

When recorded return to:

Charles E. Potter, Trustee of The Potter Family Trust dated August 26, 2002  
13132 Beaver Lake Road  
Mount Vernon, WA 98273



200709050055  
Skagit County Auditor

9/5/2007 Page 1 of 5 11:28AM

Filed for Record at Request of  
Land Title Company of Skagit  
Escrow Number: 126765-SE

Grantor: Richard W. VanPelt and Shawna G. VanPelt  
Beneficiary: Potter Family Trust

LAND TITLE OF SKAGIT COUNTY

## DEED OF TRUST

*(For use in the State of Washington only)*

THIS DEED OF TRUST, made this 12th day of August, 2007 between RICHARD W. VANPELT and SHAWNA G. VANPELT, husband and wife, GRANTORS, whose address is P.O. Box 412, Mount Vernon, WA 98273, Land Title Company of Skagit, TRUSTEE, whose address is P.O. Box 445, 111 East George Hopper Road, Burlington, WA 98233 and CHARLES E. POTTER, Trustee of THE POTTER FAMILY TRUST, dated August 26, 2002 BENEFICIARY, whose address is 13132 Beaver Lake Road, Mount Vernon, WA 98273.

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

Abbreviated Legal: Ptn Gov. Lot 1, 12-34-4 E W.M.

SEE ATTACHED EXHIBIT "A" HERETO FOR LEGAL DESCRIPTION

Tax Parcel Number(s): 340412-0-002-0000, P24551

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 Grantors herein contained in this Deed of Trust, and payment of the sum of **THREE HUNDRED FIFTY FIVE THOUSAND AND NO/100 Dollars (\$355,000.00)** 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 Grantors, or any of the Grantors' 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 **September 5th, 2012.**

To protect the security of this Deed of Trust, Grantors covenant and agree:

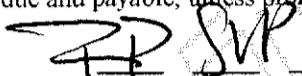
1. To keep the property in good condition and repair; to permit no waste of the property; to complete any building, structure, or improvement being built or about to be built on the property; to restore promptly any building, structure, or improvement on the property which may be damaged or destroyed; 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 Grantors. 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 Grantors 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

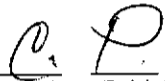
reasonable amount, in any such action or proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

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 Grantors 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.

  
Grantor (Initials)

  
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 Grantors 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 Grantors 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 Grantors had or had the power to convey at the time of the execution of this Deed of Trust, and such as Grantors 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 encumbrances 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 Grantors, Trustee, or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

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: August 12, 2007

Richard W. VanPelt  
Richard W. VanPelt

Shawna G. VanPelt  
Shawna G. VanPelt

State of Washington }  
County of Skagit } SS:

I certify that I know or have satisfactory evidence that **Richard W. VanPelt and Shawna G. VanPelt** the person(s) who appeared before me, and said person(s) acknowledged that they signed this instrument and acknowledge it to be their free and voluntary act for the uses and purposes mentioned in this instrument.

Dated: Sept 9th ~~August~~ 2007

Karen Ashley



Notary Public in and for the State of Washington  
Residing at: \_\_\_\_\_  
My appointment expires: \_\_\_\_\_

**REQUEST FOR FULL RECONVEYANCE**  
*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 \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_



200709050055  
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**Exhibit "A"**

PARCEL "A":

The North ½ of the following described tract:

Beginning at a point 7.44 chains East and 4.32 chains South of the Northwest corner of Lot 1, of Section 12, Township 34 North, Range 4 East, W.M., and at a point on the Southern boundary of a county road known as the Clear Lake and Beaver Lake Road, 50 feet Easterly of where said road crosses the right of way of the Seattle and International Railroad;  
thence running South 17.5° West parallel and 50 feet distant from said railroad right of way for a distance of 11.93 chains;  
thence East 10.03 chains or until an intersection is made with the said above county road at its Western boundary, and thence North 27.5° West running along the Western boundary of said road about 13.30 feet chains to the point of beginning.

EXCEPTING from said "North ½" that portion thereof described as follows:

Beginning at a point 7.44 chains East and 4.32 chains South of the Northwest corner of said Government Lot 1, said point being at the intersection of the South boundary of the county road known as the Clear Lake and Beaver Lake Road, 50 feet Easterly of where said road crosses the right of way of the Seattle and International Railroad;  
thence along the county road South 27.5° East a distance of 368 feet;  
thence West to the Easterly line of the Puget Sound and Cascade Railroad Company right of way;  
thence North 17.5° East along said right of way to the point of beginning.

EXCEPT from Parcel "A", the following described tract:

Beginning at the Southeast corner of said Parcel "A";  
thence North 25°46'15" West along the East line of said Parcel "A" 64.64 feet;  
thence South 70°21'18" West, a distance of 176.77 feet to the South line of said Parcel "A";  
thence North 89°38'24" East along said South line, 194.59 feet to the point of beginning.

Situate in the County of Skagit, State of Washington.

PARCEL "B":

That portion of the Puget Sound and Cascade Railroad right of way lying adjacent to and Westerly of the North ½ of the following described tract in Lot 1, Section 12, Township 34 North, Range 4 East, W.M., described as follows:

Beginning at a point 7.44 chains East and 4.32 chains South of the Northwest corner of Lot 1, Section 12, Township 34 North, Range 4 East, W.M., said point being on the Southern boundary of a county road known as the Clear Lake and Beaver Lake Road, and 50 feet Easterly of the point where said road crosses the right of way of the Northern Pacific Railway;  
thence South 17.5° West parallel with said railway right of way a distance of 11.93 chains;  
thence East 10.03 chains to an intersection with the aforesaid county road at its Westerly boundary;  
thence North 27.5° West along the Westerly boundary of said county road 13.30 chains to the point of beginning.

EXCEPT that portion thereof described as follows:

Beginning at a point 7.44 chains East and 4.32 chains South of the Northwest corner of said Lot 1, said point being at the intersection of the South boundary of a county road known as the Clear Lake and Beaver Lake Road, and the Easterly line of the right of way of the Puget Sound and Cascade Railway Company right of way;  
thence South 27.5° East along said county road right of way a distance of 138 feet;  
thence North 63° West to an intersection with the Easterly boundary of Puget Sound and Cascade Railway Co.'s right of way;  
thence North 17.5° East along said railway right of way to the point of beginning.

Situate in the County of Skagit, State of Washington.



200709050055  
Skagit County Auditor

(i-1)  
of 5

PARCEL "C":

A portion of Tract C, as described herein, described as follows:

Beginning at the Northeast corner of said Tract C;  
thence South  $89^{\circ}38'24''$  West along the North line of said Tract C 194.59 feet to the point of beginning of this description;  
thence continuing South  $89^{\circ}38'24''$  West along said North line, 270.38 feet to the Easterly line of the abandoned Puget Sound and Cascade Railroad right of way;  
thence North  $71^{\circ}37'30''$  West at right angles to said abandoned right of way, 50.00 feet to its Westerly line;  
thence South  $18^{\circ}22'30''$  West along the Westerly line of said abandoned right of way 51.30 feet;  
thence North  $84^{\circ}04'53''$  East, a distance of 335.79 feet to the point of beginning.

Said Tract C is described as follows:

The South  $\frac{1}{2}$  of the following described tract:

Beginning at a point 7.44 chains East and 4.32 chains South of the Northwest corner of Lot 1 of Section 12, Township 34 North, Range 4 East, W.M., and at a point on the Southern boundary of a county road known as the Clear Lake and Beaver Lake Road, 50 feet Easterly of where said road crosses the right of way of the Seattle and International Railroad;  
thence running South  $17.5^{\circ}$  West parallel and 50 feet distant from said railroad right of way for a distance of 11.93 chains;  
thence East 10.03 chains or until an intersection is made with the said above county road at its Western boundary, and thence North  $27.5^{\circ}$  West running along the Western boundary of said road about 13.30 chains to the point of beginning.

TOGETHER WITH that portion of the abandoned Puget Sound and Cascade Railroad right of way lying Westerly of and adjacent thereto.

Situate in the County of Skagit, State of Washington.



200709050055  
Skagit County Auditor

9/5/2007 Page

5 of

5 11:26AM