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Skagit County Auditor

7/2/2007 Page 1 of 10 3:03PM

**AFTER RECORDING RETURN TO:**

D. B. Johnson Construction, Inc.  
1801 Grove St., Unit B  
Marysville, WA 98270

**Document Title**

Deed of Trust

CHICAGO TITLE CO. 19B3016

ACCOMMODATION RECORDING

**Grantor**

Joe Woodmansee and Kim Woodmansee, a married couple

**Grantee:**

D. B. Johnson Construction, Inc.

Chicago Title Company has placed  
this document for recording as a  
customer courtesy and accepts no  
liability for its accuracy or validity

Chicago Title Insurance Company, Trustee

**Legal Description:**

LOT 2 OF CITY OF MOUNT VERNON SHORT PLAN NO. MV-12-94,  
APPROVED NOVEMBER 7, 1994, RECORDED NOVEMBER 7, 1994, IN  
VOLUME 11 OF SHORT PLATS, PAGES 137-138 UNDER AUDITOR'S FILE  
NO. 9411070053; BEING A PORTION OF THE NORTHEAST ¼ OF THE  
SOUTHEAST ¼ OF SECTION 21, TOWNSHIP 34 NORTH, RANGE 4 EAST,  
W.M. RECORDS OF SKAGIT COUNTY, WASHINGTON.

SITUATE IN SKAGIT COUNTY, WASHINGTON

**Assessor's Property Tax Parcel/Account Numbers:**

340421-4-001-0100N (P112373)

Initials: Grantor: JW Date 6/26/07 Grantor: KW Date 06/26/07 Digby Heights (Add F)

## DEED OF TRUST

### DEFINITIONS:

Words used in multiple sections of this document are defined below and other words are defined in Sections 7, 8, and 12. Certain rules regarding the usage of words used in this document are also provided in Section 11.

**Security Instrument** means this document which is dated June 22, 2007.

**Grantor/Seller** is Joe Woodmansee and Kim Woodmansee, a married couple. Seller is the trustor under this Security Instrument.

**Beneficiary/Buyer** is D. B. Johnson Construction, Inc., a Washington corporation.

**Trustee** is Chicago Title Insurance Company.

**Purchase and Sale Agreement** means the Vacant Land Purchase and Sale Agreement dated May 13, 2005 and all addenda thereto between Grantor/Seller and Beneficiary/Buyer signed by Grantor and dated May 13, 2005. This Deed of Trust is to secure earnest money paid under said agreement to Grantor by Grantee in the amount of \$149,000.00 to secure Addendum F to said Purchase and Sale Agreement.

### TRANSFER OF RIGHTS IN THE PROPERTY

This Security Instrument secures to Buyer (i) the repayment of the Earnest Money and all renewals, extension and modifications of the Purchase and Sale Agreement, (ii) the performance of Seller's covenants and agreements under this Security Instrument and the Purchase and Sale Agreement (iii) the repayment of any future advances, with interest, which are secured by this deed of trust. For this purpose, Seller irrevocably grants and conveys to Trustee, in trust, for the benefit of the beneficiary, with the power of sale, the following described property located in the County of Skagit:

LOT 2 OF CITY OF MOUNT VERNON SHORT PLAN NO. MV-12-94,  
APPROVED NOVEMBER 7, 1994, RECORDED NOVEMBER 7, 1994, IN  
VOLUME 11 OF SHORT PLATS, PAGES 137-138 UNDER AUDITOR'S FILE  
NO. 9411070053; BEING A PORTION OF THE NORTHEAST ¼ OF THE  
SOUTHEAST ¼ OF SECTION 21, TOWNSHIP 34 NORTH, RANGE 4 EAST,  
W.M. RECORDS OF SKAGIT COUNTY, WASHINGTON.

SITUATE IN SKAGIT COUNTY, WASHINGTON

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Together with all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. Such property is not used principally for agricultural purposes. This Security Instrument shall also cover all replacements and additions. All of the foregoing is referred to in this Security Instrument as the "Property."

Seller covenants that Seller is lawfully seised of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for the encumbrances of record. Seller will be developing this property and other properties. Seller may encumber the property to secure loans obtained for the purpose of such development and/or other property acquisitions. Seller warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances.

Seller and Buyer covenant and agree as follows:

**1. Earnest Money Credit.** Seller shall credit when due the earnest money evidenced by the Purchase and Sale Agreement. Credits are deemed received by Buyer when escrow closes on the purchase/sale according to the Purchase and Sale agreement or when payment is received at the location designated this deed of trust or at such other location as may be designated by Buyer.

**2. Application of Credits or Proceeds.** Except as otherwise described in this Section 2, all earnest money credited to Buyer by escrow shall be applied to the Earnest Money Balance as described in the Purchase and Sale Agreement.

**3. Charges, Liens.** Seller shall pay all taxes, assessments, charges, fines, and impositions attributable to the Property that can attain priority over this Security Instrument, leasehold payments or ground rents on the Property, if any, and Community Association Dues, Fees, and Assessments, if any. Should Seller fail to pay any of the above-mentioned items when due, Buyer may pay the same, and the amount so paid, with interest at the rate set forth in the Purchase and Sale Agreement secured hereby, shall be added to and become a part of the Earnest Money secured by this deed of trust.

Seller shall promptly discharge any lien which has priority over this Security Instrument unless Seller: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Buyer, but only so long as Seller is performing such agreement; (b) contests the lien in good faith by, or defends against enforcement of the lien in, legal proceedings which in Buyer's opinion operate to prevent the enforcement of the lien while those proceedings are pending, but only until such proceedings are concluded; or (c) secures from the holder of the lien an agreement satisfactory to Buyer subordinating the lien to this Security Instrument. If Buyer determines that any part of the Property is subject to a lien, which can attain priority over this Security Instrument, Buyer may give Seller a notice identifying the lien. Within 10

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days of the date on which that notice is given, Seller shall satisfy the lien or take one of more of the actions set forth in this Section 3.

**5. Preservation, Maintenance and Protection of the Property, Inspections.** Seller shall not destroy, damage or impair the Property, allow the Property to deteriorate or commit waste on the Property. Seller shall maintain the Property in order to prevent the Property from deteriorating or decreasing in value due to its condition. Unless it is determined that repair or restoration is not economically feasible, Seller shall promptly repair or restore the Property if damaged to avoid further deterioration or damage. If the insurance or condemnation proceeds are not sufficient to repair or restore the Property, Seller is not relieved of Seller's obligation for the completion of such repair or restoration.

**6. Protection of Buyer's Interest in the Property and Rights Under this Security Instrument.** If (a) Seller fails to perform the covenants and agreements contained in this Security Instrument, (b) there is a legal proceeding that might significantly affect Buyer's interest in the Property and/or rights under this Security Instrument (such as a proceeding in bankruptcy, probate, for condemnation or forfeitures, for enforcement of a lien which may attain priority over this Security Instrument or to enforce laws or regulations) or (c) Seller has abandoned the Property, then Buyer may do and pay for whatever is reasonable or appropriate to protect Buyer's interest in the Property and rights under this Security Instrument, including protecting and/or assessing the value of the Property and securing and/or repairing the Property. Buyer's actions can include, but are not limited to: (a) paying any sums secured by a lien which has priority over this Security Instrument; (b) appearing in court; and (c) paying reasonable attorneys' fees to protect its interest in the Property and/or rights under this Security Instrument, including its secured position in a bankruptcy proceeding. Securing the Property includes, but is not limited to, entering the Property to make repairs, change locks, replace or board up doors and windows, drain water from pipes, eliminate building or other code violations or dangerous conditions, and have utilities turned on or off. Although Buyer may take action under this Section 6, Buyer does not have to do so and is not under any duty or obligation do to so. It is agreed that Buyer incurs no liability for not taking any or all actions authorized under this Section 6.

Any amounts disbursed by Buyer under this Section 6 shall become additional Earnest Money of Seller secured by this Security Instrument. These amounts shall bear interest at the Purchase and Sale Agreement rate from the date of disbursement and shall be payable, with such interest, upon notice from Buyer to Seller requesting payment.

**7. Assignment of Miscellaneous Proceeds; Forfeiture.** "Miscellaneous Proceeds" shall be defined as any compensation, settlement, award of damages, or proceeds paid by any third party (other than insurance proceeds paid under the coverages described in Section 4) for (i) damage to or destruction of the Property; (ii) condemnation or other taking of all or any part of the Property; (iii) conveyance in lieu of condemnation; or (iv) misrepresentations of, or

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omissions as to the value and/or condition of the Property. In the event of a total taking, destruction, or loss in value of the Property, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Seller.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the partial taking, destruction, or loss in value, unless Seller and Buyer otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the Miscellaneous Proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the partial taking, destruction, or loss in value divided by (b) the fair market value of the Property immediately before the partial taking, destruction, or loss in value. Any balance shall be paid to Seller.

In the event of a partial taking, destruction or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is less than the amount of the sums secured immediately before the partial taking, destruction, or loss in value unless Seller and Buyer otherwise agree in writing, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

If the property is abandoned by Seller, or if, after notice by Buyer to Seller that the Opposing Party (as defined in the next sentence) offers to make an award to settle a claim for damages, Seller fails to respond to Buyer within 30 days after the date the notice is given, Buyer is authorized to collect and apply the Miscellaneous Proceeds either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due. "Opposing Party" means the third party that owes Seller Miscellaneous Proceeds or the party against whom Seller has a right of action in regard to Miscellaneous Proceeds.

All Miscellaneous Proceeds that are not applied to restoration or repair of the Property shall be applied in the order provided for in Section 2.

**8. Seller Not Released; Forbearance by Buyer Not a Waiver.** Successor in Interest of Seller shall mean any party that has taken title to the Property, whether or not that party has assumed Seller's obligations under the Purchase and Sale Agreement and/or this security Instrument. Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Buyer to Seller or Successor in Interest of Seller shall not operate to release the liability of Seller or Successor in Interest of Seller. Buyer shall not be required to commence proceedings against Seller or any Successor in Interest of Seller or to refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original

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Seller or any Successors in Interest of Seller. Any forbearance by Buyer in exercising any right or remedy including, without limitation, Buyer's acceptance of payments from third persons, entities or Successors in Interest of Seller or in amounts less than the amount then due, shall not be a waiver of or preclude the exercise of any right or remedy.

Subject to the provisions of Section 12, any Successor in Interest of Seller who assumes Seller's obligations under this Security Instrument in writing and is approved by Buyer, shall obtain all of Seller's rights and benefits under this Security Instrument. Seller shall not be released from Seller's obligations and liabilities under this Security Instrument unless Buyer agrees to such release in writing. The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Buyer.

**9. Loan Charges.** Buyer may charge Seller fees for services performed in connection with Seller's default, for the purpose of protecting Buyer's interest in the Property and rights under this Security Instrument, including, but not limited to, attorneys' fees, property inspection and valuation fees. In regard to any other fees, the absence of express authority in this Security Instrument to charge a specific fee to Seller shall not be construed as a prohibition on the charging of such fee. Buyer may not charge fees that are expressly prohibited by the Security Instrument or applicable law.

If the Earnest Money Deposit and/or this security instrument is subject to a law which sets maximum charges, and that law is finally interpreted so that the interest or other charges collected or to be collected in connection with the Earnest Money exceed the permitted limits, then: (a) any such charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Seller which exceeded permitted limits will be refunded to Seller. Buyer may choose to make this refund by reducing the Earnest Money credit due under the Purchase and Sale Agreement or by making a direct payment to Seller. Seller's acceptance of any such refund made by direct payment to Seller will constitute a waiver of any right of action Seller might have arising out of such overcharge.

**10. Notices.** All notices given by Seller or Buyer in connection with this Security Instrument must be in writing. Any notice to Seller in connection with this Security Instrument shall be deemed to have been given to Seller when mailed by first class mail or when actually delivered to Seller's notice address if sent by other means. The notice address shall be 17146 Britt Road, Mount Vernon, WA 98273, unless Seller has designated a substitute notice address by notice to Buyer. Seller shall promptly notify Buyer of Seller's change of address. If Buyer specifies a procedure for reporting Seller's change of address, then Seller shall only report a change of address through that specified procedure. There may be only one designated notice address under this Security Instrument at any one time. Any notice to Buyer shall be given by delivering it or by mailing it by first class mail to D. B. Johnson Construction, Inc. at 1801 Grove Street, Unit B, Marysville, WA 98270, unless Buyer has

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designated another address by notice to Seller. Any notice in connection with this Security Instrument shall not be deemed to have been given to Buyer until actually received by Buyer.

**11. Governing Law; Severability; Rules of Construction.** Federal law and the law of the jurisdiction in which the Property is located shall govern this Security Instrument. Snohomish County, Washington State shall be the venue for all court or other legal proceedings arising as a result of this Deed of Trust or the Purchase and Sale Agreement, other than foreclosure proceedings. All rights and obligations contained in the Security Instrument are subject to any requirements and limitation of applicable law. Applicable law might explicitly or implicitly allow the parties to agree by contract or it might be silent, but such silence shall not be construed as a prohibition against agreement by contract. In the event that any provision or clause of this Security Instrument or the Purchase and Sale Agreement conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Purchase and Sale Agreement which can be given effect without the conflicting provision.

As used in this Security Instrument: (a) words of the masculine gender shall mean and include corresponding neuter words or words of the feminine gender; (b) words in the singular shall mean and include the plural and vice versa; and (c) the word "may" gives sole discretion without any obligation to take any action.

**12. Transfer of the Property or a Beneficial Interest in Seller.** As used in this Section 12, "Interest in the Property" means any legal or beneficial interest in the Property, including but not limited to those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Seller at a future date to a Purchaser.

If all or any part of the Property or any Interest in the Property is sold or transferred or if a beneficial interest in Seller is sold or transferred without Buyer's prior written consent, Buyer may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Buyer if such exercise is prohibited by applicable law.

If Buyer exercises this option, Buyer shall give Seller notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 10 within which Seller must pay all sums secured by this Security Instrument. If Seller fails to pay these sums prior to the expiration of this period, Buyer may invoke any remedies permitted by this Security Instrument without further notice or demand on Seller.

**13. Seller's Right to Reinstate after Acceleration.** If Seller meets certain conditions, Seller shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earliest of: (a) ten days before sale of the Property pursuant to any power of sale contained in this Security Instrument; (b) such other period as applicable law might specify for the termination of Seller's right to reinstate; or (c) entry of a judgment enforcing this Security

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Instrument. Those conditions are that Seller: (a) pays Buyer all sums which then would be due under this Security Instrument and the Purchase and Sale Agreement as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorney's fees, property inspection and valuation fees, and other fees incurred for the purpose of protecting Buyer's interest in the Property and rights under this Security Instrument; and (d) takes such action as Buyer may reasonably require to assure that Buyer's interest in the Property and rights under this Security Instrument, and Seller's obligation to pay the sums secured by this Security Instrument shall continue unchanged. Buyer may require that Seller pay such reinstatement sums and expenses in one or more of the following forms, as selected by Buyer: (a) cash; (b) money order; (c) certified check, bank check treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality or entity. Upon reinstatement by Seller, this Security Instrument and obligations secured hereby shall remain fully effective as if not acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under Section 12.

**14. Acceleration; Remedies.** Buyer shall give notice to Seller prior to acceleration following Seller's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under Section 12 unless applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Seller, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by the Security Instrument and the sale of the Property at public auction at a date not less than 120 days in the future. The notice shall further inform Seller of the right to reinstate after acceleration, the right to bring a court action to assert the non-existence of a default or any other defense of Seller to acceleration and sale, and any other matters required to be included in the notice by applicable law. If the default is not cured on or before the date specified in the notice, Buyer at its option, may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the power of sale and/or any other remedies permitted by applicable law. Buyer shall be entitled to collect all expenses incurred in pursuing the remedies provided in this Section 14, including but not limited to, reasonable attorney's fees and costs of title evidence.

If Buyer invokes the power of sale, Buyer shall give written notice to Trustee of the occurrence of an event of default and of Buyer's election to cause the Property to be sold. Trustee and Buyer shall take such action regarding notice of sale and shall give such notices to Seller and to other persons as applicable law may require. After the time required by applicable law and after publication of the notice of sale, Trustee, without demand on Seller, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of the Property for a period or periods permitted by applicable law

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by public announcement at the time and place fixed in the notice of sale. Buyer or its designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including but not limited to, reasonable Trustee's and attorney's fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it or to the clerk of the superior court of the county in which the sale took place.

**15. Reconveyance.** Upon payment of all sums secured by this Security Instrument, Buyer shall request Trustee to reconvey the Property and shall surrender this Security Instrument to Trustee. Trustee shall reconvey the Property without warranty to the person or persons legally entitled to it. Such person or persons shall pay any recordation costs and the Trustee's fee for preparing the reconveyance.

**16. Substitute Trustee.** In accordance with Applicable Law, Buyer may from time to time appoint a successor trustee to any Trustee appointed hereunder who has ceased to act. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by Applicable Law.

**17. Attorney's Fees.** Buyer shall be entitled to recover its reasonable attorney's fees and costs in any action or proceeding to construe or enforce any term of this Security Instrument. The terms "attorney's fees" whenever used in the Security Instrument, shall include without limitation attorneys' fees incurred by Buyer in any bankruptcy proceeding or on appeal.

**18. No additional obligations.** The terms of this Deed of Trust do not create obligations of Buyer and/or Seller beyond those in the Purchase and Sale Agreement or relieve Buyer and/or Seller of any obligation in the Purchase and Sale Agreement.

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Signature page follows]*

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[This is the last page of a ten-page Deed of Trust.  
The other nine pages have been initialed by the Grantor.]

[Signature]  
Grantor/Seller: Joe Woodmansee

06/26/07  
Date

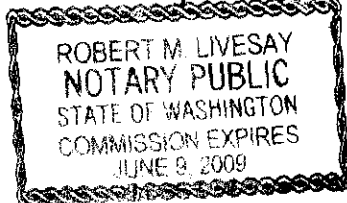
[Signature]  
Grantor/Seller: Kim Woodmansee

06/26/07  
Date

STATE OF WASHINGTON )  
COUNTY OF Snohomish ) ss.

I certify that I know or have satisfactory evidence that Joe Woodmansee and Kim Woodmansee are the persons who appeared before me, and said persons acknowledged that they signed this instrument and acknowledged it to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated June 26, 2007



[Signature]  
Print Name: Robert M Livesay  
Notary Public in and for the State of  
Washington residing at Marysville  
My appointment expires: 6-9-09

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