



201102170072
Skagit County Auditor

2/17/2011 Page 1 of 9 2:59PM

After recording return to:

Jeffrey M. Hawkinson
Pepple Johnson Cantu & Schmidt, PLLC
1501 Western Avenue, Suite 600
Seattle, WA 98101

NOTICE OF TRUSTEE'S SALE

**PURSUANT TO THE REVISED CODE OF WASHINGTON
CHAPTER 61.24**

Grantor: TRUSTEE AND CORPORATE SERVICES, INC.

Grantee: CHAFFEY HOMES INCORPORATED
U.S. BANK N.A.

Legal Description (abbreviated): Lots 1-26, 54, and 67-78, and Tracts 905, 907 and 909, Plat of Montreaux,
Phase 1, Rec. No. 200707230124
Ptn. NW ¼ SE ¼ Sec. 19, Twp. 25N, Rge. 5E.

Assessor's Tax Parcel No. 4935-000-001-0000 (P126394); 4935-000-002-0000 (P126395);
4935-000-003-0000 (P126396); 4935-000-004-0000 (P126397);
4935-000-005-0000 (P126398); 4935-000-006-0000 (P126399);
4935-000-007-0000 (P126400); 4935-000-008-0000 (P126401);
4935-000-009-0000 (P126402); 4935-000-010-0000 (P126403);
4935-000-011-0000 (P126404); 4935-000-012-0000 (P126405);
4935-000-013-0000 (P126406); 4935-000-014-0000 (P126407);
4935-000-015-0000 (P126408); 4935-000-016-0000 (P126409);
4935-000-017-0000 (P126410); 4935-000-018-0000 (P126411);
4935-000-019-0000 (P126412); 4935-000-020-0000 (P126413);
4935-000-021-0000 (P126414); 4935-000-022-0000 (P126415);
4935-000-023-0000 (P126416); 4935-000-024-0000 (P126417);
4935-000-025-0000 (P126418); 4935-000-026-0000 (P126419);
4935-000-054-0000 (P126447); 4935-000-067-0000 (P126460);
4935-000-068-0000 (P126461); 4935-000-069-0000 (P126462);
4935-000-070-0000 (P126463); 4935-000-071-0000 (P126464);
4935-000-072-0000 (P126465); 4935-000-073-0000 (P126466);
4935-000-074-0000 (P126467); 4935-000-075-0000 (P126468);
4935-000-076-0000 (P126468); 4935-000-077-0000 (P126470);
4935-000-078-0000 (P126471); 4935-000-905-0000 (P126477);
340422-3-009-0336 (P27545)

Recording No. of Deed of Trust 200605120083

I.

NOTICE IS HEREBY GIVEN that the undersigned Trustee will on the 27th day of May, 2011, at the hour of ten o'clock a.m., at the main entrance to the Skagit County Courthouse, located at 205 W. Kincaid St., Mount Vernon, Washington, sell at public auction to the highest and best bidder, payable at the time of sale, the real property situated in the County of Skagit, State of Washington, and legally described on Exhibit A hereto, together with the personal property described on Exhibit A-1 hereto (the "Property"), which is subject to that certain Deed of Trust, Security Agreement, and Assignment of Rents and Leases (the "Deed of Trust") dated as of April 12, 2006, recorded on May 12, 2006, under Recording Number 200605120083, in the Real Property Records of Skagit County, Washington, from CHAFFEY HOMES INCORPORATED, a Washington corporation ("Borrower"), as Grantor, to U.S. BANK TRUST COMPANY, N.A., as Trustee, in favor of U.S. BANK N.A., a national banking association, as Beneficiary ("Beneficiary"), in order to secure obligations owing by Borrower to the Beneficiary, and which obligations were guaranteed, jointly and severally, by Robert Chaffey, Richard Chaffey, Chaffey Development Corporation, Chaffey Customs, LLC, and Chaffey Arizona, Inc. (collectively, "Guarantor").

II.

No action commenced by the Beneficiary of the Deed of Trust is now pending to seek satisfaction of the obligation in any Court by reason of the Borrower's default on the obligations secured by the Deed of Trust.

III.

The defaults for which this foreclosure is made are as follows:

(a) Failure to pay the following amounts which are now in arrears:

(i) Failure to pay in full all amounts owed to Beneficiary under the Promissory Note dated April 12, 2006, in the original principal amount of \$10,875,000.00 (together with all renewals, extensions, modifications, refinancing, and substitutions, the "Note"), secured by the Deed of Trust, by the maturity date of May 1, 2010.

(b) Failure to pay taxes prior to delinquency.

(c) Default under the Business Loan Agreement dated as of July 1, 2008, as amended and modified from time to time.

IV.

The sum owing on the obligation secured by the Deed of Trust is: Principal \$6,497,532.89, together with accrued interest at the Default Rate provided in the Note, together with such other costs and fees as are due under the instruments secured by the Deed of Trust, and as are provided by statute.

V.



The Property will be sold to satisfy the expense of sale and the obligation secured by the Deed of Trust as provided by statute. The sale will be made without warranty, express or implied, regarding title, possession or encumbrances on the 27th day of May, 2011. The defaults referred to in Paragraph III must be cured by the 16th day of May, 2011 (11 days before the sale date), to cause a discontinuance of the sale. The sale will be discontinued and terminated if at any time on or before the 16th day of May, 2011 (11 days before the sale date), the defaults as set forth in Paragraph III are cured and the Trustee's fees and costs are paid. The sale may be terminated any time after the 16th day of May, 2011 (11 days before the sale date), and before the sale by the Borrower, Guarantor, or the holder of any recorded junior lien or encumbrance by paying the entire principal and interest secured by the Deed of Trust, plus costs, fees and advances, if any, made pursuant to the terms of the obligation and/or Deed of Trust, and curing all other defaults.

VI.

A written Notice of Default was transmitted by the Trustee to the Borrower and the Guarantor at the following addresses:

Chaffey Homes Incorporated
205 Lake Street South, Suite 101
Kirkland, WA 98033

Chaffey Homes Incorporated
c/o Carina Shively, Reg. Agent
205 Lake Street South, Suite 101
Kirkland, WA 98033

Robert Chaffey
205 Lake Street South, Suite 101
Kirkland, WA 98033

Richard Chaffey
205 Lake Street South, Suite 101
Kirkland, WA 98033

Chaffey Development Corporation
205 Lake Street South, Suite 101
Kirkland, WA 98033

Chaffey Customs, LLC
205 Lake Street South, Suite 101
Kirkland, WA 98033

Chaffey Arizona, Inc.
205 Lake Street South, Suite 101
Kirkland, WA 98033

by both first class and certified mail on the 15th day of December, 2010, proof of which is in possession of the Trustee; and the Borrower and Grantor were personally served on the 15th day of December, 2010, with said written Notice of Default, and the Trustee has possession of proof of such service.

VII.

The Trustee whose name and address are set forth below will provide in writing to anyone requesting it, a statement of all costs and fees due at any time prior to the sale.

VIII.



The effect of the sale will be to deprive the Borrower and all those who hold by, through or under the Borrower of all their interest in the above-described property.

IX.

Anyone having any objection to the sale on any grounds whatsoever will be afforded an opportunity to be heard as to those objections if they bring a lawsuit to restrain the sale pursuant to RCW 61.24.130. Failure to bring such a lawsuit may result in a waiver of any proper grounds for invalidating the Trustee's Sale.

X.

NOTICE TO OCCUPANTS OR TENANTS

The purchaser at the trustee's sale is entitled to possession of the property on the 20th day following the sale, as against the grantor under the deed of trust (the owner) and anyone having an interest junior to the deed of trust, including occupants and tenants. After the 20th day following the sale the purchaser has the right to evict occupants and tenants by summary proceedings under the unlawful detainer act, chapter 59.12 RCW;

Anyone having any objection to the sale on any grounds whatsoever will be afforded an opportunity to be heard as to those objections if they bring a lawsuit to restrain the sale pursuant to RCW 61.24.130. Failure to bring such a lawsuit may result in a waiver of any proper grounds for invalidating the Trustee's Sale.

XI.

SPECIAL NOTICE TO GUARANTOR

Pursuant to RCW 61.24.042, Guarantor is hereby notified as follows:

(1) Guarantor may be liable for a deficiency judgment to the extent the sale price for the Property obtained at the trustee's sale is less than the debt secured by the Deed of Trust.

(2) Guarantor has the same rights to reinstate the debt, cure the default or repay the debt as are given to the Borrower in order to avoid the trustee's sale.

(3) Guarantor will have no right to redeem the Property after the trustee's sale.

(4) Subject to such longer periods as are provided in the Washington Deed of Trust Act (RCW Ch. 61.24), any action brought to enforce a guaranty must be commenced within one (1) year after the trustee's sale, or the last trustee's sale under any deed of trust granted to secure the same debt.

(5) In any action for a deficiency, Guarantor will have the right to establish the fair value of the Property as of the date of the trustee's sale, less any prior liens and encumbrances, and to limit Guarantor's liability for a deficiency to the difference between the debt and the greater of such fair value or the sales price paid at the trustee's sale, plus interest and costs.



EXHIBIT A

LEGAL DESCRIPTION

The real property located in Skagit County, Washington and legally described as follows:

PARCEL "A"

Lots 1 through 26, inclusive, Lot 54, Lots 67 through 78, inclusive; and Tracts 905, 907 and 909, all in the "PLAT OF MONTREAUX, PHASE 1", as per plat recorded on July 23, 2007, under Auditor's File No. 200707230124, records of Skagit County, Washington.

PARCEL "B":

That portion of Tract D of City of Mount Vernon Short Plat No. MV-20-81 approved October 27, 1981 and recorded October 28, 1981 in Volume 5 of Short Plats, page 139, under Auditor's File No. 8110280008, records of Skagit County, Washington, and that portion of Tract D of City of Mount Vernon Short Plat No. MV-1-83, approved April 26, 1983, and recorded April 27, 1983, in Volume 8 of Short Plats, page 58, under Auditor's File No. 8304270013, records of Skagit County, Washington, lying Southerly of that certain tract of land conveyed to the M.R. Nilson Construction, Inc., a Washington corporation, by deed dated April 29, 1985, and recorded May 1, 1985, under Auditor's File No. 8505010024, records of Skagit County, Washington, in Volume 600 of Official Records, page 365; and lying Southerly of the Westerly extension of the South line of Tract "A" of Short Plat No. MV-1-83; all of said portions being in the Southwest ¼ of Section 22, Township 34 North, Range 4 East, W.M.;

EXCEPT East Broadway Street;

AND EXCEPT South Waugh Road;

AND ALSO EXCEPT a portion of Tract D of Short Plat No. MV-20-81 and a portion of Tract D of Short Plat No. MV-1-83, more particularly described as follows:

Beginning at the Southwesterly corner of Lot 8, "TIMBERLINE DIVISION NO. 1", according to the plat thereof recorded in Volume 14 of Plats, page 15, records of Skagit County, Washington; thence South 89°12'57" East, along the South line of said plat and along the South line of the plat of Timberline Division 3, according to the plat thereof recorded in Volume 13 of Plats, page 79, and along the South line of Tract C of said Short Plat No. MV-1-83, a distance of 1,015.29 feet to the Southeast corner of said Tract C; thence South 0°22'09" West along the East line of Tract D of said Short Plat No. MV-1-83 and East line extended, a distance of 925.77 feet; thence South 0°54' 14" West, a distance of 30.00 feet to a point on a curve to the left having an initial tangent bearing of North 89°05'46" West, and a radius of 400.00 feet; thence along said curve through a central angle of 20°24' 19" and an arc length of 142.46 feet to a point of tangency; thence South 70°29'55" West, a distance of 145.36 feet; thence South 19°30'05" East, a distance of 30.00 feet to a point on a curve to the right having an initial tangent bearing of South 70°29'55" West and a radius of 430.00 feet; thence along said curve through a central angle of 16°06'07" and an arc length of 120.84 feet to a point of tangency; thence South 86°36'02" West, a distance of 15.00 feet to the point of curvature of a curve to the left having a radius of 25.00 feet; thence along said curve through a central angle of 90°00'00" and an arc length of 39.27 feet; thence South 86°36'02" West a distance of 60.00



feet to a point on a curve to the left having a radius of 25.00 feet and an initial tangent bearing of North 3°23 '58" West; thence along said curve through a central angle of 90°00'00" and an arc length of 39.27 feet to its point of tangency; thence South 86°36'02" West, a distance of 15.00 feet to the point of curvature of a curve to the right having a radius of 680.00 feet; thence along said curve through a central angle of 6°01'04" and an arc length of 71.42 feet; thence North 2°37'06" East, a distance of 30.00 feet to a point on a curve to the right having a radius of 650.00 feet and an initial tangent bearing of North 87°22'54" East; thence along said curve through a central angle of 12°20'42" and an arc length of 140.05 feet to its point of tangency; thence North 75°02'12" West, a distance of 155.91 feet to the point of curvature of a curve to the left having a radius of 300 feet; thence along said curve through a central angle of 14°38'57" and an arc length of 76.70 feet; thence North 89°41'09" West, a distance of 55.00 feet; thence North 0°18'51" East, a distance of 1,000.00 feet to the point of beginning of this description.

AND FURTHER EXCEPT that portion thereof platted as "MONTREAUX PHASE 1", by plat recorded as Auditor's File No. 200707230124.

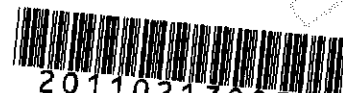


EXHIBIT A-1

DESCRIPTION OF PERSONAL PROPERTY

(a) All rents, issues, income, revenues, royalties and profits now or in the future payable with respect to or otherwise derived from the Property or the ownership, use, management, operation, leasing or occupancy of the Property including, without limitation, those past due and unpaid;

(b) All present and future right, title and interest of Borrower in and to all inventory, equipment, materials, supplies, fixtures and other goods and property of every kind, type and description now or in the future located at, upon or about, or affixed or attached to or installed in the Property, or used or to be used in connection with or otherwise relating to the Property or the ownership, use, development, construction, maintenance, management, operation, marketing, leasing or occupancy of the Property wherever such property may be actually located including, without limitation, building materials and supplies, tools and equipment, machinery, furnaces, water tanks, ventilating and air conditioning equipment, furniture, furnishings, appliances, and all other types of tangible personal property and fixtures of any kind or nature, and all accessories, additions, attachments, parts, replacements, substitutions, products and proceeds of or to any such property;

(c) All present and future right, title and interest of Borrower in and to all accounts and proceeds (whether cash or non-cash and including payment intangibles), general intangibles, chattel paper, money, deposit accounts, loan disbursement accounts, accounts receivable, instruments, documents, letter of credit rights and all other agreements, contract rights, obligations, rights, claims, causes of action and written materials now or in the future relating to or otherwise arising in connection with or derived from the Property or the ownership, use, development, construction, maintenance, management, operation, marketing, leasing, occupancy, sale or financing of the Property including, without limitation, (i) studies, reports, maps, diagrams, surveys, plats, design and consulting work, and land use permit applications, filings and supporting information, (ii) permits, approvals and other governmental and non-governmental consents, licenses and authorizations, (iii) improvement plans and specifications and architectural drawings, (iv) agreements with contractors, subcontractors, suppliers, project managers and supervisors, designers, architects, engineers, sales agents, leasing agents, consultants and property managers, (v) takeout, refinancing, standby and permanent loan commitments, (vi) warranties, guaranties, indemnities and insurance policies, insurance payments and unearned insurance premiums, (vii) claims, demands, awards, settlements and other payments arising or resulting from or otherwise relating to any insurance or any loss or destruction of, or injury or damage to, trespass on or taking, condemnation (or conveyance in lieu of condemnation) or public use of any of the Property, (viii) Borrower's funds or any other amounts deposited by or on behalf of Borrower with Beneficiary or with another in connection with the making of on-site or off-site Property related improvements, (ix) leases, rental agreements, license agreements, service and maintenance agreements, listing agreements, signs, telecommunication numbers, purchase and sale agreements and purchase options, together with advance payments, earnest money, security deposits, and other amounts paid to or deposited with Borrower under such agreements, (x) reserves, deposits, bonds, surety bonds, payment and performance bonds, letters of credit, deferred payments, latecomer payments, refunds, rebates, discounts, cost savings, escrow proceeds, sale proceeds and all



other rights to the payment of money, trade names, trademarks, service marks, logos, goodwill and all other type of intangible personal property of any kind or nature, and (xi) all supplements, modifications, amendments, renewals, restatements, extensions, proceeds, repairs, replacements and substitutions of such property; and

(d) All books and records pertaining to the Property including, without limitation, all computer readable memory and any computer hardware or software necessary to access and process such memory.

