



200810230002

Skagit County Auditor

10/23/2008 Page

1 of

9 8:56AM

After recording, return to:

RENEE M. DEFREECE
1712 PACIFIC AVE #102
EVERETT WA 98201-4055

Reference Numbers:	N/A.
Grantor: Grantor :	Dorothy L. Fowler, Trustee of the Emmett W. and Dorothy L. Fowler Living Trust.
Grantees: Grantor :	Gregory L. Pulley; and Katherine Pulley.
Abbreviated legal description:	Ptn. NE, Sec. 6, T36N, R4EWM and Ptn. NW Sec. 5, T36N, R4EWM
Tax Parcel Numbers:	Parcel A: 48954; Parcel B 48956; Parcel C:48936 and Parcel D: 48876.

CHICAGO TITLE COMPANY
IC44452/IMV2917

DEED OF TRUST

THIS IS A DEED OF TRUST, made this 2nd day of January, 2008, 2008, among: GREGORY L. PULLEY and KATHERINE PULLEY, husband and wife, as GRANTORS, whose address is 20737 Echo Hill Road, Sedro Woolley, WA 98284; CHICAGO TITLE COMPANY (title co.), a corporation as TRUSTEE, whose address is 425 Commercial Street, Mount Vernon, WA 98273; and DOROTHY L. FOWLER, TRUSTEE OF THE EMMETT W. AND DOROTHY L. FOWLER LIVING TRUST, BENEFICIARY, whose address is 1777 South Burlington Boulevard Suite 470, Burlington, WA 98233.

WITNESSETH: Grantors hereby bargain, sell and convey to Trustee in Trust, with power of sale, the following described real property in Skagit County, Washington:

ABBREVIATED LEGAL DESCRIPTION:

Ptn. NE, Sec. 6, T36N, R4EWM and Ptn. NW Sec. 5,
T36N, R4EWM

SEE ATTACHED EXHIBIT "A" FOR FULL LEGAL DESCRIPTIONS.

Tax Parcel Nos. Parcel A: 48954; Parcel B: 48956; Parcel C: 48936; Parcel D: 48876.

which real property is not used principally for agricultural or farming purposes, together with all the improvements, 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 Grantors herein contained, and payment of the sum of (\$550,000.00), Five Hundred Fifty Thousand Dollars with interest, in accordance with the terms of a Promissory Note of even date herewith, payable to Beneficiary or order, and made by Grantors, and all renewals, modifications and extensions thereof, and also such further sums as may be advanced or loaned by Beneficiary to Grantors, 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, Grantors covenant and agree:

1. To keep the property in good condition and repair, to complete any building structure or improvement being built or about to be built thereon and to comply with all laws, ordinances, regulations, covenants, conditions, and restrictions affecting the property. Grantor (i) will not commit or suffer any waste or permit any impairment or deterioration of the Property; (ii) will not abandon the Property; (iii) will restore or repair promptly and in a good and workmanlike manner all or any part of the Property or improvements to the equivalent of its original condition, or such other condition as Beneficiary may approve in writing, in the event of any damage, injury, or loss thereto, whether or not insurance proceeds are available to cover in whole or in part the costs of such restoration or repair; (iv) will keep the Property, including improvements, fixtures, equipment, machinery, and appliances thereon, in good condition and repair and shall maintain, repair and replace fixtures, equipment, machinery and appliances of the Property when necessary to keep such items in good condition and repair; and (v) will generally operate and maintain the Property in a manner to ensure maximum revenue.

2. No building or other improvement on the property will be structurally altered, removed, or demolished, in whole or in part, without Beneficiary's prior written consent, nor will any fixture or chattel covered by this Deed of Trust and adapted to the use and enjoyment of the Property be removed at any time without like consent unless actually replaced by an article of equal suitability, owned by Grantor, free and clear of any lien or security interest except such as may be approved in writing by Beneficiary.

3. 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. That no other liens, or encumbrances, whether superior or inferior to this Deed of Trust, will be created or suffered to be created by Grantor during the life of this Deed of Trust without the prior written consent of Beneficiary;

4. The Grantors shall obtain and maintain property insurance of the all-risk or special form type, covering all improvements located on the real property in an amount not less than the full replacement value of such improvements without deduction for depreciation. The property insurance shall include endorsements for: ordinance or law coverage; demolition and costs of removal of debris; and earth movement and earthquake. All such policies of insurance shall name the Beneficiary as an additional insured. The Beneficiary shall be provided with a certificate of insurance. No policy of insurance may be cancellable without at least thirty (30) days prior written notice to the Beneficiary. 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 Grantors. 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.

5. Grantors hereby represent and warrant to the Beneficiary that: Hazardous Substances will not be generated, processed, stored, transported, handled, or disposed of, on, under, or in the Property by Grantor, its agents, employees, or tenants, except in compliance with applicable law. The term "Hazardous Substances" means any hazardous, toxic, or dangerous substance, waste, or material which is or becomes regulated under any federal, state, or local statute, ordinance, rule, regulation, or other law now or hereafter in effect pertaining to environmental protection, contamination, or cleanup. Without limiting the foregoing, Hazardous Substances shall include, but not be limited to, petroleum products and any substance which after being released into the environment and upon exposure, ingestion, inhalation, or assimilation, either directly from the environment or



indirectly by ingestion through food chains, will or may reasonably be anticipated to cause death, disease, behavior abnormalities, cancer, and/or genetic abnormalities. Grantor will defend, hold harmless, and indemnify Beneficiary from and against any claims, demands, penalties, fees, liens, damages, losses, expenses, or liabilities resulting from (i) any breach of the foregoing representations and warranties, including all reasonable attorney's fees and costs incurred by Beneficiary as a result thereof, (ii) any cost and expenses incurred as a result of Hazardous Substances being found on or being removed from any other properties where such Hazardous Substances came from activities on or contamination from the Property, and (iii) any cost and expense, including the cost of cleanup, monitoring, assessment and any other form of remediation or mitigation whether voluntary or involuntary, incurred as a result of Hazardous Substances being found on the Property. This indemnity shall survive payment of the Note and satisfaction of the Note through foreclosure or otherwise.

6. 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.

7. 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, including, but not limited to any proceedings in bankruptcy (whether to obtain relief from stay, to assert the priority of this Deed of Trust or enforce this Deed of Trust) and as otherwise may be provided by statute.

8. Should Grantors 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 default 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.

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 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.

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 Grantors 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 Grantors 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 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; (3) the surplus, if any, shall be distributed to the persons entitled thereto.

5. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the property which Grantors 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 purchaser and encumbrancers 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, disability, or resignation of Trustee, or upon the election of the Beneficiary, the 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 any action or proceeding in which Grantors, Trustee or Beneficiary shall be party unless such action or proceeding is brought by the Trustee.

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

9. If all or any part of the Property or any interest therein is sold or transferred by Grantors without the Beneficiary's consent, then at Beneficiary's option, all sums secured by this Deed of Trust shall be immediately due and payable without notice. The following shall not be deemed to be transfers or sales entitling the Beneficiary to accelerate the sums secured: a) the creation of a lien or encumbrance subordinate to this Deed of Trust; b) the creation of a purchase money security interest for household appliances; c) a transfer by devise or descent; or d) the grant of any leasehold interest of three (3) years or less not containing an option to purchase.

10. DUE DATE: The Note secured by this Deed of Trust is due and payable in full on February 1, 2028.


GREGORY L. PULLEY, Grantor


KATHERINE PULLEY, Grantor

STATE OF WASHINGTON)

COUNTY OF Skagit)

ss.

I hereby certify that I know or have satisfactory evidence that GREGORY L. PULLEY and ~~KATHERINE PULLEY~~ are the persons who appeared before me, and said

Cm



persons acknowledged that they signed this instrument and acknowledged it to be their free and voluntary act for the uses and purposes mentioned in this instrument.

Dated: 10-15, 2008

Cassandra M. Mitchell

Print Name: Cassandra M. Mitchell

NOTARY PUBLIC in and for the State of
Washington. My appointment expires:

3-10-09

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.

EMMETT W. AND DOROTHY L.
FOWLER LIVING TRUST

Dated: _____, 200____. By: _____

DOROTHY L. FOWLER, Trustee

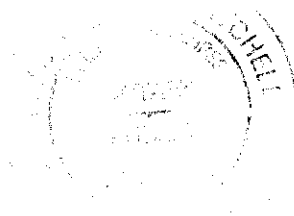


STATE OF WASHINGTON
COUNTY OF Skagit

I certify that I know or have satisfactory evidence that KATHERINE PULLEY (is/are) the person(s) who appeared before me, and said person(s) acknowledged that he/she/they signed this instrument and acknowledged it to be his/her/their free and voluntary act for the uses and purposes mentioned in this instrument.

Dated: 10-22-08

Cassandra M. Mitchell
Cassandra M. Mitchell
Notary Public in and for the State of Washington
Residing at Mount Vernon
My appointment expires: March 10, 2009



200810230002
Skagit County Auditor

10-05

EXHIBIT 'A'

PARCEL A:

All of Government Lot 2, Section 6, Township 36 North, Range 4 East of the Willamette Meridian;

ALSO a portion of Government Lot 1, Section 6, Township 36 North, Range 4 East of the Willamette Meridian, described as follows:

Beginning at a stake on the shore of Palmer Lake, where the line between Government Lots 1 and 2 of said section intersects the said shore, said stake being 1,125 feet South of the North line of said section;

Thence North along the line between said Government Lots 1 and 2 a distance of 500 feet;

Thence East 600 feet;

Thence South 350 feet to a stake on the shore of Palmer Lake;

Thence Southwesterly along the shore of Palmer Lake, 760 feet, more or less, to the place of beginning;

EXCEPT road rights of way.

Situated in Skagit County, Washington

continued.....



200810230002

Skagit County Auditor

EXHIBIT 'A' continued:

PARCEL B:

The East Half of the Northeast Quarter of Section 6, Township 36 North, Range 4 East of the Willamette Meridian;

EXCEPT that portion thereof described as follows:

Beginning at a stake on the shore of Palmer Lake where the boundary line between Government Lots 1 and 2, Section 6, Township 36 North, Range 4 East of the Willamette Meridian, reaches the lake and which stake is 1,125 feet South of the North boundary line of said Section 6;
Thence North along the line between said Government Lots 1 and 2, 500 feet to a point;
Thence East 600 feet to a point;
Thence South 350 feet to a stake on the shore of Palmer Lake;
Thence Southwesterly along the shore of Palmer Lake, 760 feet, more or less, to the place of beginning;

AND EXCEPT that portion described as follows:

Beginning at the section corner between Sections 5 and 6 and on the Northerly boundary of said sections;
Thence South on a variation of 23°30' 1,387 feet to a point on the South side of the right of way of The Alger Light & Water Company's pipe line;
Thence on a course South 80° East 267 feet to a point;
Thence South 330 feet to a point marked by a rock;
Thence North 80° West 528 feet to a point marked by a maple tree;
Thence North 330 feet to a point on the South boundary of a pipe line before mentioned, and 117 feet measured along the pipe line from the dam which lies West of said point;
Thence South 80° East 261 feet to the place of beginning;

ALSO the North Half of the Southwest Quarter of the Northeast Quarter of Section 6, Township 36 North, Range 4 East of the Willamette Meridian;

EXCEPT road rights of way.

Situated in Skagit County, Washington

continued.....



200810230002
Skagit County Auditor

EXHIBIT 'A' continued:

PARCEL C:

Part of the Southwest Quarter of the Northwest Quarter of Section 5, and of the Southeast Quarter of the Northeast Quarter of Section 6, all in Township 36 North, Range 4 East of the Willamette Meridian, described as follows:

Beginning at a point on the South side of the old Alger Light & Water Company's pipe line, which point is 1,387 feet South of the Northeast corner of said Section 6;
Thence South 80° East 267 feet;
Thence South 330 feet;
Thence North 80° West 528 feet;
Thence North 330 feet to the South line of the aforementioned pipe line;
Thence South 80° East 261 feet to the place of beginning;

EXCEPT roads, if any.

Situated in Skagit County, Washington

- END OF EXHIBIT "A" -



200810230002
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