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WHEN RECORDED MAIL TO:

JOSEPH P. McCARTHY KANTOR TAYLOR MCCARTHY P.C. 1501 4TH AVENUE, SUITE 1610 SEATTLE, WA 98101-1662

CHICAGO TITLE CO. C22594 -

STATUTORY WARRANTY DEED (Villa Kathleen)

Grantor:

VILLA KATHLEEN LIMITED PARTNERSHIP, a Washington

limited partnership

Grantee:

MERCY PROPERTIES WASHINGTON III, a Washington limited liability company

Legal Description:

Lots 13 through 23, Block 2, FRITSCH'S ADDITION TO

BURLINGTON.

Tax Account Number: 4084-002-023-0000.

Related Documents:

None.

VILLA KATHLEEN LIMITED PARTNERSHIP, a Washington limited partnership, for and in consideration of Ten Dollars and other good and valuable consideration in hand paid, hereby conveys and warrants to MERCY PROPERTIES WASHINGTON III LLC, a Washington limited liability company, the real property, situated in Skagit County, Washington, described on the attached Exhibit A, by this reference incorporated herein as if fully set forth.

(The balance of this page is left blank intentionally)

GRANTOR'S SIGNATURE PAGE FOR STATUTORY WARRANTY DEED

DATED September 17, 2003

41809 SKAGIT COUNTY WASHINGTON REAL ESTATE EXCISE TAX

SEP 1 7 2003

VILLA KATHLEEN LIMITED PARTNERSHIP, a Washington limited partnership

By: Dujardin Development Company, a Washington corporation, general partner

David Allegre, President

STATE OF WASHINGTON

COUNTY OF KING

SS.

I hereby certify that I know or have satisfactory evidence that David Allegre appeared before me, and acknowledged that he signed this instrument, on oath stated that he was authorized to execute this instrument, and acknowledged it as the President of Dujardin Development Company, a Washington corporation, general partner of VILLA KATHLEEN LIMITED PARTNERSHIP, a Washington limited partnership, to be the free and voluntary act of such entity for the uses and purposes mentioned in this instrument.

GIVEN under my hand and official seal on

Signature of Notary

Print Name: KAN E. CLAGTON

NOTARY PUBLIC in and for the State of Washington, residing at: (AMANO ISLAND

My commission expires: 8-9-06

EXHIBIT A TO STATUTORY WARRANTY DEED -LEGAL DESCRIPTION FOR Villa Kathleen

Lots 13 through 23, Block 2, Fritsch's Addition to Burlington, according to the plat thereof recorded in Volume 3 of Plats, Page 78, records of Skagit County, Washington.

Situated in Skagit County, Washington.

AND SUBJECT TO: THE EXCLUSIONS LISTED ON SCHEDULE 1 TO THIS EXHIBIT A TO THIS DEED, ATTACHED HERETO

200309170207 Skagit County Auditor

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SCHEDULE 1 TO EXHIBIT A TO STATUTORY WARRANTY DEED

Easement, including the terms and conditions thereof, granted by instrument(s);

Recorded:

July 2, 1986

Auditor's No(s).:

8607020054, records of Skagit County, Washington

In favor of:

Puget Sound Power & Light Company

For:

Electric transmission and/or distribution line, together with necessary

appurtenances

Affects:

A right-of-way 10 feet in width having 5 feet of such width on each

side of a centerline described as follows:

Being located as constructed or to be constructed on the above described property, more particularly described as follows:

Beginning at a point on the East line of said property that is approximately 156 feet South of the Northeast corner thereof;

Thence West a distance of 10 feet to its terminus.

Agreement, including the terms and conditions thereof; entered into; 2.

B۷:

The City of Burlington, a municipal corporation

And Between:

Clarence J. Kuhn and Bettye H. Kuhn, husband and wife and Ben

Magnuson and Lillian Magnuson, husband and wife

Recorded:

September 24, 1976

Auditor's No.:

843200, records of Skagit County, Washington

Providing:

Regarding zoning issues

Agreement, including the terms and conditions thereof; entered into; 3.

By:

The City of Burlington, a municipal corporation

And Between:

Clarence J. Kuhn and Bettye H. Kuhn, husband and wife; and Ben Magnuson and Lillian Magnuson, husband and wife; and LeRoy

Anderson and Donna Anderson, husband and wife, DBA L & B

Investment

Recorded:

September 20, 1983

Auditor's No.:

8309200004, records of Skagit County, Washington

Providing:

Regarding zoning issues

Agreement, including the terms and conditions thereof; entered into; 4.

By:

The City of Burlington

Clarence J. Kuhn and Bettye Kuhn, husband and wife

And Between:

February 7, 1986

Recorded: Auditor's No.:

8602070029, records of Skagit County, Washington

Providing:

Regarding zoning issues

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- Location of Cable TV Riser, Telephone Riser, Transformer, Yard Drain, Storm Drain, Catch Basin and Drain Manhole as delineated on the face of an unrecorded Survey prepared by Goldsmith & Associates dated August 14, 2003, under Job No. 02100-17.
- Encroachment of a fence onto the Westerly, Northerly and Southerly portion of said premises and by a driveway onto the Southerly portion of said premise as disclosed by an unrecorded Survey prepared by Goldsmith & Associates dated August 14, 2003 under job no. 02100-17.
- Deed of Trust, including the terms and conditions thereof, securing an indebtedness of 7. \$760,000.00:

Dated:

March 9, 1987

Recorded:

March 9, 1987

Auditor's No.:

8703090003, records of Skagit County, Washington

Grantor:

Villa Kathleen Limited Partnership

Trustee:

Farmers Home Administration, United States Department of

Agriculture, acting through the State Director of the Farmers Home

Administration for the State of Washington

Beneficiary:

The United States of America, acting through the Farmers Homes

Administration, United States Department of Agriculture

Financing Statement, including the terms and conditions thereof; 8

Recorded:

March 9, 1987

Auditor's No.:

8703097001, records of Skagit County, Washington

Debtor:

Villa Kathleen Limited Partnership

Secured Party:

Farmers Home Administration

Continued and amended by instrument(s);

Recorded:

December 19, 1991

Auditor's No(s).:

9112190006, records of Skagit County, Washington

Amended by instrument(s);

Recorded:

March 4, 1993

Auditor's No(s).:

9303040073, records of Skagit County, Washington

Amended by instrument(s):

Recorded:

September 11, 1996

Auditor's No(s).:

9609110001, records of Skagit County, Washington

Continued by instrument(s);

Recorded:

December 24, 2001

Auditor's No(s).:

STATUTORY WARRANTY DEED - VILLA KATHLEEN

200112240103, records of Skagit County, Washington

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A leasehold estate, as disclosed by Memorandum thereof, upon and subject to all of the provisions therein contained, as created by that certain lease:

Memorandum

Dated:

January 15, 1999

Recorded:

April 26, 1999

Auditor's No.:

9904260066, records of Skagit County, Washington

Lessor.

Villa Kathleen Limited Partnership

Lessee:

American Meter & Appliance, Inc., a Washington corporation

For a term of:

Not to exceed 20 years

11. Liability to future assessments, if any, levied by City of Burlington.

13. Lien for property taxes not yet due and payable.

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STATUTORY WARRANTY DEED - VILLA KATHLEEN

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