

After Recording Return to:

**Thomas A. Lerner, Esq.
800 Fifth Avenue
Suite 4000
Seattle, WA 98104-3179**



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NOTICE OF TRUSTEE'S SALE

I.

NOTICE IS HEREBY GIVEN that Thomas A. Lerner, Trustee will on the 24th day of January, 2003, at the hour of ten (10:00) o'clock A.M. at the south entrance on the first floor of the Skagit County Courthouse, 205 W. Kincaid Street, Mount Vernon, WA 98273-4225, sell at public auction to the highest and best bidder, payable at the time of sale, the following described real property, situated in the County of Skagit, State of Washington:

Unit B, Seabreeze Townhomes II Condominium", as per plat recorded on February 11, 2000, under Auditor's File No. 200002110092, records of Skagit County, Washington, situate in Skagit County, Washington. This property is commonly known as 5903 Sands Way, Anacortes, WA 98221-4012.

This property is subject to a Deed of Trust dated October 3, 2001 and recorded in the land records for Skagit County on October 15, 2001 at **Auditor Number 200110150152**, in which Bruce G. Prater and Pattie Marie Prater were the Grantors, to Land Title Company of Skagit County as Trustee, to secure an obligation in favor of First Heritage Bank, as Beneficiary.

II.

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

III.

The default(s) for which this foreclosure is made are for failure to pay when due the following amounts which are now in arrears:

LOAN NUMBER	PROMISSORY NOTE DATE	ORIGINAL PRINCIPAL AMOUNT	DATE OF DEFAULT FOR FAILING TO PAY WHEN DUE	CURRENT BALANCE DUE AS OF OCTOBER 2, 2002
6073200015	March 21, 2002	\$118,656.91	July 20, 2002	\$124,034.03
6073200025	March 21, 2002	\$220,275.00	July 20, 2002	\$242,437.79
6073200045	March 21, 2002	\$220,275.00	July 20, 2002	\$239,021.67
6073200055	March 21, 2002	\$83,957.96 ¹	June 21, 2002	\$78,012.98
6073200065	May 7, 2002	\$25,157.57	July 7, 2002	\$26,421.91

The following sums are now due to cure the defaults on each Loan.

LOAN NUMBER	Past Due payments through September scheduled payment dates	Late Fees through October 2, 2002	Per diem interest accrual at 18% default rate from default date
6073200015	\$3,263.07	\$360.57	\$59.33
6073200025	\$6,057.57	\$455.27	\$115.75
6073200045	\$17,452.38	\$618.36	\$113.20
6073200055	\$7,650.00	\$142.11	\$36.90
6073200065	\$3,044.10	\$56.78	\$12.58
TOTAL	\$37,467.12	\$3637.09	

To calculate the amount you must pay to cure the default, you must add the Past Due Payments with the Late Fees. As of September 26, 2002 this total is \$41,104.21, plus per

¹ Subject of a Change in Terms Agreement dated April 5, 2002 increasing the principal amount to \$97,853.58.



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diem interest. In addition, please note that regardless of the default, Loan No. 6073200045 has matured and is due in full.

To determine the amount of *per diem interest* that has accrued, you must *multiply the per diem interest accrual* by the number of days that have passed from the date of default shown above, and add that sum to the Past Due Payments and Late Fees. The payments for Loans 6073200015, 6073200025, 6073200045 were due on the 20th of each month. The payment for Loan 6073200055 was due on the 21st of each month. The payment for Loan 6073200065 was due on the 7th of each month. *Per Diem* interest should be calculated from the September due date for each loan. Thus, to determine the total amount due to cure:

Past Due Payments + Late Fees + (product of number of days from default x per diem interest accrual) = Amount Due to Cure Default for the loans.

In addition to the foregoing, you are responsible for reimbursing the Bank for its actual attorneys fees and costs in enforcing its rights under the Promissory Notes, which are presently estimated at \$1,000.00. You must also make any additional regular monthly payments that have come due subsequent to the date of default, and prior to your payment to cure the existing defaults. If additional regular monthly payments come due prior to your payment, you should calculate the per diem interest from that month's due date.

IV.

The sum owing on the obligations secured by the Deed of Trust total: Principal \$659,066.28, together with interest as provided in the Notes or other instruments secured from March 21, 2002, and such other costs and fees as are due under the note or other instrument secured, and as are provided by statute.

V.

The above-described real 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 24th day of January, 2003. The default referred to in paragraph III must be cured by the 13th day of January, 2003 (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 13th day of January, 2003, the default as set forth in paragraph III is cured and the Trustee's fees and costs are paid. The sale may be terminated any time after the 13th day of January, 2003, and before the sale by the Grantor or the Grantor's successor in interest or the holder of any recorded junior lien or encumbrance 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 Beneficiary or Trustee to the Grantor or the Grantor's successor in interest at the following address:



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Seabreeze Townhomes II Condominium
Unit B
5903 Sands Way
Anacortes, WA 98221

by both first class and certified mail on the 16th day of August, 2002, proof of which is in the possession of the Trustee. Delivery of the Notice of Default was made on August 20, 2002. The Notice of Default was served personally on the Grantors on September 11, 2002, and the Trustee has possession of proof of such service.

VII.

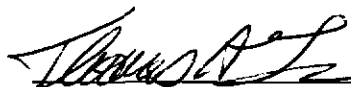
The Trustee whose name and address are set forth below will provide in writing to anyone requesting it, a statement of all costs and fees due at any time prior to the sale.

VIII.

The effect of the sale will be to deprive the Grantor and all those who hold by, through or under the Grantor 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.

 Trustee
Thomas A. Lerner
800 Fifth Avenue
Suite 4000
Seattle, WA 98104-3179
206-626-6000

STATE OF WASHINGTON)
) ss.
KING COUNTY)

On the 8TH day of October, 2002, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Thomas A. Lerner, and acknowledged the said instrument to be the free and voluntary act and Deed of in his capacity as Trustee.



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WITNESS, my hand and official seal hereto affixed the day and year in this certificate first
above written.

Steph A Lach
Stephen A. Lach (Printed Name)
NOTARY PUBLIC in and for the State of
Washington, residing at King County
My commission expires: 1-19-05



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