When recorded return to:

Maurice Patrick O'Leary Residuary Trust
14773 Avon Allen Road
Mount Vernon, WA 98273

200803280033
Skagit County Auditor
3/28/2008 Page 1 of 4 9:45AM

Recorded at the Request of:
Guardian Northwest Title Company
File No.: A93926

GUARDIAN NORTHWEST TITLE CO.
A939260E-2

DEED OF TRUST

(For use in the State of Washington only)

THIS DEED OF TRUST, made this **19th** day of **March, 2008** between **Frank A. Scott and Rebecca L. Scott, husband and wife,** GRANTORS, whose address is **316 North 3rd Street, La Conner, WA 98257, Guardian Northwest Title,** TRUSTEE, whose address is **1301-B Riverside Drive, Mount Vernon, WA 98273** and ***Maurice Patrick O'Leary Residuary Trust,** BENEFICIARY, whose address is **14773 Avon Allen Road , Mount Vernon, WA 98273.** *Mary M.O. Lam and Sarah K.O. Cram Co-Trustees of

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. Lot 1, Block B, "CALHOUN ADDITION TO THE TOWN OF LACONNER"

For Full Legal See Attached Exhibit "A"

Tax Parcel Number(s): **P74193, P74195, 4124-018-001-0103, 4124-018-001-0301**

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 **SEVEN HUNDRED THOUSAND AND NO/100** Dollars **($700,000.00)** 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, 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 **April 1, 2009**

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

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.

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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.

FAS TJS ____ ____ 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.

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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: NONE

Dated: **March 19, 2008**

Frank A. Scott

Rebecca L. Scott

State of Washington }
County of Skagit } SS:

I certify that I know or have satisfactory evidence that Frank A. Scott and Rebecca L. Scott the persons who appeared before me, and said persons acknowledge 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: 3-27-08

Vicki L Hoffman

VICKI L HOFFMAN
COMMISSION EXPIRES
NOTARY
PUBLIC
OCTOBER 8, 2009
STATE OF WASHINGTON

Notary Public in and for the State of Washington
Residing at: ANACORTES
My appointment expires: 10-8-09

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"

PARCEL "A":

The South 100 feet of the North 200 feet of Lot 1, Block B, "CALHOUN ADDITION TO THE TOWN OF LACONNER", as per plat recorded in Volume 1 of Plats, page 14, records of Skagit County, Washington.

PARCEL "B":

Tract "A", LaConner Short Plat No. LC-86-1, approved May 19, 1986 and recorded May 23, 1986, in Volume 7 of Short Plats, page 89, under Auditor's File No. 8605230038, records of Skagit County, Washington; being a portion of Lot 1, Block B, "CALHOUN ADDITION TO THE TOWN OF LACONNER", as per plat recorded in Volume 1 of Plats, page 14, records of Skagit County, Washington.

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