

AFTER RECORDING MAIL TO:

**John A. Boyes And Kristen Boyes
4629 Samish Point Road
Bow, Wa. 98232**

Reference No.:



**200512220118
Skagit County Auditor**

12/22/2005 Page 1 of 5 2:45PM

**Filed for Record at Request of:
First American Title Of Skagit County
Escrow Number: B86945**

FIRST AMERICAN TITLE CO.

B86945E-5

DEED OF TRUST

(For use in the State of Washington only)

Grantor(s): William N. Kaaland and Patty L. Kaaland

Beneficiary: John A. Boyes And Kristen Boyes

Trustee: First American Title Of Skagit County

Abbreviated Legal:

Section 36, Township 35, Range 4; Ptn. SW SE; Section 1 Township 34, Range 4; Ptn. Gov Lots 1 and 2; and the West 1/2 of Lot 28, all of Lots 29 and 30 EXCEPT the West 30 feet of Lot 30, Block 34, "FIRST ADDITION TO THE TOWN OF SEDRO IN SKAGIT COUNTY WASHINGTON."

Additional legal(s) on page: 4

Assessor's Tax Parcel Number(s): 350436-4-001-0103, P38425, 350436-4-001-0004, P38424, 350436-4-002-0003, P38426, 350436-4-003-0002, P38427, 350436-0-006-0205, P38406, 4150-034-030-0003, P75695; 340401-0-004-0100, P23264

THIS DEED OF TRUST, made this 14th day of December, 2005 between William N. Kaaland and Patty L. Kaaland, husband and wife, GRANTOR, whose address is 23940 Old Day Creek Road, Sedro Woolley, Wa. 98284, First American Title Of Skagit County, TRUSTEE, whose address is 1301-B Riverside Drive, Mount Vernon, WA 98273 and John Allan Boyes and Kristen Boyes, Husband and Wife BENEFICIARY, whose address is 4629 Samish Point Road, Bow, Wa., 98232.

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 description attached hereto as Exhibit "A"

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 the rents, issues, and profits of the property.

This Deed of Trust is for the purpose of securing performance of each agreement of Grantor(s) herein contained in this Deed of Trust, and payment of the sum of One Hundred Thirty Thousand and no/100 Dollars (\$130,000.00) 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 of the note, and also such further sums as may be advanced or loaned by Beneficiary to Grantor(s), or any of the Grantor(s)' successors or assigns, together with interest thereon at the rate agreed upon.

This Deed of Trust is second and junior to a Deed of Trust in favor of Business Bank of Skagit County in the amount of \$450,000.00 recorded December 2005 as Auditor's File No. 200512220117 as to Parcels A,B & C and is second and junior to a Contract in favor of Florence J. Klinger, formerly Florence J. Ellis, dated August 12, 1999 and recorded September 7, 1999 as Auditor's File No.: 199909070104 as to Parcel D; and further is second and junior to a Deed of Trust dated September 14, 2004 in favor of John and Krsten Boyes in the amount of \$219,250.00 and recorded November 12, 2004 as Auditor's File No. 200411120013 as to Parcel E.

DUE DATE: The entire balance of the promissory note secured by this Deed of Trust, together with any and all interest accrued thereon, shall be due and payable in full on December 2010.

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

1. To keep the property in good condition and repair; to permit no waste of the property; to complete any building, structure, or improvement being built or about to be built on the property; to restore promptly any building, structure, or improvement on the property 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 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(s). The amount collected under any insurance policy may be applied upon any indebtedness secured by this Deed of Trust 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(s) 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 by this Deed of Trust and Trustee's and attorney's fees actually incurred, as provided by statute.

6. Should Grantor(s) fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances, or other charges against the property, Beneficiary may pay the same, and the amount so paid, with interest at the rate set forth in the note secured by this Deed of Trust, shall be added to and become a part of the debt secured in this Deed of Trust.

7. DUE ON SALE: (OPTIONAL – *Not applicable unless initialed by Grantor and Beneficiary*) The property described in this security instrument may not be sold or transferred without the Beneficiary's consent. Upon breach of this provision, Beneficiary may declare all sums due under the note and Deed of Trust immediately due and payable, unless prohibited by applicable law.

JK WA
Grantor (Initials)

JB
Beneficiary (Initials)

IT IS MUTUALLY AGREED THAT:

8. 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 by this Deed of Trust shall be paid to Beneficiary to be applied to said obligation.

9. By accepting payment of any sum secured by this Deed of Trust 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.

10. 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(s) and the Beneficiary, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.

11. Upon default by Grantor(s) in the payment of any indebtedness secured by this Deed of Trust or in the performance of any agreement contained in this Deed of Trust, all sums secured by this Deed of Trust shall immediately become due and payable at the option of the Beneficiary, subject to any cure period provided in the note secured by this Deed of Trust. 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.

12. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser all right, title and interest in the real and personal property which Grantor(s) had or had the power to convey at the time of the execution of this Deed of Trust, and such as Grantor(s) 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 encumbrancers for value.

13. 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.

14. In the event of the absence, death, incapacity, disability, or resignation of Trustee, or at the discretion of the Beneficiary, 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 an action or proceeding in which Grantor(s), Trustee, or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

15. This Deed of Trust applies to, inures to the benefit of, and is binding not only on the parties hereto, but on his/her/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.

16. ADDITIONAL TERMS AND CONDITIONS: (check one)

a. (X) NONE

OR

b. () As set forth on the attached "Exhibit A" which is incorporated by this reference.

(Note: If neither a nor b is checked, then option "a" applies)

Dated: December 14, 2005

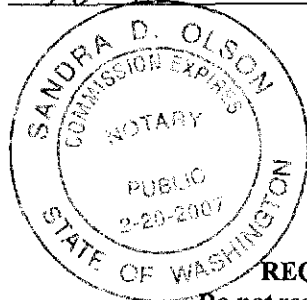
William N. Kaaland
William N. Kaaland

Patty L. Kaaland
Patty L. Kaaland

State of Washington }
County of Skagit } SS:

I certify that I know or have satisfactory evidence that **William N. Kaaland and Patty L. Kaaland** the person who appeared before me, and said person acknowledge that signed this instrument and acknowledge it to be free and voluntary act for the uses and purposes mentioned in this instrument.

Dated: 12-16-05



Sandra D. Olson
Notary Public in and for the State of Washington

Residing at: Burlington, WA

My appointment expires: 2-20-07

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 _____,



EXHIBIT A

Parcel "A":

The east 23.5 acres of the Southwest $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 36, Township 35 North, Range 4 East W.M.

TOGETHER WITH a non-exclusive 50-foot wide easement for ingress, egress and utilities over, under and across those portions of Government Lots 1 and 2 described on pages 8 and 9 of 11 on document recorded as Auditor's File No. 200406250134 and as reserved in that certain deed recorded as Auditor's File No. 200411120012 at Paragraph J, on page 4 of 5.

TOGETHER WITH that portion of the Southeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 36, Township 35 North, Range 4 East, W.M., being more particularly described as follows:

BEGINNING at the Southwest corner of said Southeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$; thence North 0 Degrees, 6 Minutes 19 Seconds East along the West line of said Southeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ for a distance of 730.00 feet;
Thence South 28 Degrees 10 Minutes 47 Seconds East for a distance of 607.16 feet;
Thence South 0 Degrees 6 Minutes 19 Seconds West for a distance of 201.90 feet, more or less, to the South line of said Southeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ at a point of bearing South 88 Degrees 35 Minutes 18 seconds East from the POINT OF BEGINNING;
Thence North 88 Degrees 35 Minutes 18 Seconds West along said South line for a distance of 287.78 feet, more or less, to the POINT OF BEGINNING.

PARCEL 'B':

The Southwest $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 36, Township 35 North, Range 4 East, W.M., EXCEPT the East 23.5 acres thereof, EXCEPT rights-of-way of Northern Pacific Railroad Company, Puget Sound & Cascade Railway Company and Puget Sound Pulp & Timber Company, EXCEPT State Road No. 1-A, commonly known as Highway No. 9, and EXCEPT THAT PORTION LYING WITHIN THE West 105.00 feet (as measured perpendicular to the West line) of the Southwest $\frac{1}{4}$ of the southeast $\frac{1}{4}$ of Section 36, Township 35 North, Range 4 East, W.M.

PARCEL "C":

The rights-of-way of the former Northern Pacific Railroad Company, the former Puget Sound & Cascade Railway Company and the Puget Sound Pulp & Timber Company across the Southwest $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 36, Township 35 North, Range 4 East, W.M. EXCEPT THAT PORTION LYING WITHIN THE West 105.00 feet (as measured perpendicular to the West line) of the southwest $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 36, Township 35 North, Range 4 East, W.M.

PARCEL "D"

The West $\frac{1}{2}$ of Lot 28, all of Lots 29 and 30, EXCEPT the West 30 feet of said Lot 30, Block 34, "FIRST ADDITION TO THE TOWN OF SEDRO IN SKAGIT COUNTY, WASHINGTON," according to the plat thereof recorded in Volume 3 of Plats, page 29, records of Skagit County, Washington.



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EXHIBIT A cont.

PARCEL "E"

The West 150 feet of the East 40 rods (660 feet) of Government Lot 1, Section 1, Township 34 North, Range 4 East, W.M., EXCEPT County Road along the South line thereof; ALSO EXCEPT any portion thereof lying within the West 1/2 of said Government Lot 1; ALSO EXCEPT that portion thereof conveyed to Clear Lake Lumber Company, a corporation, by deed dated April 9, 1914 and recorded April 24, 1914 under Auditor's File No. 102171 in Volume 96 of Deeds, page 535; and ALSO EXCEPT the following described tracts:

1. That portion of the West 75 feet of the South 409 feet of the East 40 rods (660 feet) of said Government Lot 1 lying North of the County Road. (As the same existed on September 29, 1969).
2. Beginning at a point on the North line of County Road (as the same existed on February 26, 1971) running along the South line of said subdivision, which is 87 feet East of the West line of the East 40 rods (660 feet) of said Government Lot 1; thence North parallel to said West line 409 feet; thence East parallel to the North line of the aforementioned County Road 63 feet to the East line of the West 150 feet of said East 40 rods (660 feet) of said Government Lot 1; thence South along said East line 409 feet to the North line County Road; thence West along said County Road 63 feet to the point of beginning.



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