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KATHY HILL
SKAGIT COUNTY AUDITOR

When Recorded Return To:

Michael W. Hagan, Attorney
1000 SE Everett Mall Way, Suite 202
Everett, WA 98208

98 JUN 18 AM 11:15

9806180063

RECORDED _____ FILED _____
REQUEST OF _____

Escrow No. 980261

LPB-22

DEED OF TRUST

FIRST AMERICAN TITLE CO

(For use in the State of Washington) ACCOMMODATION RECORDING ONLY

M6732

REFERENCE # (if applicable):

GRANTOR(S): S-W LAND COMPANY, LLC - THE FOXHALL COMPANY, LLC Additional on page:

GRANTEE(S): ZIONS FIRST NATIONAL BANK, CUSTODIAN FOR LOUISE H. MARSH

INDIVIDUAL RETIREMENT ACCOUNT Additional on page:

LEGAL DESCRIPTION (abbreviated): Additional on page:

ASSESSOR'S TAX PARCEL ID#: 350507-0-027-0006, 350518-1-002-0000

18-35-5 NE-NW
7-35-5 X SW

THIS DEED OF TRUST, made this TWENTY EIGHTH day of APRIL, 1998, between S-W LAND COMPANY, LLC, A WASHINGTON LIMITED LIABILITY COMPANY AND THE FOXHALL COMPANY, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, AS TENANTS IN COMMON, GRANTOR, whose address is 5 PARK PLAZA #950 IRVINE, CALIFORNIA 92614, FIRST AMERICAN TITLE COMPANY, TRUSTEE, whose address is 1301-B RIVERSIDE DRIVE/P.O.BOX 1667, MOUNT VERNON, WA 98273, and ZION FIRST NATIONAL BANK, CUSTODIAN FOR LOUISE H. MARSH, INDIVIDUAL RETIREMENT ACCOUNT, BENEFICIARY, whose address is 10 EAST SOUTH TEMPLE, 3RD FLOOR, SALT LAKE CITY, UT. 84111.

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

Legal Description as described on attached Exhibit "A" and by this reference made a part hereof.

Parcel Number(s): 350507-0-027-0006, 350518-1-002-0000

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

ONE HUNDRED TWENTY FIVE THOUSAND AND NO/100THS-- (\$125,000.00)

with interest, in accordance with the terms of a promissory note dated APRIL 23, 1998, 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

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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.

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 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 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; and (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 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 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 the exclusive remedy.
7. In the event of the death, incapacity, disability, or resignation of Trustee, 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 an action or proceeding in 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, and assigns. The term Beneficiary shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiary herein.
9. Grantee shall, at grantor's request, subordinate its interest as described herein to a new, permanent or construction Deed of Trust secured by the real property described herein provided the amount of the loan secured by the new Deed of Trust does not exceed \$600,000.00

S-W LAND COMPANY, LLC

By: _____

JAMES B. JONES
AUTHORIZED REPRESENTATIVE

THE FOXHALL COMPANY, LLC

By: _____

JOHN D. FLEMMING
AUTHORIZED REPRESENTATIVE

State of CA

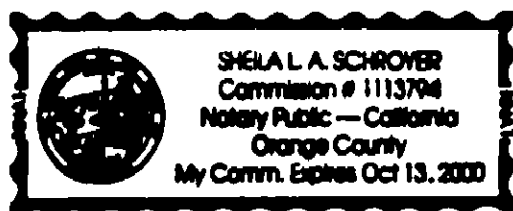
County of Orange

} ss.

I certify that I know or have satisfactory evidence that **JAMES B. JONES** is/are the person(s) who appeared before me, and said person(s) acknowledged that HE signed this instrument, on oath stated that HE IS authorized to execute the instrument and acknowledged it as the **AUTHORIZED REPRESENTATIVE** of **S-W LAND COMPANY, LLC** to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

DATED: 6/8/98

Sheila L. Schroyer
Notary Public in and for the State of CA,
residing at Orange County
My appointment expires: 10/13/2000



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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.

Dated _____

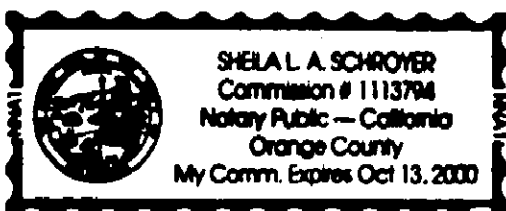
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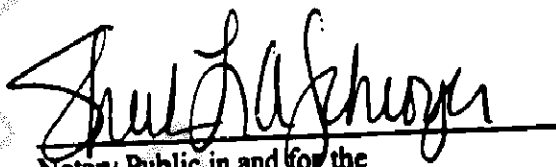
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State of California }
County of Orange } ss

I certify that I know or have satisfactory evidence that John D. Flemming is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he is authorized to execute the instrument and acknowledged is as the AUTHORIZED REPRESENTATIVE of the Foxhall Company, L.L.C. to be the free and voluntary act of such part for the uses and purposes mentioned in this instrument.

DATED: June 8, 1998




Notary Public in and for the
State of California
Residing at Orange County
My appointment expires: 10/13/2000

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BK 1828 PGU 170

Order No. B53734

SCHEDULE "C"

The land referred to herein is situated in the County of SKAGIT, State of Washington, and is described as follows:

Parcel "A":

That portion of the Northwest 1/4 of the Northeast 1/4 of Section 18, Township 35 North, Range 5 East, W.M., lying Southerly and Westerly of the Fruitdale County Road, EXCEPT any portion thereof lying within the East 20 feet of said Northwest 1/4, AND ALSO EXCEPT mineral reservations as reserved by Deed recorded February 1, 1906, under Auditor's File No. 55459, in Volume 59 of Deeds, Page 474, records of Skagit County, Washington, AND ALSO EXCEPT mineral rights lying within that certain 100 foot wide strip of land comprising the former right-of-way of the Northern Pacific Railroad, as reserved by document recorded June 14, 1965, under Auditor's File No. 667520, records of Skagit County, Washington, AND ALSO EXCEPT a 40 foot wide strip following the line of the former Tye Logging Switch, being 20 feet on each side of the centerline of said Switch, as reserved in Deed recorded February 1, 1906, under Auditor's File No. 55459.

EXCEPT the following described part of that portion of the Northwest 1/4 of the Northeast 1/4 of Section 18, Township 35 North, Range 5 East, W.M., lying West and Southerly of Fruitdale Road; commencing at the point where the South line of said Northwest 1/4 of said Northeast 1/4 intersects the West line of said Fruitdale Road right-of-way; thence North along said right-of-way, 208 feet 8 1/2 inches; thence West on a line parallel with the South line of said Northwest 1/4 of said Northeast 1/4, a distance of 1,043 feet 6 1/2 inches; thence South parallel with said Fruitdale Road right-of-way to the South line of said Northwest 1/4 of said Northeast 1/4; thence East along said South line to the point of beginning.

ALSO EXCEPT that portion of the Northwest 1/4 of the Northeast 1/4, Section 18, Township 35 North, Range 5 East, W.M., described as follows:

Beginning at a point where the East line of Northern Pacific Railway Company (formerly Seattle Lakeshore & Eastern Railway) right-of-way intersects the South line of the Northwest 1/4 of the Northeast 1/4 of said Section 18; thence run East along said South line, 28.5 rods; thence due North 28 rods; thence due West to said East line of said right-of-way; thence Southerly along said East line to the point of beginning.

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Order No. 853734

SCHEDULE "C"

Parcel "B":

That portion of the Northwest 1/4 of the Northeast 1/4, Section 18, Township 35 North, Range 5 East, W.M., described as follows:

Beginning at a point where the East line of Northern Pacific Railway Company (formerly Seattle Lakeshore & Eastern Railway) right-of-way intersects the South line of the Northwest 1/4 of the Northeast 1/4 of said Section 18; thence run East along said South line, 28.5 rods; thence due North 28 rods; thence due West to said East line of right-of-way; thence Southerly along said East line to the point of beginning.

EXCEPT the following described part of that portion of the Northwest 1/4 of the Northeast 1/4 of Section 18, Township 35 North, Range 5 East, W.M., lying West and Southerly of Fruitdale Road; commencing at the point where the South line of said Northwest 1/4 of said Northeast 1/4 intersects the West line of said Fruitdale Road right-of-way; thence North along said right-of-way, 208 feet 8 1/2 inches; thence West on a line parallel with the South line of said Northwest 1/4 of said Northeast 1/4, a distance of 1,043 feet 6 1/2 inches; thence South parallel with said Fruitdale Road right-of-way to the South line of said Northwest 1/4 of said Northeast 1/4; thence East along said South line to the point of beginning.

Parcel "C":

That certain tract or strip of land 100 feet in width within the South 300 feet of the Southwest 1/4 of Section 7, Township 35 North, Range 5 East, W.M., as conveyed to the Seattle, Lake Shore and Eastern Railway Company by Deed dated October 11, 1890, and recorded January 3, 1891, in Book 14 of Deeds, Page 495, in the records of Skagit County, Washington.

Parcel "D":

That portion of that certain strip of land 100 feet in width which lies within the Northeast 1/4 of the Northwest 1/4 of Section 18, Township 35 North, Range 5 East, as conveyed to the Seattle, Lake Shore and Eastern Railway Company by Deed dated October 11, 1890 and recorded January 3, 1891 in Book 14 of Deeds, page 495, records of Skagit County, Washington.

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