note secured hereby evidences a construction loan or land loan but is not a combination Note. Paragraph 53 of the Master Form Deed of Trust is hereby deleted.
- The Note secured hereby is a combination construction loan/permanent loan Note. Refer to paragraph 53 of the Master Form Deed of Trust.
- The Property or a part thereof is a Condominium. Refer to paragraph 50 of the Master Form Deed of Trust.
- A fee owner and a leasehold owner of the Property, or a portion thereof, have executed this Security Instrument. Refer to paragraph 51 of the Master Form Deed of Trust
- The Property or a part thereof is a leasehold estate. Refer to paragraph 52 of the Master Form Deed of Trust.
- See also Schedule "A" of this Short Form Deed of Trust, attached hereto and incorporated herein by this reference.

WITNESS the hand(s) and seal(s) of the Borrower, and each of them if more than one, on the day and year first above written.

CHAFFEY NORTH LLC

BY: CHAFFEY HOMES INC., MEMBER

Carina M. Shively

CARINA M SHIVELY, SECRETARY

(Over for notary acknowledgements)

(Pag



200702130052
Skagit County Auditor

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4 11:58AM



(Seal or Stamp)

Dated: 2/7/07

My commission expires 10-30-08
residing at Mendocino
Notary Public in and for the State of WA
(Signature) WA

(Name of the Party on Behalf of Whom the Instrument was Executed)
to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

(Type of Authority, e.g., Officer, Trustee)

is/are the person(s) who appeared before me, and said person(s) acknowledged that (he/she/they) signed this instrument, on oath stated, that (he/she/they) was/were authorized to execute the instrument and acknowledged it as the
[Name(s) of person(s)]

I certify that I know or have satisfactory evidence that
COUNTY OF
()
() ss.
()
STATE OF
Carmen Shindley

My commission expires
residing at
Notary Public in and for the State of
(Signature)

(Seal or Stamp)

Dated:

is/are the person(s) who appeared before me, and said person(s) acknowledged that (he/she/they) signed this instrument and acknowledged it to be (his/her/their) free and voluntary act for the uses and purposes mentioned in the instrument.
[Name(s) of person(s)]

I certify that I know or have satisfactory evidence that
COUNTY OF
()
() ss.
()
STATE OF

UNOFFICIAL