

AFTER RECORDING MAIL TO:

**Charles M. Shaw
8B Eagles Nest Drive
LaConner, WA 98257**



200606060094

Skagit County Auditor

6/6/2006 Page 1 of 4 3:22PM

Reference No.:

**Filed for Record at Request of:
Land Title Company of Skagit
Escrow Number: 120978-PE**

LAND TITLE OF SKAGIT COUNTY

DEED OF TRUST

(For use in the State of Washington only)

Grantor(s): **Bacaruda Investments, LLC**

Beneficiary: **Charles M. Shaw**

Trustee: **Land Title Company of Skagit**

Abbreviated Legal: **Ptn NE 1/4 NE 1/4, 13-36-3 E W.M.; and Ptn W 1/2 18-36-4 E W.M.; and Ptn NE 1/4 NW 1/4, 19-36-4 E W.M. (aka Lot 1, SP No. PL04-0411).**

Additional legal(s) on page: **4**

Assessor's Tax Parcel Number(s): **360418-3-006-0200, P124362, 360418-0-003-0100, P124363 - IOP**

THIS DEED OF TRUST, made this 25th day of May, 2006 between BACARUDA INVESTMENTS, LLC, a Washington Limited Liability Company, GRANTOR, whose address is 417 Pease Road , Burlington, WA 98233, Land Title Company of Skagit, TRUSTEE, whose address is P.O. Box 445 111 East George Hopper Road, Burlington, WA 98233 and CHARLES M. SHAW, a single man, as his separate property BENEFICIARY, whose address is 8B Eagles Nest Drive, LaConner, WA 98257.

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

SEE ATTACHED EXHIBIT "A" HERETO FOR LEGAL DESCRIPTION

BENEFICIARY herein agrees to issue partial reconveyance of this Deed of Trust once said premises has been formally platted into individual lots. Said partial reconveyances shall be provided once \$10,000.00 per acre per unimproved lot has been received for each lot being reconveyed. Said payment shall be applied directly to the principal balance of the note secured by this Deed of Trust. Said partial reconveyances shall not land lock any portion of the property being secured herein.

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 **TWO HUNDRED THOUSAND AND NO/100 Dollars (\$ 200,000.00)** 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 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 6th, 2010**.

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.

RKH KKH _____
Grantor (Initials)

Cms _____
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.

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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.

16. ADDITIONAL TERMS AND CONDITIONS: (check one)

a. 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: May 25, 2006

Bacaruda Investments, LLC

Robert C. Hilsinger
By: Robert C. Hilsinger, Member

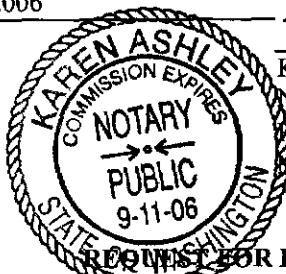
Kelly K. Hilsinger
By: Kelly K. Hilsinger, Member

STATE OF Washington }
County of Skagit } SS:

I certify that I know or have satisfactory evidence Robert C. Hilsinger and Kelly K. Hilsinger
the person who appeared before
me, and said person acknowledged that they signed this instrument, on oath stated They are
authorized to execute the instrument and is Members
of Bacaruda Investments, LLC

to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated: June 6th, 2006
~~May~~



Karen Ashley
Karen Ashley
Notary Public in and for the State of Washington
residing at Sedro-Woolley
My appointment expires: 9/11/2006

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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EXHIBIT "A"

LEGAL DESCRIPTION

Lot 1, Short Plat No. PL04-0411, approved April 4, 2006, recorded April 5, 2006, under Auditor's File No. 200604050042, records of Skagit County, Washington and being a portion of the Northeast ¼ of the Northeast ¼ of Section 13, Township 36 North, Range 3 East, W.M., and that portion of Government Lot 1; Government Lot 2; Government Lot 3; Government Lot 4, and the Southeast ¼ of the Northwest ¼; and the Northeast ¼ of the Southwest ¼ and the Southeast ¼ of the Southwest ¼ of Section 18, Township 36 North, Range 4 East, W.M. and a portion of the Northeast ¼ of the Northwest ¼ of Section 19, Township 36 North, Range 4 East, W.M.

TOGETHER WITH a non-exclusive easement for installation, maintenance and operation of wells, waterlines and appurtenances over, under and through a strip of land 20 feet wide lying 20 feet South of the hereinafter described Line "A" and a strip of land 60 feet wide lying 20 feet North and 40 feet South of the hereinafter described Line "B".

Line A:

Beginning at the Northwest corner of the Southeast ¼ of the Northwest ¼ of Section 19, Township 36 North, Range 4 East, W.M.;
thence South 86°40'31" East along the North line of said subdivision, a distance of 407.07 feet to the East right-of-way line of Colony Road;
thence Northerly along a curve to the left having a chord bearing of North 21°03'34" East, a radius of 1175.92 feet, a central angle of 12°27'56", and an arc distance of 255.84 feet to the initial point of this line description;
thence South 74°41'14" East, a distance of 95.56 feet to the terminal point of this line description.

Line B:

Beginning at the terminal point of Line "A" above;
thence South 74°41'14" East, a distance of 75.00 feet to the terminal point of this line description.

Situate in the County of Skagit, State of Washington.



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