

WHEN RECORDED RETURN TO:

DOUGLAS K. ROBERTSON
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BATTERSBY FIELD PROFESSIONAL BUILDING
900 DUPONT STREET
BELLINGHAM, WASHINGTON 98225-3105
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Skagit County Auditor

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Document Title:
Grantor/borrower:
Grantee/assignee/beneficiary:
Trustee: Douglas K. Robertson
Legal Description: Ptn NW SW and SW NW 4-34-2
Additional on page
Assessor's Tax Parcel ID#: P 19845 / 340204-0-052-0001

GUARDIAN NORTHWEST TITLE CO.
102599

DEED OF TRUST

THIS DEED OF TRUST, made this 30th day of September, 2011, between Dan Mendum and Kirsti Mendum, husband and wife, GRANTORS, whose address is 8152 S. March Point Road, Anacortes, WA 98221, Douglas K. Robertson as TRUSTEE, whose address is 900 Dupont Street, Bellingham, WA 98225, and Joe Scherting and Trudy Scherting, husband and wife, BENEFICIARY, whose address is c/o Belcher Swanson Law Firm, 900 Dupont Street, Bellingham, Washington 98225.

WITNESSETH: Grantors hereby bargain, sell and convey to Trustee in Trust, with power of sale, the following described property in Skagit County Washington.

That portion of the Northwest Quarter of the Southwest Quarter and of the Southwest Quarter of the Northwest Quarter of Section 4, Township 34 North, Range 2 East of Willamette Meridian, described as follows:
Beginning at a point on the South line of the State Highway as it existed on August 17, 1978, a distance of 782.24 feet east of the West line of said Section;
Thence South 181 feet;
Thence East 120 feet;
Thence North 181 feet;
Thence West to the point of beginning.
Situating in Skagit County, Washington.

Tax Parcel No. P 19845 / 340204-0-052-0001

which real property is not used principally for agricultural purposes, together with all the tenements, hereditaments, and appurtenances now or hereafter thereunto belonging or in any way appertaining, and rents, issues and profits thereof.

This deed is for the purpose of securing performance of each agreement of grantor herein contained, and payment of the sum of **Two Hundred Thousand Dollars (\$200,000) with interest**, in accordance with the terms of a promissory note of even date herewith, payable to Beneficiary or order, and made by Grantors, and all renewals, modifications and extensions thereof, and also such further sums as may be advanced or loaned by Beneficiary to Grantors, or any of their successors or assigns, together with interest thereon as such rate as shall be agreed upon.

For purposes of Article 9 of the Uniform Commercial Code (RCW 62A.9), this Deed of Trust constitutes a Security Agreement with the Grantors being the Debtors and the Beneficiary being the Secured Party. This Deed of Trust also constitutes a Financing Statement filed as a fixture filing pursuant to Article 9 of the Uniform Commercial Code (RCW 62A.9-402(6)).

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

1. To keep the property in good condition and repair; to permit no waste thereof; to complete any building, structure or improvement being built or about to be built thereon; to restore promptly any building, structure or improvement thereon which may be damaged or destroyed; and to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property.
2. To pay before delinquent all lawful taxes and assessments upon the property; to keep the property free and clear of all other charges, liens or encumbrances impairing the security of this Deed of Trust.
3. To keep all buildings now or hereafter erected on the property described herein and any personal property continuously insured against loss by fire or other hazards in an amount not less than the total debt secured by this Deed of Trust, or 110% of the replacement value of the property, whichever is greater. All policies shall be held by the Beneficiary, and be in such companies as the Beneficiary may approve and have loss payable first to the Beneficiary, as its interest may appear, and then to the Grantors. The amount collected under any insurance policy may be applied upon any indebtedness hereby secured in such order, as the Beneficiary shall determine. Such application by the beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, all rights of the Grantors in insurance policies then in force shall pass to the purchaser at the foreclosure sale.
4. To defend any action or proceeding purporting to affect the security hereof or the rights of powers of beneficiary or Trustee, and to pay all costs and expenses, including cost of title search and attorney's fees in a reasonable amount, in any such action or proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

5. To pay all costs, fees, and expenses in connection with the Deed of Trust, including the expenses of the Trustee incurred in enforcing the obligation secured hereby and Trustee's and attorney's fees actually incurred, as provided by statute.

6. Should Grantors fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the property hereinabove described, Beneficiary may pay the same, and the amount so paid, with interest at the rate set forth in the note secured hereby, shall be added to and become a part of the debt secured in this Deed of Trust.

IT IS MUTUALLY AGREED THAT:

1. In the event any portion of the property is taken or damaged in an eminent domain proceeding, the entire amount of the award or such portion as may be necessary to fully satisfy the obligation secured hereby, shall be paid to Beneficiary to be applied to said obligation.

2. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right to require prompt payment when due of all other sums so secured or to declare default for failure to so pay.

3. The Trustee shall reconvey all or any part of the property covered by this Deed of Trust to the person entitled thereto, on written request of the Grantors and Beneficiary, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.

4. Upon default by Grantors in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, and/or upon the sale or transfer of any portion of or beneficial interest in the property identified above, all sums secured hereby shall immediately become due and payable at the option of the Beneficiary. In such event and upon written request of Beneficiary, Trustee shall sell the trust property, in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. Any person except Trustee may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (1) to the expenses of the sale, including reasonable Trustee's fee and attorney's fee; (2) to the obligation secured by this Deed of trust; (3) to the surplus, if any, shall be distributed to the persons entitled thereto.

5. Trustee shall deliver to the purchaser at the sale its deed, without warrant, which shall convey to the purchase the interest in the property which grantors had or had the power to convey at the time of their execution of this Deed of Trust, and such as they may have acquired thereafter. Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchaser and encumbrances for value.

6. The power of sale conferred by this Deed of Trust and by the Deed of Trust Act of the State of Washington is not exclusive remedy; Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.

7. The Beneficiary may appoint in writing a successor trustee, and upon recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded, the successor trustee shall be vested with all powers of the original trustee. The trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Grantors, Trustee, or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

8. This Deed of Trust applies to, inures to the benefit of, and is binding not only on the parties hereto, but on their heirs, devisees, legatees, administrators, executors and assigns. The term Beneficiary shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiary herein.

9. If all or any part of the Property or any interest in the Property is sold or transferred (or if a beneficial interest in the Borrower is sold or transferred and the Borrower is not a natural person), then all amounts secured by this Deed of Trust are due and owing immediately.

[Signature]
DAN MENDUM, Grantor

[Signature]
KIRSTI MENDUM, Grantor

NOTARY PUBLIC
STATE OF WASHINGTON
KAREN ALDERSON
My Appointment Expires Mar 28, 2015

State of Washington)
) ss.
County of Skagit)

State of Washington)
) ss.
County of Skagit)

I certify that I know of have satisfactory evidence that Dan Mendum is the person who appeared before me, and said person acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

I certify that I know of have satisfactory evidence that Kirsti Mendum is the person who appeared before me, and said person acknowledged that she signed this instrument and acknowledged it to be her free and voluntary act for the uses and purposes mentioned in the instrument.

SUBSCRIBED to before me this 30th day of September, 2011.

SUBSCRIBED to before me this 30th day of September, 2011.

Karen Alderson
Printed Name: Karen Alderson
Notary Public in and for the State of WA
Washington, residing at Bellingham
My Commission Expires 3-28-15
15ka

Karen Alderson
Printed Name: Karen Alderson
Notary Public in and for the State of WA
Washington, residing at Bellingham
My Commission Expires 3-28-15
ka

REQUEST FOR FULL RECONVEYANCE
Do not record. To be used only when note has been paid.

TO: TRUSTEE.

The undersigned is the legal owner and holder of the note and all other indebtedness secured by the within Deed of Trust. Said note, together with all other indebtedness secured by said Deed of Trust, has been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel said note above mentioned, and all other evidences

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of indebtedness secured by said Deed of Trust delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you thereunder.

Dated _____ 20__.

Mail reconveyance to:



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