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Filed for Record at Request of:

Name: SEAS, INC.

Address: 1301 Riverside Drive (PO Box 1667)

City and State: Mount Vernon, WA 98273

FIRST AMERICAN TITLE CO.

70358 E-2

Assessor's Tax Parcel Number: 350330-0-011-0106 /350330-4-00  
Exchange No: 02-09285 - A1

## DEED OF TRUST

(For Use in the State of Washington Only)

THIS DEED OF TRUST, made this 5<sup>th</sup> day of Sept., 2002, between SEAS, INC., a Washington Corporation d/b/a Simplified Exchange Accounting Systems, Inc., GRANTOR, whose address is P.O. Box 1667, Mt. Vernon Washington 98273, First American Title Insurance Company, a California Corporation TRUSTEE, whose address is P.O. Box 1667, Mt. Vernon, WA 98273 and Charles D. Arndt and Susan P. Arndt, BENEFICIARY, whose address is 632 14th Place, Kirkland, WA, WITNESSETH: Grantor hereby bargains, sells and conveys to Trustee in Trust, with power of sale, the following described real property in Skagit County, WA:

Section 30, Township 35 North, Range 3 East W.M.; Portion SE 1/4, aka Tract 1, Short Plat No. 40-85, and Section 30, Township 35 North, Range 3 East W.M.; Portion Government Lot 3, SW 1/4.: More accurately described on page four. 5 Five.

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 an AGREEMENT RE: REAL PROPERTY REVERSE EXCHANGE of even date herewith, 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 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; (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 not an exclusive remedy; Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.



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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.

By:

Nancy Albanese Vice President

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The land referred to in this report/policy is situated in the State of Washington, County of Skagit, and is described as follows:

**Parcel "A":**

Lot 1, of Skagit County Short Plat No. 40-85, approved December 4, 1986, recorded December 8, 1986, in Book 7 of Short Plats, Page 146, under Auditor's File No. 8612080005, being a portion of the Southwest 1/4 of the Southeast 1/4 of Section 30, Township 35 North, Range 3 East, W.M.

TOGETHER WITH a non-exclusive easement for utility purposes over and across a portion of the Easterly portion of Tract 2 of said Short Plat. Said easement to be further defined at a later date when utilities have been placed upon Tract 2.

**Parcel "B":**

The East 5 acres of all of the following described Parcels 1, 2 and 3 combined.

**Parcel 1:**

That portion of Government Lot 3, and the Northwest 1/4 of the Southeast 1/4 of Section 30, Township 35 North, Range 3 East, W.M., lying within the following described tract:

Beginning at the Southwest corner of said Government Lot 3; thence East to the Southeast corner of said Northwest 1/4 of the Southeast 1/4; thence North, 190 feet; thence West to the meander line of Padilla Bay; thence Southerly along said meander line to the point of beginning.

EXCEPT that portion thereof lying Westerly of an existing fence running North from a point on the South line of said Government Lot 3, which is approximately 200 feet East of the Easterly line of the County Road, running in a generally Northerly and Southerly direction through said subdivision.

**Parcel 2:**

The South 24 feet of that portion of Government Lot 3, in Section 30, Township 35 North, Range 3 East, W.M., lying Westerly of said fence line and the Easterly line of the County Road.

**Parcel 3:**



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That portion of the following described tracts, lying North of the existing fence line marking the North line of property acquired by Carl O. Rossum, et ux, by Deed recorded September 15, 1944, under Auditor's File No. 374462, Volume 196 of Deeds, Page 498.

A portion of the Southwest 1/4 of the Southeast 1/4 of Section 30, Township 35 North, Range 3 East, W.M., being more particularly described as follows:

Beginning at the Southeast corner of said Southwest 1/4 of the Southeast 1/4 of Section 30; thence North 89 degrees 40' 20" West along the South line of said subdivision, a distance of 646.68 feet; thence North 0 degrees 07' 20" East, a distance of 1332.10 feet to the North line of said subdivision and the true point of beginning; thence South 89 degrees 32' 10" East along the North line of said subdivision, a distance of 655.47 feet to the Northeast corner of said subdivision; thence South 0 degrees 29' 30" West along the East line of said subdivision, a distance of 25.00 feet; thence North 89 degrees 58' 24" West, a distance of 655.30; thence North 0 degrees 07' 20" East, a distance of 30.00 feet to the true point of beginning.

ALSO a portion of the Southwest 1/4 of the Southeast 1/4 of Section 30, Township 35 North, Range 3 East, W.M., being more particularly described as follows:

Beginning at the Southeast corner of said Southwest 1/4 of the Southeast 1/4 of Section 30; thence North 89 degrees 40' 20" West along the South line of said subdivision, a distance of 646.88 feet; thence North 0 degrees 07' 20" East, a distance of 1332.10 feet to the North line of said subdivision and the true point of beginning; thence South 0 degrees 07' 20" West, a distance of 30.00 feet; thence North 89 degrees 49' 52" West, a distance of 582.69 feet; thence North 0 degrees 07' 20" East, a distance of 33.00 feet to the North line of said subdivision at a point which lies South 89 degrees 32' 10" East, a distance of 103 feet from the Northwest corner of said subdivision; thence South 89 degrees 32' 0" East along the North line of said subdivision, a distance of 582.70 feet to the true point of beginning.

TOGETHER WITH an easement for ingress, egress and utilities over Parcel 2 above described, and over the South 24 feet of Parcel 1 above described, lying Westerly of the West line of the main tract herein.



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