

When Recorded, Return to:

David Riley
Weinstein & Riley, P.S.
2001 Western Avenue, Suite 400
Seattle, WA 98121-3131



200910010026
Skagit County Auditor

10/1/2009 Page 1 of 8 9:24AM

CHICAGO TITLE CO.

IC 76287-B

NON-MERGER DEED AND BILL OF SALE IN LIEU OF FORECLOSURE

Grantor:	DOUGLAS R. HANSON AND CAPREE K. HANSON
Grantee:	FRONTIER BANK
Legal Description (complete):	LOT 117 & W 1/2 116, BLK 1 AND LOT 78 AND & W1/2 LOT 77, BLK 3, LAKE CAVANAUGH SUBDIV. DIV NO. 2
☒ Complete legal on EXHIBIT A	
Assessor's Tax Parcel ID Nos.:	3938-001-117-0009
Reference Nos. of Documents Affected:	200606260125, 200703070064 , 200806090165

This NON-MERGER DEED AND BILL OF SALE IN LIEU OF FORECLOSURE (the "**Deed in Lieu**") dated this 25th day of September, 2009, is made by and among DOUGLAS R. HANSON AND CAPREE K. HANSON, husband and wife, jointly and severally and the marital community thereof (each and collectively the "**Grantor**") and FRONTIER BANK, a Washington banking corporation (the "**Grantee**").

1. **Grant.** For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Grantor hereby irrevocably and unconditionally grants, bargains, sells and conveys to Grantee, all of Grantor's right, title and interest in the real and personal property legally described below (the "**Property**"):

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

3012
OCT 01 2009

Non-Merger Deed and Bill of Sale in Lieu of Foreclosure - 1

Amount Paid \$ 6
Skagit Co. Treasurer
By mm Deputy

1.1 Land, Appurtenances, Easements. That certain real property and all interests therein located in Skagit County, Washington, more particularly described in **Exhibit A** attached hereto and incorporated herein by this reference, together with all existing and future easements, access rights, rights of way, appurtenances, privileges, licenses, hereditaments, franchises and tenements, including all minerals, oil and gas that may be in, under or produced from any part of it (collectively, the "**Land**");

1.2 Improvements. All buildings, structures, fixtures, and improvements now located or later to be constructed on the Land (the "**Improvements**");

1.3 Related Real Property and Improvements. All real property and improvements on the Land, and all appurtenances and other property and interests of any kind or character, whether described in Exhibit "A" or not, that may be reasonably necessary or desirable to promote the present and any reasonable future beneficial use and enjoyment of the Land or Improvements;

1.4 Goods, Materials, Fixtures, Etc. All goods, equipment, materials, appliances and fixtures now attached to, or placed in or on, the Land or Improvements, all of which shall be considered to the fullest extent of the law to be real property for purposes of this Deed in Lieu;

1.5 Construction Materials. All building materials, stored on the Land, that have been or later will be incorporated into, or installed in or about the Land or Improvements;

1.6 Borrower Funds. All present and future monetary deposits given by Grantor to any public or private utility with respect to utility services furnished to the Land or Improvements;

1.7 Rent, Issues, and Profits. All income, rents, security or similar deposits, revenues, issues, royalties, profits, leases, earnings, products and proceeds of the Land or Improvements, including, without limitation, all rights to the payment of money, accounts, accounts receivable, reserves, deferred payments, refunds, cost savings, insurance or condemnation proceeds, payments and deposits, and any proceeds from any future sale of any lots or units comprising the Land, and any deposits on account thereof;

1.8 Books and Records. All tangible and electronic books and records of Grantor pertaining to any and all of the property described above; and

1.9 Permits, Plans, and Contracts. Subject to payment of any amounts owed third parties, all licenses, permits, approvals, certificates of occupancy, commitments, designs, plans, specifications, architectural and engineering contracts and reports, construction contracts, surveys, appraisals, listing agreements, warranties, and any and all other work product or general intangibles relating to the Property or any part thereof owned by Grantor, including, without limitation any and all rights or claims that relate to the construction of Improvements that Grantor may have against any person or entity supplying, or who has supplied, labor, materials, or services in connection with the construction of Improvements.



2. **Deed in Lieu.** This Deed in Lieu is an absolute conveyance, assignment, and transfer of all interest of Grantor in the Property and is executed and delivered by Grantor in connection with a Promissory Note dated June 22, 2006 in the original principal amount of \$350,000.00, as modified by a Change in Terms Agreement dated May 5, 2007 in the original principal amount of \$440,250.00, as modified by a Change in Terms Agreement dated June 2, 2008 in the original principal amount of; \$662,000.00; and a Construction Deed of Trust dated June 22, 2006, recorded in the Official Records of Skagit County, Washington on June 26, 2006 under Recording No. 200606260125, as modified by Modification of Deed of Trust dated March 5, 2007, recorded in the Official Records of Skagit County, Washington on March 7, 2007 under Recording No. 200703070064, as modified by Modification of Deed of Trust dated June 2, 2008, recorded on June 9, 2008 in the Official Records of Skagit County, Washington under Recording No. 200806090165, which deed of trust incorporates security agreements providing Grantee with a security interest in all personal property included in the Property (the "**Deed of Trust**").

3. **Covenants.** Grantor in executing this Deed in Lieu, and Grantee in accepting this Deed in Lieu, agree as follows:

3.1 The consideration for the execution of this Deed in Lieu consists of Grantee's agreement, upon Grantee's recording of this Deed in Lieu, to be bound by a covenant not to sue the Grantor, to the extent described in the Deed in Lieu Agreement executed concurrently herewith by and among Grantor, and Grantee with respect to the Property (the "**Deed in Lieu Agreement**"). Nothing herein is intended or shall be construed to preclude or otherwise prejudice Grantee's right to proceed with a judicial or non-judicial foreclosure action against the Property.

3.2 The Deed in Lieu Agreement does not encumber the Property and is not binding upon any successor-in-title to the Grantee.

3.3 The consideration set forth above for the execution of this Deed in Lieu is equal to or greater than the fair market value of the Property and includes the fair and reasonable value of Grantor's interest in the Property. Grantor has been unable to sell the Property for any amount greater than the secured indebtedness owing to Grantee under the Note.

3.4 This Deed in Lieu is executed and delivered in mutual good faith between Grantor and Grantee, is not made in preference to Grantee over other creditors, and is not given or intended to hinder, delay, or defraud any creditor, or to contravene any of the bankruptcy laws of the United States or any other applicable laws.

3.5 The Deed in Lieu is not given as security for the payment of money or indebtedness, nor as security of any kind or nature, and there is no agreement or understanding, oral or written, between Grantor and Grantee herein, or any other person, relative to a conveyance of the Property back to Grantor, or to a sale or conveyance to anyone else for the benefit of Grantor, or to any division of any proceeds realized from the Property by sale or otherwise.



3.6 Grantor intends by the Deed in Lieu to vest the absolute and unconditional title to said Property in Grantee, and forever to estop and bar Grantor, and all of Grantor's successors in interest, from having or claiming any right, title or interest of any nature whatsoever, either in law or equity, or in possession or in expectancy, in and to the Property of any part thereof. In this regard, and in reliance upon this Deed in Lieu and all of Grantor's warranties and representations made herein, Grantee shall be entitled to exercise and enjoy all of the rights, responsibilities, powers and privileges associated with the Property at such time and on such terms as Grantee deems appropriate; paying taxes and assessments levied against the Property; and otherwise acting with respect to the Property consistent with the quiet enjoyment and ownership thereof by Grantee.

3.7 It is the express intent of Grantor and Grantee that this Deed in Lieu shall not operate to satisfy or cancel the Note or extinguish the Deed of Trust or the security agreements incorporated therein and that the Deed of Trust shall not be merged into this Deed in Lieu or otherwise released by the recording hereof. Although to the extent provided in the Deed in Lieu Agreement, Grantee has agreed not to take any action to seek or obtain a personal judgment against Grantor for each of Borrower's obligations secured by the Deed of Trust, Grantee retains the right to proceed with judicial and non-judicial foreclosure actions under the Deed of Trust and any related security agreements against the Property on the basis of existing or future defaults under the Deed of Trust or the obligations or agreements secured thereby in the event that a foreclosure is deemed necessary by Grantor for any reason, including to clear title to the Property of any existing or future encumbrances subordinate to the Deed of Trust.

4. Warranties: Grantor covenants, warrants and represents:

4.1 Grantor is the owner of indefeasible fee simple title to the Land and Improvements and the owner of all the other Property; and the Property is free and clear of all encumbrances and defects in title other than those listed on **Exhibit B**

4.2 The Deed in Lieu is executed voluntarily by Grantor, and not pursuant to duress or threats of any kind.

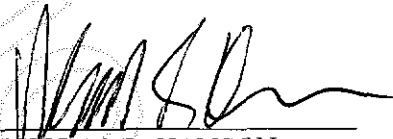
4.3 (a) Grantor has full power and authority to execute and deliver this Deed in Lieu, (b) this Deed in Lieu is freely and fairly made, and (c) there are no agreements, oral or written, other than those reflected in this Deed in Lieu and in the Deed in Lieu Agreement, between Grantor and Grantee with respect to the ownership of the Property.

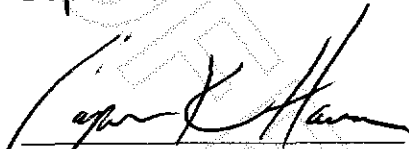
DATED this 25th day of September, 2009.

[signatures on next page]



GRANTOR:


DOUGLAS R. HANSON


CAPREE K. HANSON

GRANTEE:

FRONTIER BANK, a Washington banking
corporation

By Wilma Snider
Name: Wilma Snider
Its: V. P. Special Assets Officer



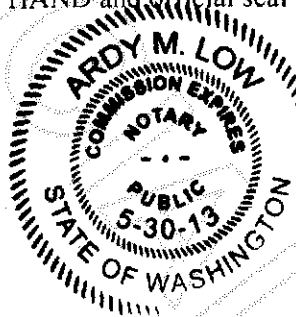
200910010026
Skagit County Auditor

10/1/2009 Page 5 of 8 9:24AM

STATE OF WASHINGTON)
) ss.
COUNTY OF Chelan)

THIS IS TO CERTIFY that on this 25th day of September, 2009, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, came **Douglas R. Hanson**, personally known or having presented satisfactory evidence to be the individual who executed the foregoing instrument, and acknowledged the said instrument to be his free and voluntary act and deed for the uses and purposes therein mentioned.

WITNESS MY HAND and official seal the day and year in this certificate first above written.



Ardy Low
Print Name: Ardy Low
Notary Public in and for the
State of Washington, residing at
Cashmere, WA
Expiration Date: 5/30/13

STATE OF WASHINGTON)
) ss.
COUNTY OF Chelan)

THIS IS TO CERTIFY that on this 25th day of September, 2009, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, came **Capree K. Hanson**, personally known or having presented satisfactory evidence to be the individual who executed the foregoing instrument, and acknowledged the said instrument to be his free and voluntary act and deed for the uses and purposes therein mentioned.

WITNESS MY HAND and official seal the day and year in this certificate first above written.



Ardy Low
Print Name: Ardy Low
Notary Public in and for the
State of Washington, residing at
Cashmere, WA
Expiration Date: 5/30/13

Non-Merger Deed and Bill of Sale in Lieu of Foreclosure - 6

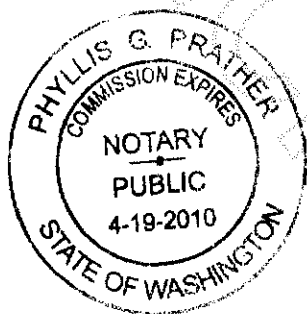


200910010026
Skagit County Auditor

STATE OF WASHINGTON)
) ss.
COUNTY OF Snohomish)

THIS IS TO CERTIFY that on this 28th day of September, 2009, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, came Wilma Snider, personally known or having presented satisfactory evidence to be the representative of **FRONTIER BANK**, a Washington banking corporation, that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

WITNESS MY HAND and official seal the day and year in this certificate first above written.



Phyllis G. Prather
Print Name: Phyllis G. Prather
Notary Public in and for the
State of Washington, residing at
Everett
Expiration Date: 4-19-2010



200910010026
Skagit County Auditor

10/1/2009 Page 7 of 8 9:24AM

EXHIBIT "A"

Legal Description of the Property

The following real property located in Skagit County, Washington State:

Lot 117 and the West 1/2 of Lot 116, Block 1, and Lot 78 and the West 1/2 of Lot 77, Block 3, "LAKE CAVANAUGH SUBDIVISION, DIVISION NO. 2." as per plat recorded in Volume 5 of Plats, pages 49 through 54. inclusive, records of Skagit County, Washington.



200910010026
Skagit County Auditor

10/1/2009 Page 8 of 8 9:24AM