



200202120028

Skagit County Auditor

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WHEN RECORDED RETURN TO:  
CHESTER T. LACKEY  
900 DUPONT STREET  
BELLINGHAM, WA 98225

Document Title: Non-Merger Quit Claim Deed in Lieu of Foreclosure  
Grantor: Emmet J. Stormo, Jr., and Marsha L. Stormo  
Grantee: Mercedes Holdings, Inc.  
Legal: Lot 1 of BU SP 4-98 In 6-34 E W.M.; Lot 2 Records of Skagit  
County, WA 6, 34, 4  
Parcel#: 340406-1-007-0100 and 340406-1-006-0100

NON-MERGER QUIT CLAIM DEED  
IN LIEU OF FORECLOSURE

The Grantor, Emmet J. Stormo, Jr., and Marsha L. Stormo, husband and wife, (hereinafter the "Grantor"), for and in consideration of the release of Grantor from certain liability as set forth below, quit claim, grants, bargains, sells, conveys, assigns and confirms to Mercedes Holdings, Inc. a Washington Corporation, (hereinafter the "Grantee"), the real property legally described as follows:

SEE EXHIBIT "A" ATTACHED HERETO

(hereinafter the "Real Property"), including any after-acquired title, TOGETHER with all leases, rents, issues and profits associated therewith, and all furniture, furnishings, appliances, and all other property of any kind now or hereafter owned by Grantor and located on the Real Property or used or intended to be used on the Real Property, wherever actually located (hereinafter the "Personal Property" and, together with the Real Property, the "Property").

This deed is an absolute conveyance, assignment and transfer of all interest of Grantor in the Property and is executed and delivered by Grantor in connection with that short form Deed of Trust dated the 6<sup>th</sup> day of March, 2001, and recorded with the Auditor of Skagit County, Washington, on the 22<sup>nd</sup> day of March, 2001, under Auditor's File No. 200103220077.

The title to the Property is hereby warranted by Grantor as against all persons, subject to the Permitted Exceptions referred to above, and Grantee agrees to accept title to the Property subject to the Permitted Exceptions. It is further warranted and covenanted by Grantor in executing this Non-Merger Quit Claim Deed in Lieu of Foreclosure (hereinafter the "Deed in Lieu"), and agreed by Grantee in accepting the Deed in Lieu as follows:

1. The consideration for the execution of the Deed in Lieu consists of the release of Grantor from any personal liability for repayment of the amount outstanding as of the date of execution hereof under the Promissory Note dated the 6<sup>th</sup> day of March, 2001, in the original principal amount of \$280,350.28 (hereinafter the "Note"). Nothing herein is intended or shall be construed to release Grantor or any other party from any obligations to Grantee, including any other obligations that may also be secured by the Deed of Trust, or to preclude or otherwise prejudice Grantee's right to proceed with a foreclosure action against the Property or any other property subject to the Deed of Trust, provided that Grantee shall not seek or obtain against Grantor a deficiency judgment under the Note in such action. The total consideration set forth above for the execution

of the Deed in Lieu is equal to the fair market value of the Property and includes the fair and reasonable value of Grantor's interest in the Property.

2. The Deed in Lieu is executed voluntarily by Grantor, and not pursuant to duress or threats of any kind. Furthermore, it is executed and delivered in mutual good faith between Grantor and Grantee, is not made in preference to Grantee over other creditors and is not given or intended to hinder, delay, or defraud any creditor, or to contravene any of the bankruptcy laws of the United States or any other applicable laws.

3. The Deed in Lieu is not given as security for the payment of money or indebtedness, nor as security of any kind or nature; and there is no agreement or understanding, oral or written, between Grantor and Grantee herein, or any other person, relative to a conveyance of the Property back to Grantor, or to a sale or conveyance to anyone else for the benefit of Grantor, or to any division of any proceeds realized from the Property by sale or otherwise.

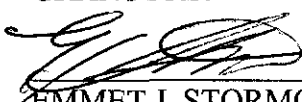
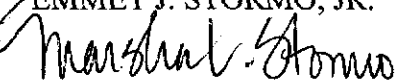
4. Grantor intends by the Deed in Lieu to vest the absolute and unconditional title to the Property in Grantee, and forever to estop and bar Grantor, and all of Grantor's successors in interest, from having or claiming any right, title or interest of any nature whatsoever, either in law or equity, or in possession or in expectancy, in and to the Property or any part thereof. In this regard, and in reliance upon this Deed in Lieu and all of Grantor's warranties and representations made herein, Grantee shall be entitled to exercise and enjoy all of the rights, responsibilities, powers and privileges associated with the Property at such time and on such terms as Grantee deems appropriate; collecting all rents and other income accruing in connection therewith, paying taxes and assessments levied against the Property; and otherwise acting with respect to the Property consistent with the quiet enjoyment and ownership thereof by Grantee.

5. Grantor further warrants and represents: (a) that Grantor has full power and authority to execute and deliver this Deed in Lieu; (b) that this conveyance and assignment is freely and fairly made; (c) that Grantor is not rendered insolvent by this conveyance and assignment, and (d) that there are no agreements, oral or written, other than this Deed in Lieu between Grantor and Grantee with respect to the ownership or possession of the Property.

6. It is the express intent of Grantor and Grantee that this Non-Merger Quit Claim Deed in Lieu of Foreclosure shall not operate to extinguish the Deed of Trust and that the Deed of Trust shall not be merged into or otherwise released by the recording hereof. Although Grantee waives its right to pursue a personal judgment against Grantor for the amount outstanding under the Note, Grantee retains the right to proceed with the foreclosure action under the Deed of Trust against the Property on the basis of existing or future defaults under the obligations secured thereby in the event that a foreclosure is required to clear title to the Property of any existing or future encumbrances subordinate to the Deed of Trust.

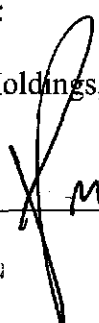
DATED this 6<sup>th</sup> day of Feb, 2002.

GRANTORS:

  
EMMET J. STORMO, JR.  
  
MARSHA L. STORMO

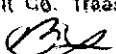
GRANTEE:

Mercedes Holdings, Inc.

By  MH Inc.

#579  
SKAGIT COUNTY WASHINGTON  
REAL ESTATE EXCISE TAX

FEB 13 2002

Amount Paid \$ 0  
Skagit Co. Treasurer  
By  Deputy



200202120028  
Skagit County Auditor

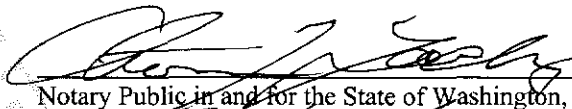
STATE OF WASHINGTON )

)ss.

COUNTY OF WHATCOM )

On this 9<sup>th</sup> day of Feb, 2002, before me personally appeared DEREK STEBNER, to me known to be the President of the corporation that executed the within and foregoing instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

  
Notary Public in and for the State of Washington,  
residing at Bellingham  
My Commission Expires: 2-10-02



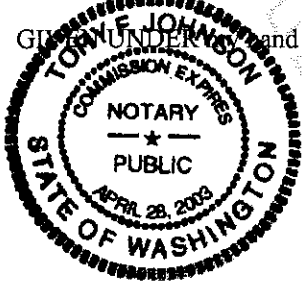
STATE OF WASHINGTON )

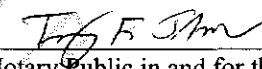
)ss.

COUNTY OF WHATCOM )

On this 6<sup>th</sup> day of February, 2002, before me personally appeared EMMET J. STORMO and MARSHA L. STORMO, to me known to be the individuals described in and who executed the within and foregoing instrument and acknowledged to me that they 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 the day and year first above written.



  
Notary Public in and for the State of Washington,  
residing at Bellingham.  
My Commission Expires: 4-28-03

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EXHIBIT A

LOT 1, SHORT PLAT NO. BURL-4-98, APPROVED OCTOBER 16, 1998, RECORDED OCTOBER 19, 1998 IN VOLUME 13 OF SHORT PLATS, PAGES 175 AND 176, UNDER AUDITOR'S FILE NO. 9810190009, AND BEING A PORTION OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4, SECTION 6, TOWNSHIP 34 NORTH, RANGE 4 EAST, W.M.

SITUATE IN THE COUNTY OF SKAGIT, STATE OF WASHINGTON.

LOT 2, SHORT PLAT NO. BURL-5-98, APPROVED OCTOBER 7, 1998, RECORDED OCTOBER 8, 1998 IN VOLUME 13 OF SHORT PLATS, PAGES 167 AND 168, UNDER AUDITOR'S FILE NO. 9810080075, AND BEING A PORTION OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 6, TOWNSHIP 34 NORTH, RANGE 4 EAST, W.M.

SITUATE IN THE COUNTY OF SKAGIT, STATE OF WASHINGTON



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