

UNOFFICIAL



200706040215
Skagit County Auditor

6/4/2007 Page 1 of 5 4:04PM

LAND TITLE OF SKAGIT COUNTY
126005 SAE

ORIGINAL

Document Title: DEED OF TRUST
Grantor: Sunset Properties & Development LLC
Grantee: Douglas G. Knutson and Suzanne Knutson, husband and wife.
Legal Description: Lots 3, 4, 5, 7, 8 Norman and Wood's Subdivision to Anacortes
Assessor's Tax Parcel No.: P58110/3808-000-005-0003 and P58111/3808-000-007-0001.

DEED OF TRUST

June

THIS DEED OF TRUST, made this 1st day of ~~May~~ 2007, between Sunset Properties & Construction LLC, a Washington limited liability company, Grantor, whose address is 4405 Anaco Beach Road, Anacortes, Washington 98221, Land Title Company of Skagit whose address is 3010 Commercial Avenue, Anacortes, WA 98221, as Trustee and Douglas a Knutson and Suzanne Knutson, husband and wife, Beneficiary, whose address is 4450 Anaco Beach Road, Anacortes, Washington 98221.

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

- P58110: Norman and Wood's Subdivision to Anacortes, east 1/2 of Lot 3 and all of Lots 4 and 5.
- P58111: Norman and Wood's Subdivision to Anacortes, all of Lot 6 less 6 feet Lots 7 and 8 less right of way 007-01.

Situate in the County of Skagit, State of Washington
(Skagit County Assessor Tax Parcel Nos. 3808-000-005-0003 and 3808-000-007-0001)

This Deed is for the purpose of securing performance of each agreement of Grantor herein contained and payment of the sum of **ONE MILLION SIX HUNDRED SIXTY-EIGHT THOUSAND THREE HUNDRED SIXTY DOLLARS (\$1,668,360.00)** with interest, in accordance with the terms of a **Promissory Notes dated June 1, 2007** 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

UNOFFICIAL

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. Notwithstanding the above, the Grantor shall have the right in the event of destruction or damage of the premises to use the insurance proceeds for the purpose of repair or reconstruction of said premises, provided that said proceeds are sufficient to replace or repair the premises in as good a condition as the same were immediately prior to the damage, or alternatively, the Purchaser will supplement said insurance proceeds with additional funds so that said repair or restoration may be accomplished.

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 by 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 thereof 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.



200706040215
Skagit County Auditor

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 or its authorized agent 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 sale, including a reasonable Trustee's fee and attorney's fee; (2) to the obligation secured by this Deed of Trust; (3) the surplus, if any, shall be deposited with the clerk of the superior court of the county in which the sale too, place to be distributed in accordance with RCW 61.24.080.

5. Trustee shall deliver to the purchaser at the sale its deed, without warranty, 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 purchasers and encumbrances for value.

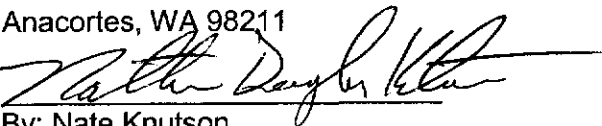
6. The power of sale conferred by this Deed of Trust and by the Deed of Trust Act of the State of Washington is not an exclusive remedy; Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.

7. In the event of the death, incapacity or disability or resignation of Trustee, Beneficiary shall 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 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, successors and assigns. The term Beneficiary shall mean the holder and owner of the Note secured hereby, whether or not named as Beneficiary herein.

Grantor:

Sunset Properties and Construction LLC
4405 Anaco Beach Road
Anacortes, WA 98211



By: Nate Knutson
Its Manager



200706040215

Skagit County Auditor

6/4/2007 Page

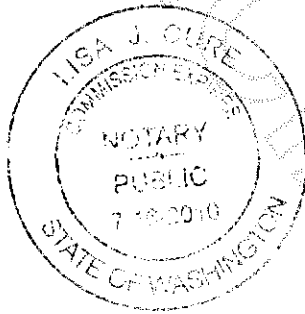
3 of

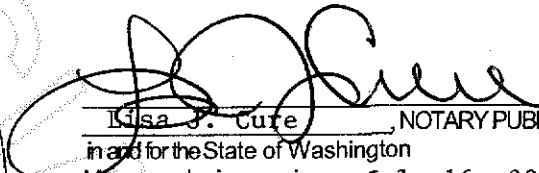
5 4:04PM

STATE OF WASHINGTON)
) ss
County of Skagit)

On this 4th day of ~~April~~ ^{June} 2007, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Nathan Douglas Knutson, to me known as the Manager of Sunset Properties & Construction LLC, a Washington limited liability company, who executed the foregoing instrument and acknowledged that the execution of said instrument to be the free and voluntary act and deed of said limited liability, for the uses and purposes herein mentioned, and on oath stated that he is authorized to execute the said instrument on behalf of the limited liability company.

WITNESS my hand and official seal.




Lisa J. Cufe, NOTARY PUBLIC
in and for the State of Washington
My commission expires: July 16, 2010



200706040215
Skagit County Auditor

DESCRIPTION:

PARCEL "A":

Lots 6 and 7, "PLAT OF NORMAN & WOOD'S SUB-DIVISION," as per plat recorded in Volume 4 of Plats, page 56, records of Skagit County, Washington, EXCEPT the East 6 feet of said Lot 7, AND ALSO EXCEPT that portion of Lots 6 and 7, lying Southerly of the following described line:

Beginning at the Southwest corner of said Lot 6;
thence North along the West line of said Lot 6, a distance of 95 feet;
thence North 75°24'45" East 158.96 feet, more or less, to a point 6 feet West of the East line of said Lot 7.

TOGETHER WITH a perpetual and non-exclusive easement for ingress, egress, and utilities on, over, under and across the East 60 feet of the South ½ of Lot 5 of said plat.

Situate in the City of Anacortes, County of Skagit, State of Washington.

PARCEL "B":

The North ½ of the East ½ of Lot 3, and the North ½ of Lots 4 and 5, "PLAT OF NORMAN & WOOD'S SUB-DIVISION," as per plat recorded in Volume 4 of Plats, page 56, records of Skagit County, Washington.

TOGETHER WITH a perpetual and non-exclusive easement for ingress, egress and utilities on, over, under and across the East 60.00 feet of the South ½ of said Lot 5.

Situate in the City of Anacortes, County of Skagit, State of Washington.

PARCEL "C":

The South ½ of the East ½ of Lot 3 and the South ½ of Lots 4 and 5, "PLAT OF NORMAN & WOOD'S SUB-DIVISION," as per plat recorded in Volume 4 of Plats, page 56, records of Skagit County, Washington.

TOGETHER WITH a perpetual and non-exclusive easement for ingress, egress and utilities on, over, under and across the East 30.00 feet of the Southerly ½ of said Lot 5.

Situate in the City of Anacortes, County of Skagit, State of Washington.



200706040215
Skagit County Auditor