

**AFTER RECORDING MAIL TO:  
FIRST AMERICAN TITLE  
3202 COMMERCIAL AVE  
ANACORTES, WA. 98221**



200406020040

Skagit County Auditor

6/2/2004 Page

1 of

5 11:24AM

Reference No.: A76523

**Filed for Record at Request of:  
First American Title Of Skagit County  
Escrow Number: A76523**

**DEED OF TRUST FIRST AMERICAN TITLE CO.**  
(For use in the State of Washington only)

Abbreviated Legal: **LOT 36 AND PORTION OF LOT 37, "ANACO BEACH"**

A76523E

Additional legal(s) on page: 3

Assessor's Tax Parcel Number(s): **3858-000-037-0004 (P61845)**

THIS DEED OF TRUST, made this 27TH day of May, 2004 between Scott R. Gordon and Kelly M. Gordon, husband and wife, GRANTOR, whose address is , , , First American Title Of Skagit County, TRUSTEE, whose address is 1301-B Riverside Drive P.O. Box 1667, Mt. Vernon, WA 98273 and PACIFIC SERVICE LLC BENEFICIARY, whose address is P.O.Box 445, Anacortes, WA 98221.

WITNESSETH: Grantor hereby bargains, sells, and conveys to Trustee in trust, with power of sale, the following described real property in Skagit County, Washington:

COMPLETE LEGAL ATTACHED HERETO AS PAGE 4

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 payment of the sum of **SEVEN HUNDRED THIRTY EIGHT THOUSAND SEVEN HUNDRED NINETY EIGHT AND 63/100 Dollars (\$738,798.63 )** with interest, in accordance with the terms of a promissory note 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 herein above 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.

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 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 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; and (3) the surplus, if any, shall be distributed to the persons entitled thereto.

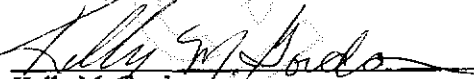
5. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the property, which Grantor had or had the power to convey at the time of his execution of this Deed of Trust, and such as he may have acquired thereafter. Trustee's deed 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 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 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.

  
\_\_\_\_\_  
Scott R. Gordon

  
\_\_\_\_\_  
Kelly M. Gordon



200406020040  
Skagit County Auditor

6/2/2004 Page

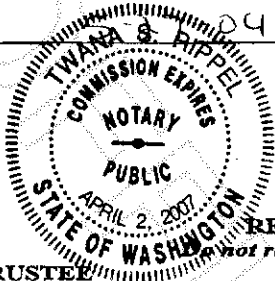
2 of

5 11:24AM

State of Washington  
County of Skagit } SS:

I certify that I know or have satisfactory evidence that **Scott R. Gordon and Kelly M. Gordon** the persons who appeared before me, and said persons acknowledge that they signed this instrument and acknowledge it to be their free and voluntary act for the uses and purposes mentioned in this instrument.

Dated: \_\_\_\_\_



Notary Public in and for the State of Twana S. Rippe  
Residing at: Anacortes  
My appointment expires: 4-2-07

**REQUEST FOR FULL RECONVEYANCE**

*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 \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Mail Reconveyance to: \_\_\_\_\_

Do not lose or destroy this Deed of Trust OR THE NOTE which it secures. Both must be delivered to the Trustee before cancellation will be made.



200406020040

Skagit County Auditor

The land referred to in this report/policy is situated in the State of Washington, County of Skagit, and is described as follows:

The South 1/2 by distance, measured at right angles, from the South line of the following described tract:

The Southerly 37.07 feet, as measured along the West line of Tract 34; all of Tracts 35 and 36; the North 14.64 feet of Tract 37, all in the plat of "ANACO BEACH", according to the plat recorded in Volume 5 of Plats, page 4, records of Skagit County, Washington.

TOGETHER WITH that portion of Tract 1, Plate 2, Tide and Shore Lands of Section 34, Township 35 North, Range 1 East, W.M., Anacortes Harbor, as shown on Official Map thereof in the Office of the State Land Commissioner at Olympia, Washington, lying in front of, adjacent to, or abutting upon the hereinabove described property.

TOGETHER WITH an easement for driveway purposes as recorded September 20, 2002 under Auditor's File No. 200209200165.



200406020040

Skagit County Auditor

6/2/2004 Page

4 of

5 11:24AM

RIDER TO DEED OF TRUST

This is an all-inclusive Deed of Trust, securing a Promissory Note with an original principal amount of \$ 738,798.63, (hereinafter referred to as the "Note") which includes within such amount the unpaid principal amount of a promissory Note with a principal amount of \$ 568,000.00. This latter promissory Note is secured by a single Deed of Trust in favor of

(said promissory Note and Deed of Trust hereinafter referred to as the "obligation"). At all times, the equity of the payee of this Note shall be the difference between the unpaid balance of this note and the unpaid balance of the Note secured by the first Deed of Trust and is subject to the right of offset as set forth therein.

Beneficiary does hereby agree with Grantor to discharge the "obligation" in accordance with its terms and to indemnify, defend and hold Grantor harmless from any liability resulting from the failure of the Beneficiary to so discharge the "obligation". Grantor may, at his option and regardless of any default by Beneficiary, pay and discharge the "obligation" as the same becomes due and credit any and all such payments against the payments next becoming due under the "Note".

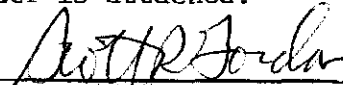

If Beneficiary defaults in his duty to discharge the "obligation", Grantor shall have the right at his option to cure Beneficiary's default by taking any action necessary to do so, including, without limitation, making payments (including but not limited to principal, interest, penalties and attorneys fees) and, in the event of each such curing, shall have alternatively at its option, the right to credit any and all such payments (including interest at the rate of 10% per annum on such payments commencing from the date advanced) against the payments (whether principal or interest or a combination of both) next becoming due under the "Note" or the right of immediate recovery from Beneficiary of the amount of such payments (including interest thereon as specified above).



The Grantor shall not be required under the terms of this Deed of Trust to procure fire insurance in any amount in excess of \$ 738,798.00. All fire and other insurance proceeds and any award of damage for any injury to or in connection with any condemnation for public use of said property or any portion thereof received and retained by the Beneficiary under this Deed of Trust or the Beneficiary under the "obligation" shall be applied against the "obligation" and shall result in a reduction in the like amount against the indebtedness due on the "Note". In the event the Grantor prepays principal on the "Note", such prepayment shall be applied against the "obligation".

Beneficiary agrees to request, at Grantor's expense, not less than annually, a beneficiary statement from the beneficiary of the "obligation" showing the unpaid balance of principal and interest under the "obligation" and to forward a copy of the same to the Grantor.

Irrespective of any provision of this Deed of Trust to the contrary notwithstanding, any claim or demand for sale delivered to the Trustee for foreclosure of this Deed of Trust shall be reduced by such unpaid balances, if any, of principal, interest and charges existing upon the "obligation" as exists at the time of the Trustee's sale upon such foreclosure, satisfactory evidence of which unpaid balance must be submitted to Trustee prior to such sale.

Executed as of the same date and year as the Deed of Trust to which this rider is attached.

  
\_\_\_\_\_  
Scott R. Gordon  
  
\_\_\_\_\_  
Kelly M. Gordon

PACIFIC SERVICE LLC  
  
\_\_\_\_\_  
BY: Charles Barefield  
  
\_\_\_\_\_  
BY: Robin Barefield



200406020040  
Skagit County Auditor