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Skagit County Auditor

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DEED OF TRUST

(For Use in the State of Washington Only)

THIS DEED OF TRUST, made on 2/6/06, between GRANTOR, Lauri Ann Lange, whose address is 17111 Zoya Drive, Mount Vernon, WA 98274; TRUSTEE Land Title Company of Skagit County, whose address is: 111 East George Hopper Road, Burlington Washington and BENEFICIARY(IES): Dennis W. Klaus, whose address is: 1305 Heather Lane, Sedro Woolley, WA 98284.

WITNESSETH: GRANTOR(S) hereby bargains, sells and conveys to TRUSTEE in Trust, with power of sale, the following described real property in Island County, Washington:

Commonly known as: 17111 Zoya Drive, Mount Vernon, Washington
Parcel Number: P109298
Legally known as:

Lot 24, "BIG LAKE HEIGHTS", as per plat recorded in Volume 16 of Plats, pages 118 through 120, inclusive, records of Skagit County, Washington.

Subject to easements, restrictions, and other exceptions on record.

Situate in the County of Skagit, State of Washington.

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. The Grantor herein agree that in the event any portion of the premises herein conveyed is sold or assigned, any sums due and owing to the Beneficiaries herein under the terms of this Deed of Trust and the Note secured hereby will become immediately due and payable, at the option of the Beneficiary.

This Deed is for the purpose of securing performance of each agreement of Grantor herein contained, and payment of the sum of (\$11,700.00) Eleven Thousand, Seven Hundred US Dollars, no cents, with no interest, in accordance with the terms of a Promissory Note of even date herewith, payable to Beneficiary(ies) or order, and made by Grantor(s), and all renewals, modifications and extensions thereof, and also such further sums as may be advanced or loaned by Beneficiary(ies) to Grantor(s), 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(s) covenants and agrees:

1. To keep the property in good condition and repair; to permit no waste thereof; to complete any building, structure or improvement 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 delinquencies 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(ies), and be in such companies as the Beneficiary(ies) may approve and have loss payable first to the Beneficiary(ies), as its interest may appear, and then to the Grantor(s). The amount collected under any insurance policy may be applied upon any indebtedness hereby secured in such order as the Beneficiary(ies) shall determine. Such application by the Beneficiary(ies) 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(ies) or Trustee and to pay all costs and expenses, including costs of title search and attorney's fees in a reasonable amount, in any such action or proceeding, and in any suit brought by Beneficiary(ies) 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(s) fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the property hereinabove described, Beneficiary(ies) 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 proceedings, 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(ies) to be applied to said obligation.

2. By accepting payment of any sum secured hereby after its due date, Beneficiary(ies) 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.

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

4. Upon default by Grantor(s) in the payment of any indebtedness secured hereby or in the performance of any agreements contained hereto, all sums secured hereby shall immediately become due and payable at the option of the Beneficiary(ies). In such event and upon written request of Beneficiary(ies), 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; (3) the surplus, if any shall be distributed to the person entitled thereto.

5. 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(s) had or had the power to convey at the time of his execution of this Deed of Trust, and such as he 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 purchase and encumbrances for value.

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(ies) may cause this Deed of Trust to be foreclosed as a mortgage.



7. In the event of the death, incapacity, disability or resignation of Trustee, Beneficiary(ies) 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 any action or proceeding in which Grantor(s), Trustee or Beneficiary(ies) shall be a party unless such action or proceeding is brought by the Trustee.

8. This Deed of Trust applies to inures to the benefit of, and is binding not only on the parties hereto, but on their heirs, devisees, legatees, administrators, executors and assigns. The term Beneficiary(ies) shall mean the holder and owner of the Note secured hereby, whether or not named as Beneficiary(ies) herein.

Dated: 2/6/06 Lauri A. Lange
Lauri A. Lange

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

On Feb. 6, 2006 before me personally appeared Lauri A. Lange, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he signed and sealed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

C. J. Pollino
Notary Public in and for the State of Washington, residing
at 1212 N. Vernon, WA.

My Commission Expires: 3/6/08

