



200601180110

Skagit County Auditor

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AFTER RECORDING MAIL TO:

**Padilla Heights, L.L.C.
16070 Bradshaw Road
Mount Vernon, WA 98273**

Reference No.:

**Filed for Record at Request of:
Land Title Company of Skagit
Escrow Number: 119596-PE**

LAND TITLE OF SKAGIT COUNTY

DEED OF TRUST

(For use in the State of Washington only)

Grantor(s): **Gary Lohman and Gail Lohman**
Beneficiary: **Padilla Heights, L.L.C.**
Trustee: **Land Title Company of Skagit**
Abbreviated Legal: **Lot 2, SP PL05-0092 in 24-34-3 E W.M.**
Additional legal(s) on page: **4**
Assessor's Tax Parcel Number(s): **340424-4-006-1700/P123777**

THIS DEED OF TRUST, made this **18th** day of **January, 2006** between **GARY LOHMAN and GAIL LOHMAN, husband and wife, GRANTOR**, whose address is **8795 District Line Road, Burlington, WA 98233, Land Title Company of Skagit, TRUSTEE**, whose address is **P.O. Box 445 111 East George Hopper Road, Burlington, WA 98233** and **Padilla Heights, L.L.C., a Washington Limited Liability Company BENEFICIARY**, whose address is **16070 Bradshaw Road, Mount Vernon, WA 98273**.

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

Lot 2, Skagit County Short Plat No. PL05-0092, as approved November 15, 2005, and recorded November 18, 2005, under Auditor's File No. 200511180018, records of Skagit County, Washington; being a portion of the Southwest ¼ of the Southeast ¼ of Section 24, Township 34 North, Range 4 East of the W.M. and portion of the Northwest ¼ of the Northeast ¼ of Section 25, Township 34 North, Range 4 East, W.M.

Situate in Skagit County, State of Washington.

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 FIVE THOUSAND AND NO/100 Dollars (\$ 105,000.00)** 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.

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 **April 15, 2006**.

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

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.

MS
Grantor (Initials)

MS
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.

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16. ADDITIONAL TERMS AND CONDITIONS: (check one)

a. (X) Assignment of Rents in event of default

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: January 18, 2006

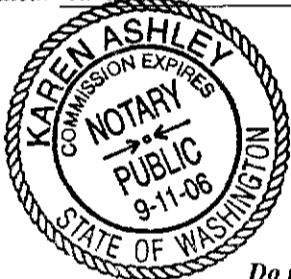
Gary Lohman
Gary Lohman

Gail Lohman
Gail Lohman

State of Washington }
County of Skagit } SS:

I certify that I know or have satisfactory evidence that **Gary Lohman and Gail Lohman** the person(s) who appeared before me, and said person(s) acknowledged 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: January 18, 2006



Karen Ashley
Karen Ashley
Notary Public in and for the State of Washington
Residing at: Sedro-Woolley
My appointment expires: 9/11/2006

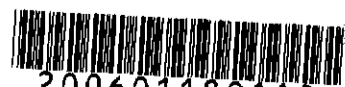
REQUEST FOR FULL RECONVEYANCE

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 _____,



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Skagit County Auditor

Escrow No.: 119596-PE

EXHIBIT "A"

LEGAL DESCRIPTION

Lot 2, Skagit County Short Plat No. PL05-0092, as approved November 15, 2005, and recorded November 18, 2005, under Auditor's File No. 20051180018, records of Skagit County, Washington; being a portion of the Southwest ¼ of the Southeast ¼ of Section 24, Township 34 North, Range 4 East of the W.M. and portion of the Northwest ¼ of the Northeast ¼ of Section 25, Township 34 North, Range 4 East, W.M.

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