

AFTER RECORDING MAIL TO:

LAW OFFICE OF COLE & COLE, P.C.
P. O. Box 249
Stanwood, WA 98292



200502090062
Skagit County Auditor

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LAND TITLE OF SKAGIT COUNTY

113893-P

DEED OF TRUST

(For Use in the State of Washington Only)

GRANTOR: SAGER, GARRICK E., a married man as his separate estate
GRANTEE: SCHENK PACKING COMPANY, INC., a WA Corp.
LEGAL DESCRIPTION: PTN LOT C, SP 1-86 & NE¼ SW¼, 32-34-4E WM
ASSESSOR'S TPN: 340432-0-007-0415; 340432-0-012-0012; 340432-0-024-0000

THIS DEED OF TRUST, made this 27th day of January, 2004, between GARRICK E. SAGER, a married man as his separate estate, GRANTOR, whose address is 17643 W. Big Lake Boulevard, Mount Vernon, Washington 98274, LAND TITLE COMPANY, a corporation, TRUSTEE, whose address is P. O. Box 445, 111 E. George Hopper Road, Burlington, Washington 98233, and SCHENK PACKING COMPANY, INC., BENEFICIARY, whose address is 8204 288th Street N.W., Stanwood, Washington 98292, WITNESSETH: Grantor hereby bargains, sells, and conveys to Trustee in Trust, with power of sale, the following described real property in Skagit County, Washington:

PARCEL "A"

That portion of the Northeast Quarter of the Southwest Quarter of Section 32, Township 34 North, Range 4 East, W.M., described as follows:

Beginning at a point 1,973 feet North of the Southwest corner of the Southeast Quarter of the Southwest Quarter of said section;
Thence North 197 feet, more or less, to a point 470 feet South of the Northwest corner of said Northeast Quarter of the Southwest Quarter;
Thence East to center of slough;
Thence in a Southwesterly direction down center of said slough to a point due East of beginning;
Thence West to beginning.

EXCEPT the West 16 feet for road,

AND EXCEPT drainage ditch rights of way,

AND EXCEPT those portions conveyed to the State of Washington by Deeds recorded under Auditor's File Nos. 537748 and 754330.

ALSO, that portion of the Northeast Quarter of the Southwest Quarter of Section 32, Township 34 North, Range 4 East, W.M., described as follows:

Beginning at a point on the South line of the North Half of the Northeast Quarter of the Southwest Quarter of said Section 32, a distance of 396 feet West of the Southeast corner thereof;
Thence Northerly along a straight line, that if projected would intersect the North line of said Northeast Quarter of the Southwest Quarter at a point 315 feet West of the Northeast corner thereof, to a point due East of a point on the West line of said Northeast Quarter of the Southwest Quarter that is 470 feet South of the Northwest corner thereof;
Thence West to the center of the slough;
Thence Southerly along the center of said slough to the South line of the North Half of the Northwest Quarter of the Northwest Quarter of said subdivision;
Thence East to the point of beginning,

EXCEPT drainage ditch rights of way.

PARCEL "B"

The South 70 feet, EXCEPT the West 35 feet thereof, and the East 35 feet of the West 70 feet of Lot C, Short Plat No. 1-86, ALSO the South 70 feet of Lot D of said Short Plat No. 1-86 (as measured along the East line of Lot C) approved March 7, 1986, recorded March 7, 1986 in Book 7 of Short Plats, page 76, under Auditor's File No. 8603070013 and being a portion of the Northeast Quarter of the Southwest Quarter of Section 32, Township 34 North, Range 4 East, W.M.,

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 payment of the sum of EIGHT HUNDRED TWENTY-FIVE THOUSAND & NO/100 DOLLARS (\$825,000.00) with interest, in accordance with the terms of a promissory note 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 improvements 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 power 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.



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