

AFTER RECORDING MAIL TO:

Steven W. Doty
3411 Junco
Mt. Vernon, WA 98274



200512210124

Skagit County Auditor

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Filed for Record at Request of:
First American Title Of Skagit County
Escrow Number: B86639

DEED OF TRUST

(For use in the State of Washington only)

Grantor(s): Freebourne Investments, LLC
Beneficiary: Steven W. Doty
Trustee: First American Title Of Skagit County
Abbreviated Legal:
Lot 49, "MADDOX CREEK PUD PHASE 1"
Additional legal(s) on page:
Assessor's Tax Parcel Number(s): P109343, 4681-000-049-0000

FIRST AMERICAN TITLE CO.

B86639E-2

THIS DEED OF TRUST, made this 14th day of December, 2005 between Freebourne Investments, LLC, a general partnership, GRANTOR, whose address is 19244 Nelson Road, Mt. Vernon, WA 98274, First American Title Of Skagit County, TRUSTEE, whose address is 1301-B Riverside Drive, Mount Vernon, WA 98273 and Steven W. Doty and Shirley Doty, husband and wife BENEFICIARY, whose address is 3411 Junco, Mt. Vernon, WA 98274.

WITNESSETH: Grantor hereby bargains, sells, and conveys to Trustee in trust, with power of sale, the following described real property in Skagit County, Washington:

Lot 49, "MADDOX CREEK PUD PHASE 1", according to the plat thereof recorded in Volume 16 of Plats, pages 121 through 130, inclusive, records of Skagit County, Washington.

which real property is not used principally for agricultural 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 of the property.

This Deed of Trust is for the purpose of securing performance of each agreement of Grantor(s) herein contained in this Deed of Trust, and payment of the sum of **ONE HUNDRED THREE THOUSAND FIVE HUNDRED AND NO/100 Dollars (\$ 103,500.00)** 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 of the note, and also such further sums as may be advanced or loaned by Beneficiary to Grantor(s), or any of the Grantor(s)' successors or assigns, together with interest thereon at the rate agreed upon.

DUE DATE: The entire balance of the promissory note secured by this Deed of Trust, together with any and all interest accrued thereon, shall be due and payable in full on June 2006.

To protect the security of this Deed of Trust, Grantor(s) covenant(s) and agree(s):

1. To keep the property in good condition and repair; to permit no waste of the property; to complete any building, structure, or improvement being built or about to be built on the property; to restore promptly any building, structure, or improvement on the property 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 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(s). The amount collected under any insurance policy may be applied upon any indebtedness secured by this Deed of Trust 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(s) 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 by this Deed of Trust and Trustee's and attorney's fees actually incurred, as provided by statute.

6. Should Grantor(s) fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances, or other charges against the property. Beneficiary may pay the same, and the amount so paid, with interest at the rate set forth in the note secured by this Deed of Trust, shall be added to and become a part of the debt secured in this Deed of Trust.

7. DUE ON SALE: (OPTIONAL – Not applicable unless initialed by Grantor and Beneficiary) The property described in this security instrument may not be sold or transferred without the Beneficiary's consent. Upon breach of this provision, Beneficiary may declare all sums due under the note and Deed of Trust immediately due and payable, unless prohibited by applicable law.

Dee

Grantor (Initials)

SM J.D.

Beneficiary (Initials)

IT IS MUTUALLY AGREED THAT:

8. 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 by this Deed of Trust shall be paid to Beneficiary to be applied to said obligation.

9. By accepting payment of any sum secured by this Deed of Trust 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.

10. 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(s) and the Beneficiary, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.

11. Upon default by Grantor(s) in the payment of any indebtedness secured by this Deed of Trust or in the performance of any agreement contained in this Deed of Trust, all sums secured by this Deed of Trust shall immediately become due and payable at the option of the Beneficiary, subject to any cure period provided in the note secured by this Deed of Trust. 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; and (3) the surplus, if any, shall be distributed to the persons entitled thereto.

12. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser all right, title and interest in the real and personal property which Grantor(s) had or had the power to convey at the time of the execution of this Deed of Trust, and such as Grantor(s) 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.

13. 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.

14. In the event of the absence, death, incapacity, disability, or resignation of Trustee, or at the discretion of the Beneficiary, Beneficiary may appoint in writing a successor trustee, and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded, the successor trustee shall be vested with all powers of the original trustee. The trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of an action or proceeding in which Grantor(s), Trustee, or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

15. This Deed of Trust applies to, inures to the benefit of, and is binding not only on the parties hereto, but on his/her/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.



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EXHIBIT "A"

EXCEPTIONS:

A. Agreement regarding Formation of Local Improvement District, dated July 2, 1996, recorded September 9, 1996, under Auditor's File No. 9609090083.

B. PROTECTIVE COVENANTS AND/OR EASEMENTS, BUT OMITTING RESTRICTIONS, IF ANY, BASED ON RACE, COLOR, RELIGION OR NATIONAL ORIGIN:

Dated: September 19, 1996
Recorded: September 20, 1996
Auditor's No.: 9609200054
Executed by: Interwest Properties, Inc.

C. Public Notice regarding Remediated Landfill, recorded September 20, 1996, under Auditor's File No. 9609200055.

D. MATTERS AS DISCLOSED AND/OR DELINEATED ON THE FACE OF THE FOLLOWING PLAT/SUBDIVISION:

Plat/Subdivision Name: Maddox Creek P.U.D. Phase I
Recorded: September 9, 1996
Auditor's No.: 9609090082

Said matters include but are not limited to the following:

1. Know all men by these presents that InterWest Properties, Inc., a Washington Corporation, and the City of Mount Vernon, a Washington Municipal Corporation, as to "Tract City" owners in the fee simple of the land hereby platted, declares this plat and dedicates to the use of the public forever, the streets, places, courts, avenues, Tract "A", Tract "B", and public open spaces shown hereon and the use thereof for all public purposes not inconsistent with the use thereof for public highway and park purposes, together with the right to make all necessary slopes for cuts and fills upon the lots and blocks shown hereon in the original reasonable grading of all such streets, places, courts and avenues shown hereon.

2. Any lot within this subdivision may become subject to impact fees payable upon issuance of a building permit in the event such fees are hereafter imposed by Ordinances of the City of Mount Vernon on either an interim or permanent basis;

3. Utility Sources: Telephone - GTE
Power - Puget Power
Television - TCI Cablevision
Storm - City of Mount Vernon
Sewer - City of Mount Vernon
Water - Public Utilities District No. 1



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4. An easement for the purpose of conveying local storm water runoff is hereby granted in favor of all abutting lot owners in the areas designated as private drainage easements. The maintenance of private drainage easements established and granted herein shall be the responsibility of, the costs thereof shall be borne equally by, the present and future owners of the Maddox Creek Master Community Association and their heirs, personal representatives and assigns.

The City of Mount Vernon is hereby granted the right to enter said easements for emergency purposes at its own discretion.

5. An easement is hereby reserved for and granted to City of Mount Vernon; Public Utility District No. 1; Puget Power; G.T.E.; Cascade Natural Gas Corp., and TCI Cablevision of Washington, Inc., and their respective successors and assigns under and upon the exterior ten (10) feet or seven (7) feet of front boundary lines of all lots and tracts as shown hereon and other utility easements shown on the face of the plat, in which to install, lay, construct, renew, operate, maintain and remove utility systems, lines, fixtures and appurtenances attached thereto for the purpose of providing utility services to the subdivision and other property, together with the right to enter upon the lots and tracts at all times for the purposes stated, with the understanding that any grantee shall be responsible for all unnecessary damage it causes to any real property owner in the subdivision by the exercise of rights and privileges herein granted.

6. An easement for storm water drainage/detention facilities common to the Plat of Maddox Creek P.U.D., Phase No. 1, is hereby granted to the City of Mount Vernon on Tract 80. Maintenance of any perimeter fences, landscaping and plant material within this easement is the responsibility of the Plat of Maddox Creek Master Community Association.

7. 7 foot utility easement affecting areas abutting streets

8. 15-foot side sewer easement affecting the Easterly portion of subject lot.



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16. ADDITIONAL TERMS AND CONDITIONS: (check one)

a. (X) NONE

OR

b. () As set forth on the attached "Exhibit A" which is incorporated by this reference.

(Note: If neither a nor b is checked, then option "a" applies)

Dated: December 14, 2005

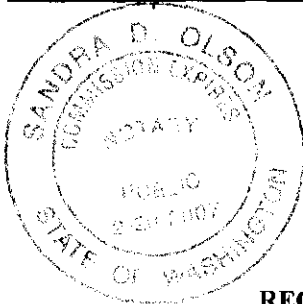
Freebourne Investments, LLC

By: Dike Drummond, Manager

State of Washington }
County of Skagit } SS:

I certify that I know or have satisfactory evidence _____ Dike Drummond, the person(s) who appeared before me, and said person(s) acknowledged that he/she/they signed this instrument, on oath stated he/she/they are authorized to execute the instrument and is _____ Manager of Freebourne Investments, LLC to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Date: December 14, 2005



Sandra Olson
~~Shirley Rose Lamont~~
Notary Public in and for the State of Washington
Residing at Skagit
My appointment expires: 2-20-07

REQUEST FOR FULL RECONVEYANCE

Do not record. To be used only when note has been paid.

TO: TRUSTEE

The undersigned is the legal owner and holder of the note and all other indebtedness secured by the within Deed of Trust. Said note, together with all other indebtedness secured by said Deed of Trust, has been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel said note above mentioned, and all other evidences of indebtedness secured by said Deed of Trust delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you thereunder.

Dated _____,



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