

When Recorded, Return to:

Fortune Bank
1201 Third Ave., Suite 700
Seattle, WA 98101



201108180002
Skagit County Auditor

8/18/2011 Page 1 of 6 8:39AM

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

Grantor: CENTRUM FINANCIAL SERVICES, INC.

Grantee: FORTUNE BANK

Legal Description (complete): Lot 4 of Anacortes Short Plat No. 01-001, recorded January 8, 2004 under Auditor's File No. 200401080066, records of Skagit County, Washington, and being a portion of the Northwest ¼ of the Northeast ¼ of Section 25, Township 35 North, Range 1 East, W.M.; Situate in the County of Skagit, State of Washington.

☒ Complete legal on EXHIBIT 1

Assessor's Tax Parcel ID No(s): 350125-0-024-0700

Reference Nos. of Documents Affected: Deed of Trust recorded under Skagit County Recording Number 201105120080

This NON-MERGER DEED AND BILL OF SALE IN LIEU OF FORECLOSURE (the "**Deed in Lieu**") dated this 15th day of August, 2011, is made by and between CENTRUM FINANCIAL SERVICES, INC., a Washington corporation (the "**Grantor**"), whose address is 12505 Bellevue Redmond Road, Suite 200, Bellevue, Washington 98005; and FORTUNE BANK (the "**Grantee**"), whose address is 1201 Third Avenue, Suite 700, Seattle, Washington 98101.

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

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

2476

AUG 17 2011

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

1.1 Land, Appurtenances, Easements. That certain real property and all interests therein located in Skagit County, Washington more particularly described in EXHIBIT 1 attached hereto and incorporated herein by this reference, together with all existing and future easements, access rights, appurtenances, privileges, licenses, hereditaments, franchises and tenements, and all minerals, oil, gas, and other commercially valuable substances 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 it, and all appurtenances and other property and interests of any kind or character, whether described in EXHIBIT 1 or not, that may be reasonably necessary or desirable to promote the present and any reasonable future beneficial use and enjoyment of the Land and Improvements;

1.4 Goods, Materials, Fixtures, Etc. All goods, materials, supplies, chattels, appliances, fixtures, equipment, inventory, general intangibles, and machinery now or later to be attached to, placed in or on, or used in connection with the construction, use, enjoyment, occupancy, development, marketing or operation of all or any part of the Project, whether stored on the Land or elsewhere, 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 and Equipment. All building materials, equipment, work in process or other personal property of any kind, whether stored on the Land or elsewhere, that have been or later will be acquired for the purpose of being delivered to, incorporated into, or installed in or about the Land or Improvements;

1.6 Borrower Funds; Bonds. All present and future monetary deposits given by Borrower to any public or private utility with respect to utility services furnished to the Land or Improvements. All deposits and bonds of Borrower relating to the Property (or any part thereof), including, without limitation, deposits and bonds provided to any governmental agency for completion of the Property or any improvements;

1.7 Rents, 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 (collectively, the "**Rents, Issues and Profits**");

1.8 Miscellaneous Personal Property. Any and all personal property of any kind whatsoever, whether tangible or intangible, that is used or will be used in construction of, or is or will be placed upon or is derived from or used in any connection with the use, occupancy or enjoyment of, the Land or Improvements;

1.9 Books and Records. All books and records pertaining to any and all of the property described above, including records stored on computer readable media ("**Books and Records**"); and

1.10 Permits, Plans, and Contracts. All licenses, permits, approvals, applications, commitments, designs, plans, specifications, architectural and engineering contracts, 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 and now or hereafter owned by Grantor, including, without limitation, all building permits and environmental and subdivision approvals and any and all rights or claims that relate to the construction of improvements on or to the Property 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 on the Property.



1.11 Insurance. Grantor assigns to Grantee the right to receive payment of any claim payable under the terms of any hazard insurance policies now in effect on its Property, including any premium refund now or hereafter payable.

The Land, Improvements, related real property, and all personal property now or hereafter installed on or used in connection with the Land and/or Improvements are collectively referred to herein as the "**Project.**" The Project constitutes the bulk of, but not the entirety of, the Property.

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 that Deed of Trust dated April 29, 2011, and recorded in the real property records of Skagit County, Washington, on May 12, 2011, under Recording No. 201105120080, which deed of trust incorporates a security agreement providing Grantee with a security interest in all personal property included in the Property (the "**Deed of Trust**").

3. Warranties. It is warranted and covenanted by Grantor in executing this Deed in Lieu, and agreed by Grantee in accepting this Deed in Lieu, as follows:

3.1 The consideration for the execution of the Deed in Lieu for the Property consists of Grantee's agreement, upon recording of this Deed in Lieu, to be bound by a covenant not to sue Grantor or the guarantor of each of the obligations secured by the Deed of Trust ("**Guarantor**"), as more fully described in the Settlement Agreement executed concurrently herewith by and among Grantor, Guarantor, and Grantee with respect to the Property (the "**Settlement Agreement**"). Nothing herein is intended or shall be construed to release Grantor from any obligations to Grantee, or to preclude or otherwise prejudice Grantee's right to proceed with a foreclosure action against the Property.

3.2 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 refinance the Property or to sell the Property for any amount greater than the secured indebtedness owing to Grantee under the Note.

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

3.4 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.

3.5 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 and the Settlement Agreement, 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.



3.6 Grantor further warrants and represents: (a) that Grantor has full power and authority to execute and deliver this Deed in Lieu, (b) that this conveyance and assignment is freely and fairly made, (c) that Grantor is not rendered insolvent by this conveyance and assignment, and (d) that there are no agreements, oral or written, other than those reflected in this Deed in Lieu and the Settlement Agreement, between Grantor and Grantee with respect to the ownership or possession of the Property.

3.7 It is the express intent of Grantor and Grantee that this Deed in Lieu shall not operate to extinguish the Deed of Trust or the security agreement incorporated therein and that the Deed of Trust shall not be merged into or otherwise released by the recording hereof. Although Grantee has agreed not to take any action to seek or obtain a personal judgment against Borrower or Guarantor for each of Borrower's obligations secured by the Deed of Trust, Grantee retains the right to proceed with 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 obligations 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.

DATED this 15th, day of August, 2011.

GRANTOR:

CENTRUM FINANCIAL SERVICES, INC.

GRANTEE:

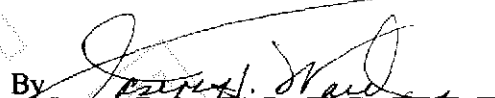
FORTUNE BANK,

By



Name Derek M. Edmonds
Title CEO

By


Name JOSEPH H. WARD
Title EVP

STATE OF WASHINGTON

COUNTY OF KING

ss.

On this day personally appeared before me Derek M. Edmonds to me known to be the CEO of Centrum Financial Services, Inc., acting as the Manager of EQUITY FUNDING, LLC, the Washington limited liability company that executed the foregoing instrument, and acknowledged such instrument to be the free and voluntary act and deed of such corporation, for the uses and purposes therein mentioned, and on oath stated that s/he was duly authorized to execute such instrument.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this 15th day of August, 2011.



Joyce G. Morgan
Printed Name Joyce G. Morgan
NOTARY PUBLIC in and for the State of Washington,
residing at Bothell, WA
My Commission Expires 9-19-13

STATE OF WASHINGTON

COUNTY OF KING

ss.

On this day personally appeared before me Joseph H. Ward, to me known to be the EVP of Fortune Bank, the Washington bank corporation that executed the foregoing instrument, and acknowledged such instrument to be the free and voluntary act and deed of such corporation, for the uses and purposes therein mentioned, and on oath stated that s/he was duly authorized to execute such instrument.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this 15th day of August, 2011.



Joyce G. Morgan
Printed Name Joyce G. Morgan
NOTARY PUBLIC in and for the State of Washington,
residing at Bothell, WA
My Commission Expires 9-19-13



EXHIBIT 1
Legal Description of the Property

Lot 4 of Anacortes Short Plat No. 01-001, recorded January 8, 2004 under Auditor's File No. 200401080066, records of Skagit County, Washington, and being a portion of the Northwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of Section 25, Township 35 North, Range 1 East, W.M.
Situate in the County of Skagit, State of Washington.

