

**RETURN ADDRESS:**

Skagit State Bank  
Main Office  
301 E. Fairhaven Ave  
P O Box 285  
Burlington, WA 98233



201004290070

Skagit County Auditor

4/29/2010 Page

1 of

18 3:21PM

LAND TITLE OF SKAGIT COUNTY

136130-S



\* DEED%#####%#####%04-20-2010\*

**DEED OF TRUST**

**DATE:** April 20, 2010

Reference # (if applicable): 136130-S

Additional on page \_\_\_\_

**Grantor(s):**

1. LANDED GENTRY CUSTOM HOME GROUP, L.L.C.
2. BLANE, L.L.C.
3. COMMONWEALTH HOLDINGS, L.L.C.
4. EAST GARDNER, L.L.C.
5. WHELL, L.L.C. - SERIES BEACH COTTAGE
6. WHELL, L.L.C. - SERIES JURA

**Grantee(s)**

1. Skagit State Bank
2. Land Title Company of Skagit County, Trustee

Legal Description: Parcel A: Lots 27 through 37, 43, 47 through 53, 55, 56, 60 and 63 through 66 MONTREAU PHASE 1

Parcel B: Ptn. SW ¼ NW ¼ 28-34-4

Parcel C: Ptn. SW ¼ NW ¼ 28-34-4

Parcel D: Ptn. SW ¼ NW ¼ 28-34-4

Parcel E: Leasehold Lot 4, B.S.P. #PL06-0913 (A Ptn Of Lot 80, Skagit Reg. Airport BSP Ph.1).

Parcel F: Ptn Lots 3 & 4, SP 98-78; Ptn Tr. 36, Burlington Acreage Property.

Parcel G: Lot 31, "Gibraltar Annex"

Parcel H: Tract 32 & 33 "Gibraltar Annex", ptn lot 13 "Plat of Entner's Tracts, Subdivision No. 1"

Additional on page \_\_\_\_

Assessor's Tax Parcel ID#: Parcel A: P126420, P126421, P126422, P126423, P126424, P126425, P126426, P126427, P126428, P126429, P126430 P126436, P126440, P126441, P126442, P126443, P126444, P126445, P126446 P126448, P126449, P126453, P126456, P126457, P126458, P126459

Parcel B: 340428-2-007-0011 (R28002),

Parcel C: 340428-2-020-0006 (R28022),

Parcel D: 340428-2-010-0016 (R28009)

Parcel E: 8071-000-004-0100 (P129777)

Parcel F: 3867-000-036-0103 (P62505)

Parcel G: 4110-000-031-0002 (P73636)

Parcel H: 4110-000-033-0000 (P73637)

**THIS DEED OF TRUST** is dated April 20, 2010, among LANDED GENTRY CUSTOM HOME GROUP, L.L.C., a Washington Limited Liability company, whose address is 504 E Fairhaven Ave., Burlington, WA 98233 as to Parcel A; BLANE, L.L.C., a Washington Limited Liability company, whose address is 504 E Fairhaven Ave., Burlington, WA 98233 as to Parcel B, C and D; COMMONWEALTH HOLDINGS, L.L.C., a Washington Limited Liability company, whose

**DEED OF TRUST  
(Continued)**

Page 2

address is 504 E Fairhaven Ave., Burlington, WA 98233 as to Parcel E, EAST GARDNER, L.L.C., a Washington Limited Liability company, whose address is 504 E Fairhaven Ave., Burlington, WA 98233 as to Parcel F, WHELL L.L.C. - SERIES BEACH COTTAGE, a Delaware Limited Liability company, whose address is 504 E Fairhaven Ave., Burlington, WA 98233 as to Parcel G and WHELL L.L.C. - SERIES JURA, a Delaware Limited Liability company, whose address is 504 E. Fairhaven Ave., Burlington, WA 98233 as to Parcel H ("Grantor"); Skagit State Bank, whose mailing address is Main Office, 301 E. Fairhaven Ave, P O Box 285, Burlington, WA 98233 (referred to below sometimes as "Lender" and sometimes as "Beneficiary"); and Land Title Company of Skagit County, whose mailing address is P O Box 445, Burlington, WA 98233 (referred to below as "Trustee").



201004290070

Skagit County Auditor

**DEED OF TRUST  
(Continued)**

Page 3

**CONVEYANCE AND GRANT.** For valuable consideration, Grantor conveys to Trustee in trust with power of sale, right of entry and possession and for the benefit of Lender as Beneficiary, all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, (the "Real Property") located in Skagit County, State of Washington:

See Exhibit A, which is attached to this Deed of Trust and made a part of this Deed of Trust as if fully set forth herein.

The Real Property or its address is commonly known as A: 26 lots Montreaux Phase 1, Mount Vernon, WA 98274

B,C,D: 2333, 2209, 2289 E. Blackburn Rd., Mount Vernon, WA 98274

E: 11964 D Higgins Airport Way, Building #4, Burlington, WA 98233

F: 212 Gardner Rd. 3.98 acres, Burlington, WA 98233

G: 14553 Jura Place, Anacortes, WA 98221

H: 14559 Jura Place, Anacortes, WA 98221. The Real Property tax identification number is Parcel A: P126420, P126421, P126422, P126423, P126424, P126425, P126426, P126427, P126428, P126429, P126430 P126436, P126440, P126441, P126442, P126443, P126444, P126445, P126446 P126448, P126449, P126453, P126456, P126457, P126458, P126459

Parcel B: 340428-2-007-0011 (R28002),

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Parcel F: 3867-000-036-0103 (P62505)

Parcel G: 4110-000-031-0002 (P73636)

Parcel H: 4110-000-033-0000 (P73637)

**CROSS-COLLATERALIZATION.** In addition to the Note, this Deed of Trust secures all obligations, debts and liabilities, plus interest thereon, of either Grantor or Borrower to Lender, or any one or more of them, as well as all claims by Lender against Borrower and Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated, whether Borrower or Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable.

Grantor hereby assigns as security to Lender, all of Grantor's right, title, and interest in and to all leases, Rents, and profits of the Property. This assignment is recorded in accordance with RCW 65.08.070; the lien created by this assignment is intended to be specific, perfected and choate upon the recording of this Deed of Trust. Lender grants to Grantor a license to collect the Rents and profits, which license may be revoked at Lender's option and shall be automatically revoked upon acceleration of all or part of the Indebtedness.

**THIS DEED OF TRUST, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS DEED OF TRUST. THIS DEED OF TRUST IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:**

**GRANTOR'S REPRESENTATIONS AND WARRANTIES.** Grantor warrants that: (a) this Deed of Trust is executed at Borrower's request and not at the request of Lender; (b) Grantor has the full power, right, and authority to enter into this Deed of Trust and to hypothecate the Property; (c) the provisions of this Deed of Trust do not conflict with, or result in a default under any agreement or other instrument binding upon Grantor and do not result in a violation of any law, regulation, court decree or order applicable to Grantor; (d) Grantor has established adequate means of obtaining from Borrower on a continuing basis information about Borrower's financial condition; and (e) Lender has made no representation to Grantor about Borrower (including without limitation the creditworthiness of Borrower).

**GRANTOR'S WAIVERS.** Grantor waives all rights or defenses arising by reason of any "one action" or "anti-deficiency" law, or any other law which may prevent Lender from bringing any action against Grantor, including a claim for deficiency to the extent Lender is otherwise entitled to a claim for deficiency, before or after Lender's commencement or completion of any foreclosure action, either judicially or by exercise of a power of sale.

**PAYMENT AND PERFORMANCE.** Except as otherwise provided in this Deed of Trust, Borrower and Grantor shall pay to Lender all Indebtedness secured by this Deed of Trust as it becomes due, and Borrower and Grantor shall strictly perform all their respective obligations under the Note, this Deed of Trust, and the Related Documents.

**POSSESSION AND MAINTENANCE OF THE PROPERTY.** Borrower and Grantor agree that Borrower's and Grantor's possession and use of the Property shall be governed by the following provisions:

**Possession and Use.** Until the occurrence of an Event of Default, Grantor may (1) remain in possession and control of the Property; (2) use, operate or manage the Property; and (3) collect the Rents from the Property (this privilege is a license from Lender to Grantor automatically revoked upon default). The following provisions relate to the use of the Property or to other limitations on the Property. The Real Property is not used principally for agricultural purposes.

**Duty to Maintain.** Grantor shall maintain the Property in tenable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

**Compliance With Environmental Laws.** Grantor represents and warrants to Lender that: (1) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from the Property; (2) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and



201004290070

Skagit County Auditor

**DEED OF TRUST  
(Continued)**

Page 4

acknowledged by Lender in writing, (a) any breach or violation of any Environmental Laws, (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Property by any prior owners or occupants of the Property, or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (3) Except as previously disclosed to and acknowledged by Lender in writing, (a) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from the Property; and (b) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation all Environmental Laws. Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Grantor's expense, as Lender may deem appropriate to determine compliance of the Property with this section of the Deed of Trust. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws; and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Deed of Trust or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor. The provisions of this section of the Deed of Trust, including the obligation to indemnify and defend, shall survive the payment of the Indebtedness and the satisfaction and reconveyance of the lien of this Deed of Trust and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

**Nuisance, Waste.** Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), coal, clay, scoria, soil, gravel or rock products without Lender's prior written consent.

**Removal of Improvements.** Grantor shall not demolish or remove any Improvements from the Real Property without Lender's prior written consent. As a condition to the removal of any Improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such Improvements with Improvements of at least equal value.

**Lender's Right to Enter.** Lender and Lender's agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Real Property for purposes of Grantor's compliance with the terms and conditions of this Deed of Trust.

**Compliance with Governmental Requirements.** Grantor shall promptly comply, and shall promptly cause compliance by all agents, tenants or other persons or entities of every nature whatsoever who rent, lease or otherwise use or occupy the Property in any manner, with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

**Duty to Protect.** Grantor agrees neither to abandon or leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

**DUE ON SALE - CONSENT BY LENDER.** Lender may, at Lender's option, (A) declare immediately due and payable all sums secured by this Deed of Trust or (B) increase the interest rate provided for in the Note or other document evidencing the Indebtedness and impose such other conditions as Lender deems appropriate, upon the sale or transfer, without Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest in the Real Property; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of an interest in the Real Property. If any Grantor is a corporation, partnership or limited liability company, transfer also includes any change in ownership of more than twenty-five percent (25%) of the voting stock, partnership interests or limited liability company interests, as the case may be, of such Grantor. However, this option shall not be exercised by Lender if such exercise is prohibited by federal law or by Washington law.

**TAXES AND LIENS.** The following provisions relating to the taxes and liens on the Property are part of this Deed of Trust:

**Payment.** Grantor shall pay when due (and in all events prior to delinquency) all taxes, special taxes, assessments, charges (including water and sewer), fines and impositions levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of all liens having priority over or equal to the interest of Lender under this Deed of Trust, except for the lien of taxes and assessments not due and except as otherwise provided in this Deed of Trust.

**Right to Contest.** Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and attorneys' fees, or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

**Evidence of Payment.** Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

**Notice of Construction.** Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials. Grantor will upon request of Lender



201004290070  
Skagit County Auditor

**DEED OF TRUST  
(Continued)**

Page 5

furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements.

**PROPERTY DAMAGE INSURANCE.** The following provisions relating to insuring the Property are a part of this Deed of Trust.

**Maintenance of Insurance.** Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a fair value basis for the full insurable value covering all Improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender. Grantor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request with Trustee and Lender being named as additional insureds in such liability insurance policies. Additionally, Grantor shall maintain such other insurance, including but not limited to hazard, business interruption, and boiler insurance, as Lender may reasonably require. Policies shall be written in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. The Real Property is or will be located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area. Grantor agrees to obtain and maintain Federal Flood Insurance, if available, for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

**Application of Proceeds.** Grantor shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at Lender's election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the Indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed Improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Deed of Trust. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Deed of Trust, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the Indebtedness. If Lender holds any proceeds after payment in full of the Indebtedness, such proceeds shall be paid without interest to Grantor as Grantor's interests may appear.

**Grantor's Report on Insurance.** Upon request of Lender, however not more than once a year, Grantor shall furnish to Lender a report on each existing policy of insurance showing: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured, the then current replacement value of such property, and the manner of determining that value; and (5) the expiration date of the policy. Grantor shall, upon request of Lender, have an independent appraiser satisfactory to Lender determine the cash value replacement cost of the Property.

**LENDER'S EXPENDITURES.** If any action or proceeding is commenced that would materially affect Lender's interest in the Property or if Grantor fails to comply with any provision of this Deed of Trust or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Deed of Trust or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Deed of Trust also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

**WARRANTY; DEFENSE OF TITLE.** The following provisions relating to ownership of the Property are a part of this Deed of Trust:

**Title.** Grantor warrants that: (a) Grantor holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Deed of Trust, and (b) Grantor has the full right, power, and authority to execute and deliver this Deed of Trust to Lender.

**Defense of Title.** Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Trustee or Lender under this Deed of Trust, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

**Compliance With Laws.** Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

**Survival of Representations and Warranties.** All representations, warranties, and agreements made by Grantor in this Deed of Trust shall survive the execution and delivery of this Deed of Trust, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's Indebtedness shall be paid in full.

**CONDEMNATION.** The following provisions relating to condemnation proceedings are a part of this Deed of Trust:

**Proceedings.** If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice all at Grantor's expense, and Grantor will deliver or cause to be delivered to Lender such instruments and documentation as may be requested by Lender from time to time to permit such participation.



201004290070

Skagit County Auditor

**DEED OF TRUST  
(Continued)**

Page 6

**Application of Net Proceeds.** If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the Indebtedness or the repair or restoration of the Property. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Trustee or Lender in connection with the condemnation.

**IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES.** The following provisions relating to governmental taxes, fees and charges are a part of this Deed of Trust:

**Current Taxes, Fees and Charges.** Upon request by Lender, Grantor shall execute such documents in addition to this Deed of Trust and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Real Property. Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Deed of Trust, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this Deed of Trust.

**Taxes.** The following shall constitute taxes to which this section applies: (1) a specific tax upon this type of Deed of Trust or upon all or any part of the Indebtedness secured by this Deed of Trust; (2) a specific tax on Borrower which Borrower is authorized or required to deduct from payments on the Indebtedness secured by this type of Deed of Trust; (3) a tax on this type of Deed of Trust chargeable against the Lender or the holder of the Note; and (4) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Borrower.

**Subsequent Taxes.** If any tax to which this section applies is enacted subsequent to the date of this Deed of Trust, this event shall have the same effect as an Event of Default, and Lender may exercise any or all of its available remedies for an Event of Default as provided below unless Grantor either (1) pays the tax before it becomes delinquent, or (2) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender.

**SECURITY AGREEMENT; FINANCING STATEMENTS.** The following provisions relating to this Deed of Trust as a security agreement are a part of this Deed of Trust:

**Security Agreement.** This instrument shall constitute a Security Agreement to the extent any of the Property constitutes fixtures, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

**Security Interest.** Upon request by Lender, Grantor shall take whatever action is requested by Lender to perfect and continue Lender's security interest in the Rents and Personal Property. In addition to recording this Deed of Trust in the real property records, Lender may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Deed of Trust as a financing statement. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall not remove, sever or detach the Personal Property from the Property. Upon default, Grantor shall assemble any Personal Property not affixed to the Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender to the extent permitted by applicable law.

**Addresses.** The mailing addresses of Grantor (debtor) and Lender (secured party) from which information concerning the security interest granted by this Deed of Trust may be obtained (each as required by the Uniform Commercial Code) are as stated on the first page of this Deed of Trust.

**FURTHER ASSURANCES; ATTORNEY-IN-FACT.** The following provisions relating to further assurances and attorney-in-fact are a part of this Deed of Trust:

**Further Assurances.** At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refiled, or rerecorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (1) Borrower's and Grantor's obligations under the Note, this Deed of Trust, and the Related Documents, and (2) the liens and security interests created by this Deed of Trust as first and prior liens on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or Lender agrees to the contrary in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

**Attorney-in-Fact.** If Grantor fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lender's sole opinion, to accomplish the matters referred to in the preceding paragraph.

**FULL PERFORMANCE.** If Borrower and Grantor pay all the Indebtedness when due, and Grantor otherwise performs all the obligations imposed upon Grantor under this Deed of Trust, Lender shall execute and deliver to Trustee a request for full reconveyance and shall execute and deliver to Grantor suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. Any reconveyance fee shall be paid by Grantor, if permitted by applicable law. The grantee in any reconveyance may be described as the "person or persons legally entitled thereto", and the recitals in the reconveyance of any matters or facts shall be conclusive proof of the truthfulness of any such matters or facts.

**EVENTS OF DEFAULT.** Each of the following, at Lender's option, shall constitute an Event of Default under this Deed of Trust:

**Payment Default.** Borrower fails to make any payment when due under the Indebtedness.

**Other Defaults.** Borrower or Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Deed of Trust or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower or Grantor.

**Compliance Default.** Failure to comply with any other term, obligation, covenant or condition contained in this Deed of Trust, the Note or in any of the Related Documents.

**Default on Other Payments.** Failure of Grantor within the time required by this Deed of Trust to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien.

**False Statements.** Any warranty, representation or statement made or furnished to Lender by Borrower or Grantor or on Borrower's or Grantor's behalf under this Deed of Trust or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time.



201004290070

Skagit County Auditor

**DEED OF TRUST  
(Continued)**

Page 7

thereafter.

**Defective Collateralization.** This Deed of Trust or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

**Death or Insolvency.** The dissolution of Grantor's (regardless of whether election to continue is made), any member withdraws from the limited liability company, or any other termination of Borrower's or Grantor's existence as a going business or the death of any member, the insolvency of Borrower or Grantor, the appointment of a receiver for any part of Borrower's or Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower or Grantor.

**Creditor or Forfeiture Proceedings.** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or Grantor or by any governmental agency against any property securing the Indebtedness. This includes a garnishment of any of Borrower's or Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower or Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower or Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

**Breach of Other Agreement.** Any breach by Borrower or Grantor under the terms of any other agreement between Borrower or Grantor and Lender that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of Borrower or Grantor to Lender, whether existing now or later.

**Events Affecting Guarantor.** Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

**Adverse Change.** A material adverse change occurs in Borrower's or Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

**Insecurity.** Lender in good faith believes itself insecure.

**RIGHTS AND REMEDIES ON DEFAULT.** If an Event of Default occurs under this Deed of Trust, at any time thereafter, Trustee or Lender may exercise any one or more of the following rights and remedies:

**Election of Remedies.** Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Deed of Trust, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

**Accelerate Indebtedness.** Lender shall have the right at its option to declare the entire Indebtedness immediately due and payable, including any prepayment penalty which Borrower would be required to pay.

**Foreclosure.** With respect to all or any part of the Real Property, the Trustee shall have the right to exercise its power of sale and to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

**UCC Remedies.** With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

**Collect Rents.** Lender shall have the right, without notice to Borrower or Grantor to take possession of and manage the Property and collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the Indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use fees directly to Lender. If the Rents are collected by Lender, then Grantor irrevocably designates Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

**Appoint Receiver.** Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding or pending foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

**Tenancy at Sufferance.** If Grantor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Borrower or Grantor, Grantor shall become a tenant at sufferance of Lender or the purchaser of the Property and shall, at Lender's option, either (1) pay a reasonable rental for the use of the Property, or (2) vacate the Property immediately upon the demand of Lender.

**Other Remedies.** Trustee or Lender shall have any other right or remedy provided in this Deed of Trust or the Note or available at law or in equity.

**Notice of Sale.** Lender shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition. Any sale of the Personal Property may be made in conjunction with any sale of the Real Property.

**Sale of the Property.** To the extent permitted by applicable law, Borrower and Grantor hereby waives any and all rights to have the Property marshalled. In exercising its rights and remedies, the Trustee or Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

**Attorneys' Fees; Expenses.** If Lender institutes any suit or action to enforce any of the terms of this Deed of Trust, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear



201004290070  
Skagit County Auditor

4/29/2010 Page

7 of 18 3:21PM



**DEED OF TRUST  
(Continued)**

Page 8

interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees, title insurance, and fees for the Trustee, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law.

**Rights of Trustee.** Trustee shall have all of the rights and duties of Lender as set forth in this section.

**POWERS AND OBLIGATIONS OF TRUSTEE.** The following provisions relating to the powers and obligations of Trustee (pursuant to Lender's instructions) are part of this Deed of Trust:

**Powers of Trustee.** In addition to all powers of Trustee arising as a matter of law, Trustee shall have the power to take the following actions with respect to the Property upon the written request of Lender and Grantor: (a) join in preparing and filing a map or plat of the Real Property, including the dedication of streets or other rights to the public; (b) join in granting any easement or creating any restriction on the Real Property; and (c) join in any subordination or other agreement affecting this Deed of Trust or the interest of Lender under this Deed of Trust.

**Obligations to Notify.** Trustee shall not be obligated to notify any other party of a pending sale under any other trust deed or lien, or of any action or proceeding in which Grantor, Lender, or Trustee shall be a party, unless required by applicable law, or unless the action or proceeding is brought by Trustee.

**Trustee.** Trustee shall meet all qualifications required for Trustee under applicable law. In addition to the rights and remedies set forth above, with respect to all or any part of the Property, the Trustee shall have the right to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

**Successor Trustee.** Lender, at Lender's option, may from time to time appoint a successor Trustee to any Trustee appointed under this Deed of Trust by an instrument executed and acknowledged by Lender and recorded in the office of the recorder of Skagit County, State of Washington. The instrument shall contain, in addition to all other matters required by state law, the names of the original Lender, Trustee, and Grantor, the book and page or the Auditor's File Number where this Deed of Trust is recorded, and the name and address of the successor trustee, and the instrument shall be executed and acknowledged by Lender or its successors in interest. The successor trustee, without conveyance of the Property, shall succeed to all the title, power, and duties conferred upon the Trustee in this Deed of Trust and by applicable law. This procedure for substitution of Trustee shall govern to the exclusion of all other provisions for substitution.

**NOTICES.** Subject to applicable law, and except for notice required or allowed by law to be given in another manner, any notice required to be given under this Deed of Trust, including without limitation any notice of default and any notice of sale shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Deed of Trust. All copies of notices of foreclosure from the holder of any lien which has priority over this Deed of Trust shall be sent to Lender's address, as shown near the beginning of this Deed of Trust. Any party may change its address for notices under this Deed of Trust by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Subject to applicable law, and except for notice required or allowed by law to be given in another manner, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

**MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Deed of Trust:

**Amendments.** This Deed of Trust, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Deed of Trust. No alteration of or amendment to this Deed of Trust shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

**Annual Reports.** If the Property is used for purposes other than Grantor's residence, Grantor shall furnish to Lender, upon request, a certified statement of net operating income received from the Property during Grantor's previous fiscal year in such form and detail as Lender shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

**Caption Headings.** Caption headings in this Deed of Trust are for convenience purposes only and are not to be used to interpret or define the provisions of this Deed of Trust.

**Merger.** There shall be no merger of the interest or estate created by this Deed of Trust with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

**Governing Law.** This Deed of Trust will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Washington without regard to its conflicts of law provisions. This Deed of Trust has been accepted by Lender in the State of Washington.

**Joint and Several Liability.** All obligations of Borrower and Grantor under this Deed of Trust shall be joint and several, and all references to Grantor shall mean each and every Grantor, and all references to Borrower shall mean each and every Borrower. This means that each Grantor signing below is responsible for all obligations in this Deed of Trust. Where any one or more of the parties is a corporation, partnership, limited liability company or similar entity, it is not necessary for Lender to inquire into the powers of any of the officers, directors, partners, members, or other agents acting or purporting to act on the entity's behalf, and any obligations made or created in reliance upon the professed exercise of such powers shall be guaranteed under this Deed of Trust.

**No Waiver by Lender.** Lender shall not be deemed to have waived any rights under this Deed of Trust unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Deed of Trust shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Deed of Trust. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Deed of Trust, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

**Severability.** If a court of competent jurisdiction finds any provision of this Deed of Trust to be illegal, invalid, or unenforceable as to any person or circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other person or circumstance. If feasible, the offending provision shall be considered



201004290070

Skagit County Auditor



**DEED OF TRUST  
(Continued)**

Page 9

modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Deed of Trust. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Deed of Trust shall not affect the legality, validity or enforceability of any other provision of this Deed of Trust.

**Successors and Assigns.** Subject to any limitations stated in this Deed of Trust on transfer of Grantor's interest, this Deed of Trust shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Deed of Trust and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Deed of Trust or liability under the Indebtedness.

**Time is of the Essence.** Time is of the essence in the performance of this Deed of Trust.

**Waiver of Homestead Exemption.** Grantor hereby releases and waives all rights and benefits of the homestead exemption laws of the State of Washington as to all Indebtedness secured by this Deed of Trust.

**DEFINITIONS.** The following capitalized words and terms shall have the following meanings when used in this Deed of Trust. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Deed of Trust shall have the meanings attributed to such terms in the Uniform Commercial Code:

**Beneficiary.** The word "Beneficiary" means Skagit State Bank, and its successors and assigns.

**Borrower.** The word "Borrower" means LANDED GENTRY CUSTOM HOME GROUP, L.L.C. and includes all co-signers and co-makers signing the Note and all their successors and assigns.

**Deed of Trust.** The words "Deed of Trust" mean this Deed of Trust among Grantor, Lender, and Trustee, and includes without limitation all assignment and security interest provisions relating to the Personal Property and Rents.

**Default.** The word "Default" means the Default set forth in this Deed of Trust in the section titled "Default".

**Environmental Laws.** The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

**Event of Default.** The words "Event of Default" mean any of the events of default set forth in this Deed of Trust in the events of default section of this Deed of Trust.

**Grantor.** The word "Grantor" means LANDED GENTRY CUSTOM HOME GROUP, L.L.C.; BLANE, L.L.C.; COMMONWEALTH HOLDINGS, L.L.C.; EAST GARDNER, L.L.C.; WHELL, L.L.C. - SERIES BEACH COTTAGE; and WHELL, L.L.C. - SERIES JURA.

**Guarantor.** The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Indebtedness.

**Guaranty.** The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

**Hazardous Substances.** The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

**Improvements.** The word "Improvements" means all existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property.

**Indebtedness.** The word "Indebtedness" means all principal, interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Grantor's obligations or expenses incurred by Trustee or Lender to enforce Grantor's obligations under this Deed of Trust, together with interest on such amounts as provided in this Deed of Trust. Specifically, without limitation, Indebtedness includes all amounts that may be indirectly secured by the Cross-Collateralization provision of this Deed of Trust.

**Lender.** The word "Lender" means Skagit State Bank, its successors and assigns.

**Note.** The word "Note" means the promissory note dated April 20, 2010, in the original principal amount of \$206,260.00 from Borrower to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement.

**Personal Property.** The words "Personal Property" mean all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter attached or affixed to the Real Property; together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all issues and profits thereon and proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property.

**Property.** The word "Property" means collectively the Real Property and the Personal Property.

**Real Property.** The words "Real Property" mean the real property, interests and rights, as further described in this Deed of Trust.

**Related Documents.** The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

**Rents.** The word "Rents" means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property.



201004290070  
Skagit County Auditor

4/29/2010 Page

9 of 18 3:21PM

DEED OF TRUST  
(Continued)

Page 10

Trustee. The word "Trustee" means Land Title Company of Skagit County, whose mailing address is P O Box 445, Burlington, WA 98233 and any substitute or successor trustees.

EACH GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS DEED OF TRUST, AND EACH GRANTOR AGREES TO ITS TERMS.

GRANTOR:

LANDED GENTRY CUSTOM HOME GROUP, L.L.C.

By:

KENDALL D GENTRY, Manager of LANDED GENTRY CUSTOM HOME GROUP, L.L.C.

BLANE, L.L.C.

By:

KENDALL D GENTRY, Manager of BLANE, L.L.C.

COMMONWEALTH HOLDINGS, L.L.C.

By:

KENDALL D GENTRY, Manager of COMMONWEALTH HOLDINGS, L.L.C.

EAST GARDNER, L.L.C.

By:

KENDALL D GENTRY, Manager of EAST GARDNER, L.L.C.

WHELL, L.L.C. - SERIES BEACH COTTAGE

By:

KENDALL D GENTRY, Manager of WHELL, L.L.C. - SERIES BEACH COTTAGE

By:

NANCY F GENTRY, Manager of WHELL, L.L.C. - SERIES BEACH COTTAGE

WHELL, L.L.C. - SERIES JURA

By:

KENDALL D GENTRY, Manager of WHELL, L.L.C. - SERIES JURA

By:

NANCY F GENTRY, Manager of WHELL, L.L.C. - SERIES JURA



201004290070  
Skagit County Auditor  
4/29/2010 Page 10 of 18 3:21PM

DEED OF TRUST  
(Continued)

Page 11

LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF Wash

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) SS

COUNTY OF Skagit

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On this 28th day of April, 20 10, before me, the undersigned Notary Public, personally appeared **KENDALL D GENTRY, Manager of LANDED GENTRY CUSTOM HOME GROUP, L.L.C.**, and personally known to me or proved to me on the basis of satisfactory evidence to be a member or designated agent of the limited liability company that executed the Deed of Trust and acknowledged the Deed of Trust to be the free and voluntary act and deed of the limited liability company, by authority of statute, its articles of organization or its operating agreement, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this Deed of Trust and in fact executed the Deed of Trust on behalf of the limited liability company.

By Phyllis A. Miller

Residing at LaConner

Notary Public in and for the State of WA

My commission expires 3-4-13

LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF Wash

)

) SS

COUNTY OF Skagit

)

On this 28th day of April, 20 10, before me, the undersigned Notary Public, personally appeared **KENDALL D GENTRY, Manager of BLANE, L.L.C.**, and personally known to me or proved to me on the basis of satisfactory evidence to be a member or designated agent of the limited liability company that executed the Deed of Trust and acknowledged the Deed of Trust to be the free and voluntary act and deed of the limited liability company, by authority of statute, its articles of organization or its operating agreement, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this Deed of Trust and in fact executed the Deed of Trust on behalf of the limited liability company.

By Phyllis A. Miller

Residing at LaConner

Notary Public in and for the State of WA

My commission expires 3-4-13

LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF Wash

)

) SS

COUNTY OF Skagit

)

On this 28th day of April, 20 10, before me, the undersigned Notary Public, personally appeared **KENDALL D GENTRY, Manager of COMMONWEALTH HOLDINGS, L.L.C.**, and personally known to me or proved to me on the basis of satisfactory evidence to be a member or designated agent of the limited liability company that executed the Deed of Trust and acknowledged the Deed of Trust to be the free and voluntary act and deed of the limited liability company, by authority of statute, its articles of organization or its operating agreement, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this Deed of Trust and in fact executed the Deed of Trust on behalf of the limited liability company.

By Phyllis A. Miller

Residing at LaConner

Notary Public in and for the State of WA

My commission expires 3-4-13



201004290070  
Skagit County Auditor

DEED OF TRUST  
(Continued)

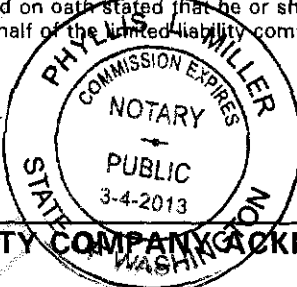
Page 12

LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF Wash )  
 ) SS  
COUNTY OF Skagit )

On this 28th day of April, 20 10, before me, the undersigned Notary Public, personally appeared **KENDALL D GENTRY, Manager of EAST GARDNER, L.L.C.**, and personally known to me or proved to me on the basis of satisfactory evidence to be a member or designated agent of the limited liability company that executed the Deed of Trust and acknowledged the Deed of Trust to be the free and voluntary act and deed of the limited liability company, by authority of statute, its articles of organization or its operating agreement, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this Deed of Trust and in fact executed the Deed of Trust on behalf of the limited liability company.

By Phyllis Miller Residing at LaConner  
Notary Public in and for the State of WA My commission expires 3-4-13

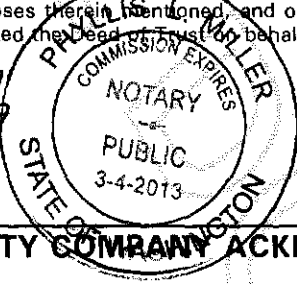


LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF Wash )  
 ) SS  
COUNTY OF Skagit )

On this 28th day of April, 20 10, before me, the undersigned Notary Public, personally appeared **KENDALL D GENTRY, Manager of WHELL, L.L.C. - SERIES BEACH COTTAGE**, and personally known to me or proved to me on the basis of satisfactory evidence to be a member or designated agent of the limited liability company that executed the Deed of Trust and acknowledged the Deed of Trust to be the free and voluntary act and deed of the limited liability company, by authority of statute, its articles of organization or its operating agreement, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this Deed of Trust and in fact executed the Deed of Trust on behalf of the limited liability company.

By Phyllis Miller Residing at LaConner  
Notary Public in and for the State of WA My commission expires 3-4-13

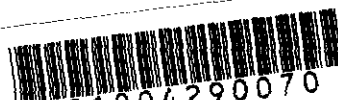
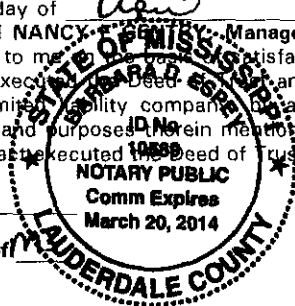


LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF Mississippi )  
 ) SS  
COUNTY OF Lauderdale )

On this 27th day of April, 20 10, before me, the undersigned Notary Public, personally appeared **NANCY D GENTRY, Manager of WHELL, L.L.C. - SERIES BEACH COTTAGE**, and personally known to me or proved to me on the basis of satisfactory evidence to be a member or designated agent of the limited liability company that executed the Deed of Trust and acknowledged the Deed of Trust to be the free and voluntary act and deed of the limited liability company, by authority of statute, its articles of organization or its operating agreement, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this Deed of Trust and in fact executed the Deed of Trust on behalf of the limited liability company.

By BE-gg Residing at 4400 Hwy 39 N Mendis Ms  
Notary Public in and for the State of MS My commission expires 03-20-2014



DEED OF TRUST  
(Continued)

Page 13

LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF Wash

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) SS

COUNTY OF Skagit

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On this 28th day of April, 20 10, before me, the undersigned Notary Public, personally appeared **KENDALL D GENTRY, Manager of WHELL, L.L.C. - SERIES JURA**, and personally known to me or proved to me on the basis of satisfactory evidence to be a member or designated agent of the limited liability company that executed the Deed of Trust and acknowledged the Deed of Trust to be the free and voluntary act and deed of the limited liability company, by authority of statute, its articles of organization or its operating agreement, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this Deed of Trust and in fact executed the Deed of Trust on behalf of the limited liability company.

By [Signature]  
Notary Public in and for the State of WA

Residing at Lalonde  
My commission expires 3-4-13

LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF Mississippi

)

) SS

COUNTY OF Lauderdale

)

On this 27th day of April, 20 10, before me, the undersigned Notary Public, personally appeared **NANCY F GENTRY, Manager of WHELL, L.L.C. - SERIES JURA**, and personally known to me or proved to me on the basis of satisfactory evidence to be a member or designated agent of the limited liability company that executed the Deed of Trust and acknowledged the Deed of Trust to be the free and voluntary act and deed of the limited liability company, by authority of statute, its articles of organization or its operating agreement, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this Deed of Trust and in fact executed the Deed of Trust on behalf of the limited liability company.

By [Signature]  
Notary Public in and for the State of Mississippi

Residing at 4400 Hwy 39 N Meridian  
My commission expires 03-20-2014

REQUEST FOR FULL RECONVEYANCE

To: \_\_\_\_\_, Trustee

The undersigned is the legal owner and holder of all indebtedness secured by this Deed of Trust. You are hereby requested, upon payment of all sums owing to you, to reconvey without warranty, to the persons entitled thereto, the right, title and interest now held by you under the Deed of Trust.

Date: \_\_\_\_\_

Beneficiary: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_



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**Schedule "A-1"**

136130-S

**DESCRIPTION:**

**PARCEL "A":**

Lots 27 – 37, inclusive, Lot 43, Lots 47 – 53, Lots 55 and 56 and 60 and Lots 63 – 66, inclusive, "PLAT OF MONTREAU, PHASE 1," as per plat recorded on July 23, 2007, under Auditor's File No. 200707230124, records of Skagit County, Washington.

Situate in the City of Mount Vernon, County of Skagit, State of Washington.

**PARCEL "B":**

Those portions of the East  $\frac{1}{2}$  of the West  $\frac{1}{2}$  of the Southwest  $\frac{1}{4}$  of the Northwest  $\frac{1}{4}$  of Section 28, Township 34 North, Range 4 East, W.M., and the East  $\frac{1}{2}$  of said Southwest  $\frac{1}{4}$  of the Northwest  $\frac{1}{4}$  of Section 28, Township 34 North, Range 4 East, W.M., more particularly described as follows:

Beginning at the Southwest corner of said East  $\frac{1}{2}$  of the West  $\frac{1}{2}$  of the Southwest  $\frac{1}{4}$  of the Northwest  $\frac{1}{4}$  of Section 28;  
thence along the West line of said East  $\frac{1}{2}$  of the West  $\frac{1}{2}$  of the Southwest  $\frac{1}{4}$  of the Northwest  $\frac{1}{4}$  of Section 28, North  $00^{\circ}46'38''$  East, a distance of 30.02 feet to the North right of way of Blackburn Road and the true point of beginning;  
thence continuing along said West line, North  $00^{\circ}46'38''$  East, a distance of 551.02 feet to a point within the approximate path of Maddox Creek;  
thence leaving said West line, along said approximate path, North  $74^{\circ}21'57''$  East, a distance of 34.19 feet;  
thence North  $44^{\circ}14'59''$  East, a distance of 243.07 feet;  
thence North  $24^{\circ}33'37''$  East, a distance of 86.20 feet;  
thence South  $70^{\circ}46'18''$  East, a distance of 104.34 feet;  
thence North  $60^{\circ}00'44''$  East, a distance of 218.56 feet to a point on the East line of the property described in Quit Claim Deed recorded under Auditor's File No. 200310100182, records of Skagit County, Washington;  
thence leaving said Maddox Creek, along the last referenced East line, South  $00^{\circ}48'34''$  West, a distance of 605.83 feet to a point on the North line of the property described in deed recorded under Auditor's File No. 573266, records of Skagit County, Washington;  
thence along said North line of last referenced property, parallel with the South line of said Southwest  $\frac{1}{4}$  of the Northwest  $\frac{1}{4}$  of Section 28, South  $88^{\circ}43'08''$  West a distance of 327.56 feet to the Northwest corner of the property described in Statutory Warranty Deed recorded under Auditor's File No. 200206260073, records of Skagit County, Washington;  
thence along the West line of last referenced property, South  $00^{\circ}48'34''$  West, a distance of 270.18 feet to the North right of way line of Blackburn Road;  
thence along said North right of way line of Blackburn Road, South  $88^{\circ}43'08''$  West, a distance of 193.86 feet to the true point of beginning.

Situate in the City of Mount Vernon, County of Skagit, State of Washington.



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## DESCRIPTION CONTINUED:

PARCEL "C":

The West  $\frac{1}{2}$  of the West  $\frac{1}{2}$  of the Southwest  $\frac{1}{4}$  of the Northwest  $\frac{1}{4}$  of Section 28, Township 34 North, Range 4 East, W.M.,

EXCEPT the North  $\frac{1}{2}$  (by area) thereof,

EXCEPT the County road known as Burch Road or Blackburn Road,

EXCEPT the following described tract:

Beginning at the intersection of the North line of the County road and the East line of said West  $\frac{1}{2}$  of the West  $\frac{1}{2}$  of the Southwest  $\frac{1}{4}$  of the Northwest  $\frac{1}{4}$ ;  
thence North along the East line of said West  $\frac{1}{2}$  of the West  $\frac{1}{2}$  of the Southwest  $\frac{1}{4}$  of the Northwest  $\frac{1}{4}$ , a distance of 130 feet;  
thence West 80 feet;  
thence South 130 feet to the North line of the County road;  
thence East along the North line of said County road, a distance of 80 feet to the point of beginning,

AND ALSO EXCEPT that portion of the West  $\frac{1}{2}$  of the West  $\frac{1}{2}$  of the Southwest  $\frac{1}{4}$  of the Northwest  $\frac{1}{4}$ , Section 28, Township 34 North, Range 4 East, W.M., more particularly described as follows:

Beginning at the Southwest corner of said subdivision;  
thence along the West line of said subdivision, North  $00^{\circ}44'42''$  West, a distance of 295.02 feet to the true point of beginning;  
thence continuing along said West line, North  $00^{\circ}44'42''$  East, a distance of 368.97 feet to the Northwest corner of said subdivision;  
thence along the North line of said subdivision, North  $89^{\circ}02'13''$  East, a distance of 327.24 feet to the Northeast corner of said subdivision;  
thence along the East line of said subdivision, South  $00^{\circ}46'38''$  West, a distance of 81.15 feet to a point within the approximate path of Maddox Creek;  
thence following said approximate path, South  $74^{\circ}21'57''$  West, a distance of 153.12 feet;  
thence South  $63^{\circ}37'49''$  West, a distance of 89.58 feet;  
thence South  $13^{\circ}48'14''$  West, a distance of 128.00 feet;  
thence South  $39^{\circ}33'18''$  West, a distance of 114.06 feet to the true point of beginning.

AND ALSO EXCEPT that portion conveyed to the City of Mount Vernon, Washington, by deed recorded April 24, 2009, under Auditor's File No. 200904240115, records of Skagit County, Washington.

Situate in the City of Mount Vernon, County of Skagit, State of Washington.



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## DESCRIPTION CONTINUED:

PARCEL "D":

That portion of the West ½ of the West ½ of the Southwest ¼ of the Northwest ¼, Section 28, Township 34 North, Range 4 East, W.M., described as follows:

Beginning at the intersection of the North line of the County road and the East line of said West ½ of the West ½ of the Southwest ¼ of the Northwest ¼;  
thence North along the East line of said West ½ of the West ½ of the Southwest ¼ of the Northwest ¼ a distance of 130 feet;  
thence West 80 feet;  
thence South 130 feet to the North line of the County road;  
thence East along the North line of said County road a distance of 80 feet to the point of beginning.

Situate in the City of Mount Vernon, County of Skagit, State of Washington.

PARCEL "E":

Lot 4, Binding Site Plan No. PL06-0913, approved May 16, 2007, May 17, 2007, June 5, 2007 and June 18, 2007, recorded June 18, 2007, under Auditor's File No. 200706180136, being a portion of Lot 80, AMENDED SKAGIT REGIONAL BINDING SITE PLAN, PHASE 1, PL02-0127, dated February 28, 2003, recorded March 4, 2003, under Auditor's File No. 200303040030, all records of Skagit County, Washington, further, being a portion of Section 3, Township 34 North, Range 3 East, W.M. AND of Sections 33 and 34, Township 35 North, Range 3 East, W.M.

Situate in the County of Skagit, State of Washington.

PARCEL "F":

Tract 4 and the North 20 feet of Tract 3 of Short Plat No. 98-78, approved December 6, 1978 and recorded December 7, 1978, under Auditor's File No. 892644, in Volume 3 of Short Plats, page 48, records of Skagit County, Washington; being a portion of Tract 36, "PLAT OF THE BURLINGTON ACREAGE PROPERTY", as per plat recorded in Volume 1 of Plats, page 49, records of Skagit County, Washington,

EXCEPT that portion of said Tract 4 described as follows:

Begin at the Southeast corner of Tract 1 of said Short Plat;  
thence North along the East lines of Tracts 1, 2 and 3 of said Short Plat to a point on the South line of the North 20 feet of said Tract 3;  
thence East along the Easterly extension of said South line to a point on a line parallel with and 10 feet East of the East line of Tracts 1, 2 and 3 of said Short Plat;  
thence South along said parallel line to a point on the South line of said Tract 4;  
thence West along said South line to the point of beginning.



201004290070

Skagit County Auditor

## DESCRIPTION CONTINUED;

PARCEL "F" Continued:

EXCEPT those portions of Tract 4, described as follows:

Beginning at the Northeast corner of said Tract 4;  
thence South 89°39'50" West along the North line of said Tract 4, a distance of 23.41 feet;  
thence South 0°43'26" East, a distance of 329.94 feet to a point on the South line of said Tract 4;  
thence North 89°37'16" East along the South line of said Tract 4, a distance of 21.44 feet to the Southeast corner of said Tract 4;  
thence North 0°22'53" West along the East line of said Tract 4, a distance of 329.91 feet to the true point of beginning.

Beginning at the Northeast corner of said Lot 4;  
thence South 89°39'50" West along the North line of said Lot 4, a distance of 28.60 feet to the true point of beginning;  
thence South 0°31'55" East, a distance of 12.65 feet;  
thence North 89°44'28" West parallel to and 5 feet North of an existing fence line running East and West, a distance of 303.42 feet to a fence line which runs North and South;  
thence North 0°45'10" West along said fence line, a distance of 9.50 feet to the North line of said Lot 4;  
thence North 89°39'50" East along the North line of said Lot 4, a distance of 303.45 feet to the true point of beginning.

Situate in the County of Skagit, State of Washington.

PARCEL "G":

Lot 31, "GIBRALTER ANNEX," as per plat recorded in Volume 7 of Plats, page 9, records of Skagit County, Washington.

Situate in the County of Skagit, State of Washington.

PARCEL "H":

Tracts 32 and 33, "GIBRALTER ANNEX", as per plat recorded in Volume 7 of Plats, page 9, records of Skagit County, TOGETHER WITH tidelands of the second class to the line of mean low tide in front of, adjacent to and abutting upon said tracts and lying between the Easterly extension of the Northerly and Southerly lines of said tract;

TOGETHER WITH a non-exclusive easement for ingress, egress and utilities over, under and across portions of Lots 26, 27, 28, 29, 30 and 31 of said plat as established by document recorded April 25, 2003, under Auditor's File No. 200304250161.

TOGETHER WITH that portion of Lot 13, Plat of "ENTNER'S TRACTS, SUBDIVISION NO. 1", as per plat recorded under in Volume 8 of Plats, pages 73 and 74, records of Skagit County, Washington, being more particularly described as follows:



201004290070

Skagit County Auditor

PARCEL "H" CONTINUED:

Beginning at the Northwest corner of said Lot 13, Plat of "ENTNER'S TRACTS SUBDIVISION NO. 1; thence North 88°51'00" East (incorrectly shown as South 88°51'00" East on the face of said Plat of "ENTNER'S TRACTS, SUBDIVISION NO. 1"), for a distance of 177.42 feet, more or less, to the Northeast corner thereof, also being a point on the West line of Lot 32, Plat of "GIBRALTER ANNEX", as per plat recorded in Volume 7 of Plats, page 9, records of Skagit County, Washington; and being the true point of beginning;

thence South 12°43'00" East along the East line of said Lot 13, Plat of "ENTNER'S TRACTS, SUBDIVISION NO. 1", also being the West line of said Lot 32, Plat of "GIBRALTER ANNEX", for a distance of 11.15 feet, more or less, to the Southwest corner of said Lot 32, also being the Northwest corner of Lot 33 said Plat of "GIBRALTER ANNEX";

thence continue South 12°43'00" East along said common line for a distance of 50.00 feet to an angle point on said common line;

thence South 42°45'00" West along said common line for a distance of 10.35 feet, more or less, to the Southwest corner of said Lot 33, also being the Northwest corner of Lot 34, said Plat of "GIBRALTER ANNEX";

thence continue South 42°45'00" West along said common line for distance of 22.54 feet;

thence leaving said common line North 9°52'32" West for a distance of 28.44 feet;

thence North 15°32'47" West for a distance of 57.30 feet, more or less, to the North line of said Lot 13, Plat of "ENTNER'S TRACTS, SUBDIVISION NO. 1", at a point bearing South 88°51'00" West from the true point of beginning;

thence North 88°51'00" East along said North line for a distance of 29.11 feet, more or less, to the true point of beginning.

Situate in the County of Skagit, State of Washington.



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