

AFTER RECORDING MAIL TO:  
GARY T. JONES  
P.O. Box 1245  
Mount Vernon, WA 98273



200708280079  
Skagit County Auditor

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## SECOND DEED OF TRUST

GUARDIAN NORTHWEST TITLE CO.

THIS DEED OF TRUST, made this 17<sup>th</sup> day of August 2007, between

S & B LAND, LLC, a Washington State limited liability company  
as GRANTOR(S),  
whose address is 17285 Britt Road, Mount Vernon, WA 98273

and

GUARDIAN NORTHWEST TITLE AND ESCROWS, INC., a corporation,  
as TRUSTEE,  
whose address is P.O. Box 1667, Mount Vernon, Washington, 98273,

and

Richard H. Smith and Patricia A. Smith, husband and wife, and Robert E. Burkland and  
Pamela K. Burkland, husband and wife  
as BENEFICIARY,  
whose address is 18495 Dike Road, Mount Vernon, WA 98273

**WITNESSETH:** Grantor(s) hereby bargain(s), sell(s) and convey(s) to Trustee in Trust, with power of sale, the following described real property in Skagit County, Washington:

### Legal Description

Attached hereto and incorporated herein as if fully set forth on Exhibit A

Abbreviated Legal: (Required if full legal not inserted above.) LOT B SHORT PLAT# 8-73

Tax Parcel Number(s):  
P29327 340431-4-015-0103

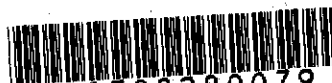
which real property is not used principally for agricultural or farming purposes, together with all the tenements, hereditaments, and appurtenances now or hereafter thereunto belonging or in any wise appertaining, and the rents, issues and profits thereof.

This Deed of Trust is subordinate to development financing by Business Bank of Skagit County Loan No. 1900604800 in the principal sum of \$1,450,000.00 payable by the Grantor and secures performance of each agreement of Grantor(s) contained in this Deed of Trust, and payment of the sum of Two Million, Five Hundred Thousand Dollars (\$2,500,000.00), with interest, in accordance with the terms of a promissory note of even date herewith, payable to Beneficiary, or order, and made by Grantor(s), and all renewals, modifications and extensions thereof, and also such further sums as may be advanced or loaned by Beneficiary to Grantor(s), or any of Grantor(s)' successors or assigns, together with interest thereon at such rate as shall be 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 August 1, 2012.

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 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 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 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, 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. The amount collected under any insurance policy may be applied upon any indebtedness hereby secured 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 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.



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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 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.
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. In the event of a sale of less than all of the parcel securing the Grantor's obligation to Beneficiaries, Beneficiaries shall have the option to grant a partial release of the
8. Promissory Note and this Deed of Trust, without prejudice to the Holder – Beneficiary's right to insist upon payment in full prior to any subsequent sale or transfer of the property.

RLL B B E P K B

Grantor initials

RLL RLS B E P K B

Beneficiary initials

IT IS MUTUALLY AGREED THAT:

1. 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 hereby, shall be paid to Beneficiary to be applied to said obligation.

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.

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

4. Upon default by Grantor 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 at the option of the Beneficiary. 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; (3) the surplus, if any, shall be distributed to the persons 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 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 purchaser and encumbrancers 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 may cause this Deed of Trust to be foreclosed as a mortgage.

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

9. This Deed of Trust applies to, inures to the benefit of, and is binding not only upon the parties hereto, but on 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.

10. ADDITIONAL TERMS AND CONDITIONS: (check one)

- a. ☐ None
- b. ☒ As set forth on the attached Exhibit Schedule B\_\_\_ which is incorporated by this reference..

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

S & B LAND, LLC  
a Washington limited liability company

by Richard H. Smith  
Richard H. Smith, Member

by Patricia A. Smith  
Patricia A. Smith, Member

by Robert E. Burkland  
Robert E. Burkland, Member

by Pamela K. Burkland  
Pamela K. Burkland, Member

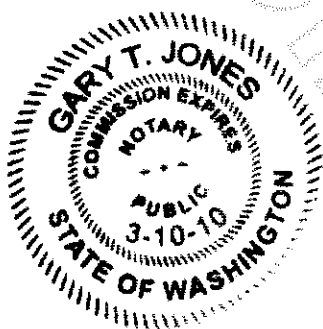


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STATE OF WASHINGTON )  
 )  
COUNTY OF SKAGIT ) SS.

I certify that I know or have satisfactory evidence that Richard H. Smith and Patricia A. Smith, husband and Robert E. Burkland and Pamela K. Burkland, husband and wife are the person(s) who appeared before me, and said person(s) acknowledged that they signed this instrument, on oath stated that they are the members of S & B Land LLC, authorized to execute the instrument and acknowledge it as the only members of the company, S & B Land LLC to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated: August 17, 2007.



Gary T. Jones  
Notary name printed or typed: GARY T. JONES  
Notary Public in and for the State of Washington  
Residing at Mount Vernon  
My appointment expires: 3/10/2010



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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; 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 evidence 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: \_\_\_\_\_.

*Do not lose or destroy this Deed of Trust OR THE NOTE which it secures. Both must be delivered to the Trustee for cancellation before reconveyance will be made.*



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## EXHIBIT "A"

Lot B, Skagit County Short Plat No. 8-73 dated March 12, 1973, approved April 2, 1973; being a portion of the Southeast  $\frac{1}{4}$  of the Southeast  $\frac{1}{4}$  of Section 31, Township 34 North, Range 4 East, W.M. More fully described as follows:

Commencing at the Northeast corner of the Southeast  $\frac{1}{4}$  of the Southeast  $\frac{1}{4}$  of Section 31, Township 34 North, Range 4 East, W.M.; thence South  $89^{\circ}13'19''$  West along the North line of said subdivision a distance of 239.57 feet to the true point of beginning; thence South  $0^{\circ}20'48''$  East a distance of 155.02 feet; thence North  $89^{\circ}13'19''$  East a distance of 209.57 feet to a point on the West boundary of State Highway 99; thence South  $0^{\circ}20'48''$  East along the West boundary of said highway a distance of 1142.32 feet to the North boundary of an existing County road; thence South  $89^{\circ}31'20''$  West along the North boundary of said County road a distance of 492.27 feet to a point on the East boundary of the Burlington Northern Railroad right-of-way; thence North  $3^{\circ}02'15''$  East along said East boundary of the Burlington Northern Railroad right-of-way a distance of 1297.60 feet to a point on the North line of said subdivision; thence North  $89^{\circ}13'19''$  East along said North line a distance of 206.11 feet to the true point of beginning.



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## EXHIBIT "B"

Grantor shall be entitled to partial release of platted lots from this Deed of Trust provided that payments by Grantor to reduce the purchase money Promissory Note are made in proportion to the acres sold at the rate of \$210,000/acre to be released from the security of this Deed of Trust.



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