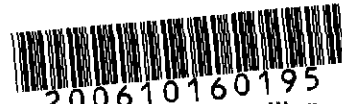


FILED FOR RECORD AT THE
REQUEST OF/RETURN TO:
Skagit State Bank
Attn: Geoff Wachter
301 East Fairhaven Avenue
Burlington, Washington 98233



200610160195
Skagit County Auditor

10/16/2006 Page 1 of 6 2:20PM

NONMERGER WARRANTY DEED IN LIEU OF FORECLOSURE

Grantor (s) LOREN P. HOBOY & SANDRA G. HOBOY, husband and wife
Grantee (s) SKAGIT STATE BANK
Additional Grantor(s) on page(s)
Additional Grantee(s) on page(s)
Abbreviated Legal: Lots 1 & 2, Blk 6, Hensler's 1st to Anac. OCT 16 2006
Additional Legal on page(s)
Assessor's Tax Parcel No's: P57340; 3794-006-002-0009
Amount Paid \$ 5350
SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX
By

THE GRANTORS, LOREN P. HOBOY & SANDRA G. HOBOY, husband and wife, for and in consideration of the covenants herein contained, the avoidance of the costs and expense of foreclosure, and no monetary consideration, the Grantors do by these presents convey and warrant to SKAGIT STATE BANK, the following described real estate, situated in the County of Skagit, State of Washington:

Lots 1 and 2, Block 6, "PLAT OF HENSLER'S FIRST ADDITION TO THE CITY OF ANACORTES, SKAGIT CO., WASH." as per plat recorded in Volume 3 of Plats, page 46, records of Skagit County, Washington.


Situate in the City of Anacortes, County of Skagit, State of Washington.

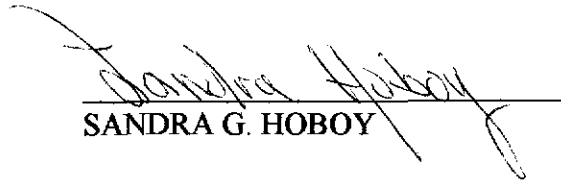
Commonly known as: 2602 Commercial Avenue
Anacortes, WA 98221

This deed does not effect a merger of the fee ownership and the lien of the Deed of Trust dated April 30, 2003 and recorded May 9, 2003 under Auditor's file number 200305090195, records of Skagit County, Washington. This deed does not effect a merger of the fee ownership and the lien of the Deed of Trust dated June 25, 2002 and recorded June 27, 2002 under Auditor's file number 200206270113, records of Skagit County, Washington. The fee and liens shall hereafter remain separate and distinct. This deed shall not operate to preclude the Grantee from proceeding in any action to enforce its deeds of trust.

DATED: this 3rd day of October, 2006.

GRANTORS:


LOREN P. HOBOY

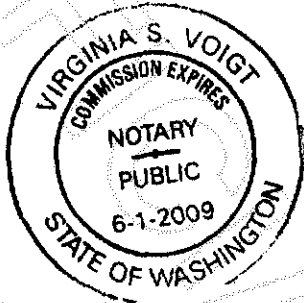

SANDRA G. HOBOY

ACKNOWLEDGEMENTS FOLLOW



State of Washington)
) ss
County of Skagit)

I certify that I know or have satisfactory evidence that LOREN P. HOBOY is the person who appeared before me and said person acknowledged that he/she signed this instrument and acknowledged it to be his/her free and voluntary act for the uses and purposes mentioned in the instrument.



Dated: 10/9/06
Virginia S. Voigt
(Signature)
NOTARY PUBLIC
VIRGINIA S. VOIGT
Print Name of Notary
My appointment expires: 6/1/09

State of Nevada)
) ss
County of Carson)

I certify that I know or have satisfactory evidence that SANDRA G. HOBOY is the person who appeared before me and said person acknowledged that he/she signed this instrument and acknowledged it to be his/her free and voluntary act for the uses and purposes mentioned in the instrument.



Dated: October 04, 2006
Kay L. McPike
(Signature)
NOTARY PUBLIC
Kay L. McPike
Print Name of Notary
My appointment expires: 07-09-07



STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

The undersigned, being first duly sworn on oath, depose and say:

1. That LOREN P. HOBOY & SANDRA G. HOBOY, husband and wife, are the persons who made, executed, and delivered that certain Nonmerger Warranty Deed in Lieu of Foreclosure, as set forth above, conveying the following described property:

Lots 1 and 2, Block 6, "PLAT OF HENSLER'S FIRST ADDITION TO THE CITY OF ANACORTES, SKAGIT CO., WASH." as per plat recorded in Volume 3 of Plats, page 46, records of Skagit County, Washington.

Situate in the City of Anacortes, County of Skagit, State of Washington.

Commonly known as: 2602 Commercial Avenue
Anacortes, WA 98221

2. That the aforesaid deed is intended to be and is an absolute conveyance of the title to the property to the Grantee named therein, and was not and is now not intended as a mortgage, trust conveyance, or security of any kind; that it was the intention of affiants, as Grantors in the deed to convey, and by the deed the affiants did convey, to the Grantee therein all of their right, title, and interest absolutely in and to the property, that possession of the property has been surrendered to the Grantee;
3. That in the execution and delivery of the deed, affiants were not acting under any misapprehension as to the effect thereof, and acted freely and voluntarily and were not acting under coercion or duress;
4. That the consideration for the deed was and is the mutual promises and covenants set forth in that certain settlement agreement between the affiants and Skagit State Bank.
5. That at the time of making the Nonmerger Warranty Deed in Lieu of Foreclosure, affiants believed and now believe that this represents fair consideration;
6. That at the time of making the Nonmerger Warranty Deed in Lieu of Foreclosure affiants have not filed for and do not intend to file within the next ninety (90) days for protection under the provisions of the United States Bankruptcy Code, 11 U.S.C. et seq..



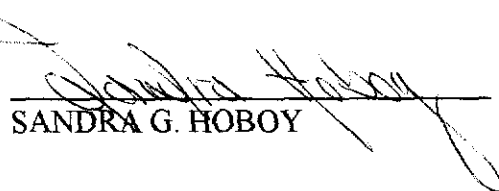
7. This affidavit is made for the protection and benefit of SKAGIT STATE BANK and any title company that may hereafter insure the title to the property;

8. That the affiants will testify, declare, depose, or certify before any competent tribunal, officer, or persons, in any case now pending or that may hereafter be instituted, to the truth of the particular facts hereinabove set forth.

I declare under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct.

Dated and signed this 3rd day of October, 2006, in Skagit County, Washington.

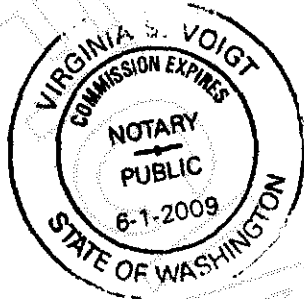

LOREN P. HOBOY


SANDRA G. HOBOY



State of Washington)
) ss
County of Skagit)

I certify that I know or have satisfactory evidence that LOREN P. HOBOY is the person who appeared before me and said person acknowledged that he/she signed this instrument and acknowledged it to be his/her free and voluntary act for the uses and purposes mentioned in the instrument.

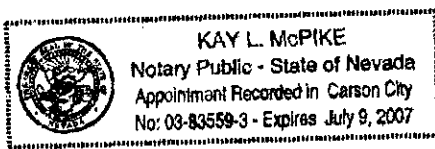


Dated: 10/9/06
Virginia S. Voigt
(Signature)
NOTARY PUBLIC
VIRGINIA S. VOIGT

Print Name of Notary
My appointment expires: 6/1/09

State of Nevada)
) ss
County of Carson)

I certify that I know or have satisfactory evidence that SANDRA G. HOBOY is the person who appeared before me and said person acknowledged that he/she signed this instrument and acknowledged it to be his/her free and voluntary act for the uses and purposes mentioned in the instrument.



Dated: October 04, 2006
Kay L. McPike
(Signature)
NOTARY PUBLIC
Kay L. McPike
Print Name of Notary
My appointment expires: 07-09-07