



200704260246
Skagit County Auditor

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WHEN RECORDED RETURN TO:

Name: William Massey
Address: P.O. Box 399
City: Oak Harbor, WA 98277

TITLE OF SKAGIT COUNTY

124357-T

Deed of Trust

(For Use in the State of Washington Only)

THIS DEED OF TRUST, made this 26th of April, 2007, between Overlook Crest L.L.C., a Washington limited liability company, GRANTOR, whose address is -

Transnation Title Insurance Company, a Washington corporation, TRUSTEE, whose address is 19000 33rd Avenue W. Suite 200, Lynnwood, Washington 98036, and

Island Construction, Inc., BENEFICIARY, whose address is P.O. Box 399, Oak Harbor, Washington 98277

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

SEE ATTACHED EXHIBIT A

NE 1/4 SW 1/4
31-34-5

Tax Account Number: P104162, P30512, P30517, P30514, P30542, P30543, P30544, P30526

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 (\$1,500,000.00) One Million Five Hundred Thousand and no/100 Dollars 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 hereinabove 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.

EXHIBIT A

DESCRIPTION:

PARCEL "A":

The Northeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of Section 31, Township 34 North, Range 5 East, W.M.,

EXCEPT road rights of way,

AND EXCEPT a tract conveyed to Skagit County by deed dated December 8, 1936, and recorded March 9, 1937, in Volume 171 of Deeds, page 345, records of Skagit County, Washington, which is more particularly described as follows:

Beginning at a point being North $18^{\circ}38'30''$ West a distance of 1,347.6 feet from the South $\frac{1}{4}$ corner of said Section 31:

thence North $0^{\circ}19'$ East a distance of 120.0 feet;

thence North $63^{\circ}27'30''$ West a distance of 255.9 feet;

thence South $0^{\circ}19'$ West a distance of 240.0 feet;

thence North $88^{\circ}38'$ East a distance of 230.0 feet, more or less, to a point of beginning; (bearings are referred to the South line of the Southwest $\frac{1}{4}$ of said Section 31 as bearing North $87^{\circ}36'30''$ East),

ALSO EXCEPT the South $\frac{1}{2}$ of the Southwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$,

AND ALSO EXCEPT that portion of the above described property lying Southwest of the County road commonly known as Walker Valley Road conveyed to Clay Imhof by deed dated April 4, 1984, and recorded April 30, 1984, in Volume 558 of Deeds, page 252, under Auditor's File No. 8404300071, records of Skagit County, Washington.

Situate in the County of Skagit, State of Washington.

PARCEL "B":

The Southeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of Section 30, Township 34 North, Range 5 East, W.M.

Situate in the County of Skagit, State of Washington.

PARCEL "C":

Government Lot 2 in Section 31, Township 34 North, Range 5 East, W.M.

Situate in the County of Skagit, State of Washington.



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DESCRIPTION CONTINUED:

PARCEL "D":

The East ½ of the Northwest ¼ of Section 31, Township 34 North, Range 5 East, W.M.
Situate in the County of Skagit, State of Washington.

PARCEL "E":

The Northwest ¼ of the Southeast ¼ in Section 30, Township 34 North, Range 5 East, W.M.,

EXCEPT County Road right of way commonly known as the Gunderson Road,

ALSO EXCEPT that portion conveyed to Skagit County for Gunderson Road #0600 by deeds recorded November 18, 1986, under Auditor's File Nos. 8611180004 and 8611180005, records of Skagit County, Washington,

AND ALSO EXCEPT that portion of said premises lying Northerly of Gunderson Road as conveyed by deeds recorded on October 31, 1988, under Auditor's File Nos. 8810310090 and 8810310091, records of Skagit County, Washington.

Situate in the County of Skagit, State of Washington.

PARCEL "F":

The Northeast ¼ of the Southwest ¼ in Section 30, Township 34 North, Range 5 East, W.M.,

EXCEPT County road right of way commonly known as the Gunderson Road.

ALSO EXCEPT that portion conveyed to Skagit County for Gunderson Road #0600 by deeds recorded November 18, 1986, under Auditor's File Nos. 8611180004 and 8611180005, records of Skagit County, Washington,

AND ALSO EXCEPT that portion of said premises lying Northerly of Gunderson Road as conveyed by deeds recorded on October 31, 1988, under Auditor's File Nos. 8810310090 and 8810310091, records of Skagit County, Washington.

Situate in the County of Skagit, State of Washington.



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