

RECORDED AT THE REQUEST OF AND
AFTER RECORDING RETURN TO:

HANSELL/MITZEL, LLC
1111 CLEVELAND
MOUNT VERNON, WA. 98273
ATTN: DAN R. MITZEL



200603150077
Skagit County Auditor

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DEED OF TRUST

GRANTOR:

SALEM VILLAGE, a ^{FIRST AMERICAN TITLE CO.} Washington nonprofit corporation

TRUSTEE:

^{B83709E-2}
FIRST AMERICAN TITLE OF SKAGIT COUNTY

GRANTEE or BENEFICIARY:

HANSELL/MITZEL, LLC, a Washington limited liability company

Legal Description:

Section 9, Township 34, Range 4: Ptn.NW SE

Assessor's Tax Parcel ID Number:

(P124129) 340409-4-005-1000

THIS DEED OF TRUST, made this ____ day of March 2006, between SALEM VILLAGE, a Washington nonprofit corporation, whose address is 2427 Trumpeter, MV, WA 98273, as GRANTOR; First American Title whose address is 1301B Riverside, MV, WA 98273, as TRUSTEE; and HANSELL/MITZEL, LLC, a Washington limited liability company, whose address is 1111 Cleveland, M.V., WA 98273, as BENEFICIARY.

1. **Grant.** Grantor hereby bargains, sells and conveys to Trustee in Trust for the benefit of Beneficiary, with power of sale the real property located at Mount Vernon, Skagit County, Washington, described on **Exhibit A** hereto, (the "Property") together with all tenements, privileges, reversions, remainders, irrigation and water rights and stock, oil and gas rights, royalties, minerals and mineral rights, hereditaments and appurtenances belonging or in any way pertaining to the Property, and the rents issues and profits thereof. Said Property is not used principally, or at all, for agricultural or farming purposes.

2. **Obligations Secured.** This deed is given for the purpose of securing payment in the amount of Six Hundred Thousand and 00/100ths Dollars (\$600,000.00) according to the terms of a Promissory Note (the "Note") of even date herewith, payable by Grantor to the Beneficiary including all renewals, modifications and extensions thereof.

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HANSELL/MITZEL, LLC 1111 CLEVELAND MOUNT VERNON, WA. 98273 ATTN: DAN R. MITZEL	

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TRUSTEE: FIRST AMERICAN TITLE OF SKAGIT COUNTY

GRANTEE or BENEFICIARY: HANSELL/MITZEL, LLC, a Washington limited liability company

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DEED OF TRUST (SALEM VILLAGE II)



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3. **Lien Priority.** This Deed of Trust shall be in a first lien priority position against the Property.

4. **Protection of Security.** To protect the security of this Deed of Trust, Grantor covenants and agrees:

4.1 To keep the Property in good condition and repair; to permit no waste thereof; to complete any building, structure or improvement thereon which may be damaged or destroyed; and to comply with all laws, ordinances, conditions and restrictions affecting the property.

4.2 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.

4.3 To keep all buildings now or hereafter on the Property continuously insured against loss by fire or other hazards in an amount not less than the replacement cost of the Property.

4.4 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 proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

4.5 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.

4.6 Should Grantor 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 shall be added to and become a part of the debt secured by this Deed of Trust.

5. **General Conditions.** The parties hereto agree that:

5.1 In the event any portion of the Property is taken or damaged in an eminent domain proceeding, subject to the rights of senior lien holders, the entire amount of the award or such portion as may be necessary to fully satisfy this obligation secured hereby, shall be paid to Beneficiary to be applied to said obligation.

5.2 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.

5.3 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 obligations secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.



5.4 Pursuant to Chapter 61.24 of the Revised Code of Washington and upon default by Grantor without timely cure and after written notice of thirty (30) days 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. In such event and upon written notice of Beneficiary, the property shall be sold, in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. Any person may bid at the Trustee's sale. Subject to the rights of the beneficiary or beneficiaries of any senior deed of trust, the proceeds of the sale shall be applied 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 person or persons entitled thereto.

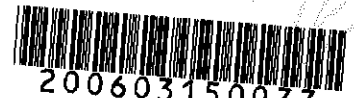
5.5 A Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the property which Grantor had or had the power to convey at the time of the execution of this Deed of Trust, and such as Grantor may have acquired thereafter. Trustee's 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 a bona fide purchaser for value.

5.6 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.

5.7 Beneficiary may at any time appoint or discharge the Trustee.

5.8 This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto and their successors and assigns. The terms "Grantor," "Trustee," and "Beneficiary" include their successors and assigns.

(The balance of this page is left blank intentionally)



GRANTOR'S SIGNATURE PAGE FOR DEED OF TRUST

IN WITNESS HEREOF, Salem Village, a Washington nonprofit corporation, has executed this Deed of Trust on the date set forth above.

GRANTOR:

SALEM VILLAGE,
a Washington nonprofit corporation

By:

Rick Anderson
Rick Anderson, President

STATE OF WASHINGTON)

COUNTY OF *Skagit*)

I certify that I know or have satisfactory evidence that Rick Anderson is the person who appeared before me and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument, and acknowledged it as the President of Salem Village, a Washington nonprofit corporation, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.



Sandra D. Olson
Print Name: *SANDRA D. OLSON*
a notary public residing at
Burlington, Washington.
My appointment expires: *2-20-07*

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REQUEST FOR FULL RECONVEYANCE

**TO BE USED ONLY WHEN ALL OBLIGATIONS HAVE BEEN PAID AND
ALL DUTIES PERFORMED UNDER THIS DEED OF TRUST.**

TO: TRUSTEE:

The obligations thus secured have been fully paid and all duties performed 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, including Contingent Interest, to cancel evidence of indebtedness secured by said Deed of Trust delivered to you with 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 hereunder.

Dated

Name

Title

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**EXHIBIT A
DESCRIPTION OF PROPERTY**

That portion of the Northwest $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 9, Township 34 North, Range 4 East, W.M. described as follows:

Commencing at the Southeast corner of said Northwest $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of said Section 9; thence North $0^{\circ}20'52''$ East, along the East line of said Northwest $\frac{1}{4}$, 238.00 feet to the true point of beginning; thence continue North $0^{\circ}20'52''$ East 506.62 feet; thence North $89^{\circ}39'08''$ West 270.69 feet; thence South $0^{\circ}21'19''$ West 349.42 feet; thence along a curve to the right having a radius of 635.00 feet through a central angle of $14^{\circ}19'59''$ an arc distance of 158.85 feet; thence South $89^{\circ}39'08''$ East 290.52 feet to the true point of beginning; said premises being also known as Parcel "E" of Mount Vernon Boundary Line Adjustment No. LU05-95 After Line Adjustment" recorded as Auditor's File No. 200512140111.

TOGETHER WITH a non-exclusive 60 foot wide easement the Easterly and Northerly line of which is described as follows: Beginning at the Southwest corner of said Parcel "E", said corner being at an angle point on the Easterly line of Parcel "B" of said LU05-95; thence Northerly along said Easterly line of said Parcel "B" and continuing Northwesterly through a curve delineating the Northeasterly line of said Parcel "B" to the North line of said Parcel "B"; thence Westerly along said North line to its intersection with the East line of the Francis Road, said point being the terminus of this line description.

