

FILED FOR RECORD AT THE REQUEST OF
AND WHEN RECORDED RETURN TO:

Horizon Bank
1020 South Burlington Blvd.
P. O. Box 642
Burlington, WA 98233



200907240080
Skagit County Auditor

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200907090103
Skagit County Auditor

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NON-MERGER WARRANTY DEED IN LIEU OF FORECLOSURE

****RE-RECORD TO INCLUDE BORROWER'S AFFIDAVIT****

Grantor (s): DONALD A. KING and MELISSA A. KING,
as Trustees on behalf of KING FAMILY REVOCABLE
LIVING TRUST, and
DONALD A. KING and MELISSA A. KING,
husband and wife, individually and on behalf of the marital
community
HORIZON BANK

Grantee (s):
Additional Grantor(s) on page(s):
Additional Grantee(s) on page(s):
Abbreviated Legal: Skyline No. 3, Lot 43
Additional Legal on page(s): 1
Assessor's Tax Parcel No.: 3819-000-043-0004 / P59148

THE GRANTORS, DONALD A. KING and MELISSA A. KING, as Trustees on behalf of KING FAMILY REVOCABLE LIVING TRUST, and DONALD A. KING and MELISSA A. KING, husband and wife, individually and on behalf of the marital community, ("Grantor"), for and in consideration of Grantee's agreement not to foreclose that certain Deed of Trust described below convey and warrant to HORIZON BANK ("Grantee"), the following described real estate situated in the County of Skagit, State of Washington:

Lot 43, SKYLINE NO. 3, according to the plat thereof, recorded in Volume 9 of Plats, pages 54 and 55, records of Skagit County, Washington.

Situated in Skagit County, Washington.

NON-MERGER WARRANTY DEED
IN LIEU OF FORECLOSURE - PAGE 1

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

2224
SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

2042
JUL 09 2009

JUL 24 2009

Amount Paid \$0
Skagit Co. Treasurer
By *Bxum* Deputy

Amount Paid \$0
Skagit Co. Treasurer
By *man* Deputy

The Grantee by accepting and recording this Deed does not intend a merger of its interest under that certain Deed of Trust recorded June 15, 2007 under Skagit County Auditor's File No. 200706150046, with the fee title herein conveyed to take place, and it is the intention of the parties that the property above-described shall remain subject to the lien of said Deed of Trust, which lien shall remain a first lien upon the property. All indebtedness secured by said Deed of Trust shall remain in full force and effect. This deed shall not operate to preclude the Grantee from proceeding in any action to enforce its deed of trust.

Grantor declares that this conveyance is freely and fairly made, that this is an absolute conveyance (and not a conveyance for security purposes), and that there are no agreements, oral or written, between Grantor and Grantee with respect to the real property described herein to this Warranty Deed, except for that certain unrecorded Settlement Agreement dated as of June 30th, 2009, by and between Grantor and Grantee.

Dated July 1, 2009.

GRANTORS:

KING FAMILY REVOCABLE LIVING TRUST

By [Signature]
DONALD A. KING, Trustee

By [Signature]
MELISSA A. KING, Trustee

[Signature]
DONALD A. KING, Individually and on behalf of
the marital community

[Signature]
MELISSA A. KING, Individually and on behalf of
the marital community

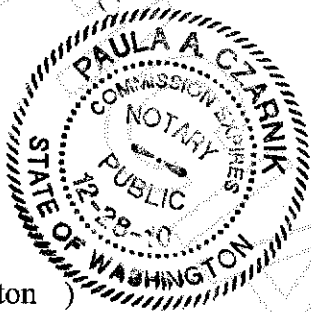
NON-MERGER WARRANTY DEED
IN LIEU OF FORECLOSURE – PAGE 2



State of Washington)
Island) ss
County of Skagit)

I certify that I know or have satisfactory evidence that Donald A. King is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as a Trustee of the King Family Revocable Living Trust, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: July 1, 2009



Paula A. Czarnik
NOTARY PUBLIC
Printed Name: Paula A. Czarnik
My appointment expires: 12/28/10

State of Washington)
Island) ss
County of Skagit)

I certify that I know or have satisfactory evidence that Melissa A. King is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as a Trustee of the King Family Revocable Living Trust, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: July 1, 2009



Paula A. Czarnik
NOTARY PUBLIC
Printed Name: Paula A. Czarnik
My appointment expires: 12/28/10

NON-MERGER WARRANTY DEED
IN LIEU OF FORECLOSURE - PAGE 3



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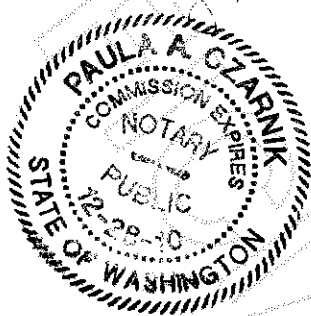
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State of Washington)
Island) ss
County of Skagit)

I certify that I know or have satisfactory evidence that Donald A. King 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: July 1, 2009.



Paula A. Czarnik
NOTARY PUBLIC

Printed Name: Paula A. Czarnik
My appointment expires: 12/28/10

State of Washington)
Island) ss
County of Skagit)

I certify that I know or have satisfactory evidence that Melissa A. King 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: July 1, 2009.



Paula A. Czarnik
NOTARY PUBLIC

Printed Name: Paula A. Czarnik
My appointment expires: 12/28/10

NON-MERGER WARRANTY DEED
IN LIEU OF FORECLOSURE - PAGE 4


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BORROWER'S AFFIDAVIT

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

DONALD A. KING and MELISSA A. KING, as Trustees on behalf of the KING FAMILY REVOCABLE LIVING TRUST, and DONALD A. KING and MELISSA A. KING, husband and wife, on their own behalf individually and as a marital community, and D. ALEXANDER KING CONSTRUCTION, INC., a Washington corporation (collectively "Borrower"), being duly sworn, depose and say on behalf of the Borrower:

1. That as Trustees on behalf of the King Family Revocable Living Trust, and on their own behalf individually and as a marital community, they are the parties who made, executed and delivered that certain warranty deed to Horizon Bank (the "Lender"), dated June 30th, 2009, conveying the following described real property (the "Premises"):

Lot 43, SKYLINE NO. 3, according to the plat thereof, recorded in Volume 9 of Plats, pages 54 and 55, records of Skagit County, Washington.

Situate in the County of Skagit, State of Washington.

2. That the aforesaid warranty deed is intended to be and is an absolute conveyance of the title to the Premises to the grantee named therein, and was not and is not now intended as a mortgage, trust conveyance, or security of any kind; that it was and is the intention of the affiants and Borrower as grantor in said grant deed to convey, and by said warranty deed Donald A. King and Melissa A. King, as Trustees on behalf of King Family Revocable Living Trust, and Donald A. King and Melissa A. King, husband and wife, on their own behalf individually and as a marital community, and on behalf of D. Alexander King Construction, Inc., a Washington corporation, did convey to the grantee therein, all of their right, title and interest absolutely in and to the Premises; that possession of the Premises has been surrendered to the grantee;

3. That in the execution and delivery of said warranty deed, neither affiants nor Borrower were 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 execution and delivery of said warranty deed by Borrower, King Family Revocable Living Trust, was duly authorized by affiants as the Trustees of said Borrower;

5. That affiants believed and now believe that the consideration for said warranty deed represents the fair value of the Premises;



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6. That there are no unrecorded interests in the Premises of any kind;
7. That there are no outstanding bankruptcies against or involving Borrower;
8. Donald A. King and Melissa A. King, as Trustees of the King Family Revocable Living Trust, have the requisite Trust powers and authority to execute and deliver this deed and affidavit and to consummate the transactions contemplated hereby. The execution and delivery, by Donald A. King and Melissa A. King, as Trustees of the King Family Revocable Living Trust, of this deed and affidavit and the consummation of the transactions contemplated thereby have been duly authorized by all necessary action on the part of the King Family Revocable Living Trust;
9. This affidavit is made for the protection and benefit of the grantee in said warranty deed, its successors and assigns, and all other parties hereafter dealing with or who may acquire an interest in the Premises, and particularly for the benefit of Chicago Title Company, which has insured the title to the Premises in reliance thereon, and any other title company which may hereafter insure the title to the Premises; and
10. That the affiants will testify, declare, depose or certify before any competent tribunal, officer, or person, in any case now pending or which may hereafter be instituted, to the truth of the particular facts hereinabove set forth.

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

Dated and signed this 1 day of July, 2009, in Skagit County, Washington.

BORROWER:

KING FAMILY REVOCABLE LIVING TRUST

By [Signature]
DONALD A. KING, Trustee

By [Signature]
MELISSA A. KING, Trustee



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DONALD A. KING, Individually and on behalf of
the marital community

MELISSA A. KING, Individually and on behalf of
the marital community

D. ALEXANDER KING CONSTRUCTION, INC.,
a Washington corporation

By _____
DONALD A. KING
Its President

By _____
MELISSA A. KING
Its Vice President

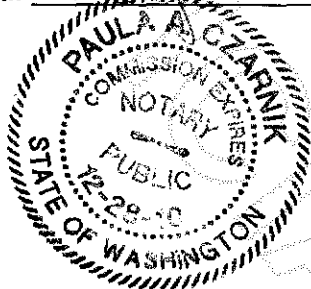


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State of Washington)
Island) ss
County of Skagit)

I certify that I know or have satisfactory evidence that Donald A. King is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as a Trustee of the King Family Revocable Living Trust, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: July 1, 2009



Paula A. Czarnik
NOTARY PUBLIC

Printed Name: Paula A. Czarnik

My appointment expires: 12/28/10

State of Washington)
Island) ss
County of Skagit)

I certify that I know or have satisfactory evidence that Melissa A. King is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as a Trustee of the King Family Revocable Living Trust, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: July 1, 2009



Paula A. Czarnik
NOTARY PUBLIC

Printed Name: Paula A. Czarnik

My appointment expires: 12/28/10

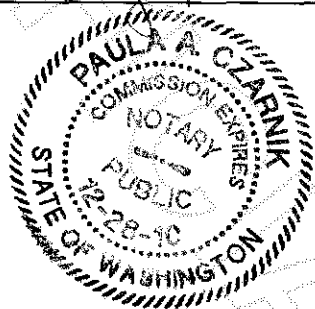


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State of Washington)
Island) ss
County of Skagit)

I certify that I know or have satisfactory evidence that Donald A. King 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: July 1, 2009.



Paula A. Czarnik
NOTARY PUBLIC

Printed Name: Paula A. Czarnik
My appointment expires: 12/28/10

State of Washington)
Island) ss
County of Skagit)

I certify that I know or have satisfactory evidence that Melissa A. King 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: July 1, 2009.



Paula A. Czarnik
NOTARY PUBLIC

Printed Name: Paula A. Czarnik
My appointment expires: 12/28/10

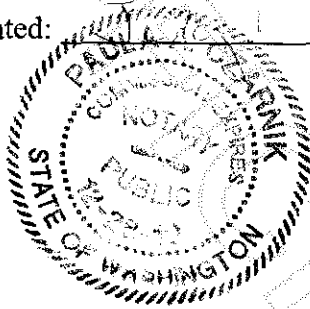


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Skagit County Auditor

State of Washington)
Island) ss
County of Skagit)

I certify that I know or have satisfactory evidence that Donald A. King is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the President of the D. ALEXANDER KING CONSTRUCTION, INC., to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____, 2009



Paula A. Zernik
NOTARY PUBLIC
Printed Name: Paula A. Zernik
My appointment expires: 12/28/10

State of Washington)
Island) ss
County of Skagit)

I certify that I know or have satisfactory evidence that Melissa A. King is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the Vice-President of D. ALEXANDER KING CONSTRUCTION, INC., to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: July 1, 2009



Paula A. Zernik
NOTARY PUBLIC
Printed Name: Paula A. Zernik
My appointment expires: 12/28/10



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Skagit County Auditor