

AFTER RECORDING, RETURN TO:

SPACE FOR RECORDER'S USE

**CRAIG SJOSTROM**  
Attorney at Law  
411 Main St.  
Mount Vernon, WA 98273

FILE NO. 01-005



200101310147  
Skagit County Auditor

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**GRANTOR(S) (Borrower):** (1) Gene Gilden  
(2) Diana Gilden

**GRANTEE(S) (Secured Party):** (1) Timothy L. Riley  
(2) Linda Riley

**GRANTEE(S) (Trustee):** Land Title Co., Inc.

**TAX PARCEL #:** \_\_\_\_\_

**LEGAL DESCRIPTION:** ptn W 1/2 S 35 rds NW 1/4 SE 1/4 & W 1/2 N 7 rds SW 1/4 SE 1/4  
S/3 T/34N R/2EWM  
(Full Legal Attached)

LAND TITLE COMPANY OF SKAGIT COUNTY

**DEED OF TRUST**

*(For Use in the State of Washington Only)*

THIS DEED OF TRUST, made this 31 day of January, 2001 between **Gene Gilden & Diana Gilden, husband and wife, GRANTORS**, whose address is 8362 Shadow Lane, Anacortes, Wash., 98221, **Land Title Company of Skagit County, a corporation, TRUSTEE**, whose address is 2801 Commercial Ave., Suite 2, Anacortes Wash. 98221, and **Timothy L. Riley & Linda Riley, husband and wife, BENEFICIARIES**, whose address is 9723 Padilla Heights Road, Anacortes, Wash. 98221, WITNESSETH:

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

**See Attached Legal Description**

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 Grantors herein contained, and payment of the sum of TWO HUNDRED SEVENTEEN THOUSAND TWO HUNDRED DOLLARS (\$217,200), in accordance with the terms of a Promissory Note of even date herewith, payable to Beneficiaries 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 Beneficiaries 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 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 incurred, as provided by statute.
6. Should Grantors fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the property herein described, Beneficiaries 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 Beneficiaries to be applied to said obligation.
2. By accepting payment of any sum secured hereby after its due date, Beneficiaries do not waive their 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 Beneficiaries, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiaries 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 Beneficiaries. **Due on Sale: Beneficiaries may, at their option, and to the extent allowable by Federal law, declare immediately due and payable all sums secured by this deed of trust if all or any part of the property,**



or an interest therein, is sold or transferred. Beneficiaries may elect to waive this provision, but only if Beneficiaries consent in writing prior to such transfer. In such event(s) and upon written request of Beneficiaries, 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 their execution of this Deed of Trust, and such as they 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; Beneficiaries may cause this Deed of Trust to be foreclosed as a mortgage.

7. Beneficiaries 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 Beneficiaries 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 Beneficiaries shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiaries herein.

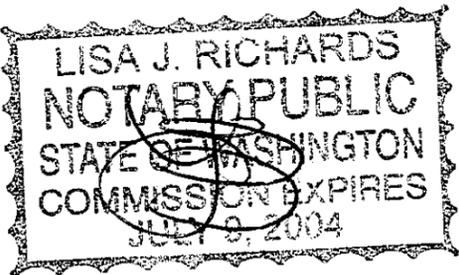
*Gene Gilden*  
\_\_\_\_\_  
GENE GILDEN

*Diana Gilden*  
\_\_\_\_\_  
DIANA GILDEN

STATE OF WASHINGTON )  
  :ss  
COUNTY OF SKAGIT     )

On this day personally appeared before me Gene Gilden, to me known to be one of the individuals described in and who executed the within and foregoing instrument, and acknowledged that he signed the same as their free and voluntary act and deed for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 31 day of JANUARY, 2001.



*Lisa J. Richards*  
\_\_\_\_\_  
NOTARY PUBLIC in and for the State of Washington,  
residing at Mt Vernon.  
My commission expires: July 9 2004  
Name: Lisa J Richards

