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WHEN RECORDED RETURN TO:

BRADLEY D. SWANSON  
BELCHER SWANSON LAW FIRM, PLLC  
900 DUPONT STREET  
BELLINGHAM, WA 98225

Document Title:	Deed of Trust	FIRST AMERICAN TITLE CO.
Grantor/borrower:	GUY W. MICHAUD, a single man	92035E2
Grantee/assignee/beneficiary:	RICHARD S. ROCKWELL, a single man	
Trustee	BRADLEY D. SWANSON	
Legal Description:	Lots 2-4, Block 1, "Plat of Alger, Skagit County, Washington"	
Assessor's Tax Parcel ID#:	P70362 and P70363	

**DEED OF TRUST**

THIS DEED OF TRUST, made this 2nd day of July 2007, between GUY W. MICHAUD, a single man, whose address is 785 Sumerset Way, Sedro Woolley, WA 98284, GRANTOR, BRADLEY D. SWANSON, as TRUSTEE, whose address is 900 Dupont Street, Bellingham, WA 98225, and RICHARD S. ROCKWELL, a single man, BENEFICIARY, whose address is 4750 Alderson Road, Blaine, WA 98230.

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

LOTS 2 THROUGH 4, INCLUSIVE, BLOCK 1, "PLAT OF ALGER, SKAGIT COUNTY, WASHINGTON," AS PER PLAT RECORDED IN VOLUME 4 OF PLATS, PAGE 9, RECORDS OF SKAGIT COUNTY, WASHINGTON.

SITUATE IN <sup>Skagit</sup> ~~WHATCOM~~ COUNTY, WASHINGTON.

Tax Parcel Nos. P70362 and P70363

which real property is not used principally for agricultural purposes, together with all the tenements, hereditaments, and appurtenances now or hereafter thereunto belonging or in any wise appertaining, and rents, issues and profits thereof (hereinafter "the Property").

This deed is for the purpose of securing performance of each agreement of Grantor herein contained, and payment of the sum of **TWO HUNDRED TEN THOUSAND AND 00/100 (\$210,000.00) with interest**, in accordance with the terms of a promissory note of even date herewith, payable to Beneficiaries 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 Beneficiaries to Grantor, or any of their successors or assigns, together with interest thereon as such rate as shall be agreed upon.

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

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 and any personal property 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 Beneficiaries, and be in such companies as the Beneficiaries may approve and have loss payable first to the Beneficiaries, 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 Beneficiaries shall determine. Such application by the Beneficiaries 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 Beneficiaries 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 Beneficiaries to foreclose this Deed of Trust.

5. To pay all costs, fees, and expenses in connection with the 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, Beneficiaries 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 Beneficiaries to be applied to said obligation.

2. By accepting payment of any sum secured hereby after its due date, Beneficiaries 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 Grantor and Beneficiaries, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiaries 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, and/or upon the sale or transfer of any portion of or beneficial interest in the Property, all sums secured hereby shall immediately become due and payable at the option of the Beneficiaries. In such event and upon written request of Beneficiaries, 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 expenses of the sale, including reasonable Trustee's fee and attorney's fee; (2) to the obligation secured by this Deed of trust; (3) to 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 warrant, which shall convey to the purchase 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 encumbrances 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 the exclusive remedy; Beneficiaries may cause this Deed of Trust to be foreclosed as a mortgage.

7. The Beneficiaries may appoint in writing a successor trustee, and upon 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 Beneficiaries shall be a party unless such action or proceeding is brought by the Trustee.

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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 Beneficiaries shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiaries herein.

9. If all or any part of the Property or any interest in the Property is sold or transferred (or if a beneficial interest in the Borrower is sold or transferred and the Borrower is not a natural person), then all amounts secured by this Deed of Trust are due and owing immediately. This Paragraph 9 shall not apply to a transfer of the Property by Quit Claim Deed by Grantor to Susan Struthers.

10. Cross Default: This Deed of Trust and another Deed of Trust are being used to secure that certain Promissory Note of even date made by the Grantor to the Beneficiary. Any default under this Deed of Trust shall also be deemed a default under the Promissory Note and the other Deed of Trust. Any default under the other Deed of Trust or the Note shall be deemed a default under this Deed of Trust.

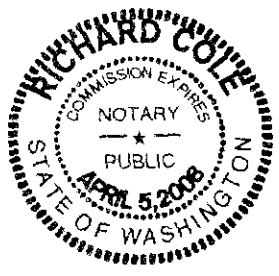
  
\_\_\_\_\_  
GUY W. MICHAUD, Grantor

State of Washington )  
County of Skagit ) ss.  
~~Whatcom~~ )

I certify that I know of have satisfactory evidence that GUY W. MICHAUD is the person who appeared before me, and said person acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

SUBSCRIBED to before me this 2 day of July 2007.

Richard Cole  
\_\_\_\_\_  
NOTARY PUBLIC for the State of Washington,  
residing at 3211 1/2  
My Commission Expires: 4-5-08



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 \_\_\_\_\_ 2007

Mail reconveyance to:

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