

When recorded return to:

Keith Johnson
1633 Grand Avenue
Mount Vernon, WA 98274



201608170098

Skagit County Auditor \$78.00
8/17/2016 Page 1 of 5 4:27PM

Recorded at the Request of:
Guardian Northwest Title
File No.: 111888A

GUARDIAN NORTHWEST TITLE CO.

DEED OF TRUST

(For use in the State of Washington only)

111888

THIS DEED OF TRUST, made this day of , between The Gates Family Trust, dated April 4, 2016, as trustee, GRANTOR, whose address is P.O. BOX 1475, Mount Vernon, WA 98273, Guardian Northwest Title, TRUSTEE, whose address is 1301-B Riverside Drive, Mount Vernon, WA 98273 and Johnson, Keith, BENEFICIARY, whose address is 1633 Grand Avenue, Mount Vernon, WA 98274.

WITNESSETH: Grantor hereby bargains, sells, and conveys to Trustee in trust, with power of sale, the following described real property in Skagit County, Washington:

Abbreviated Legal:

Portions of Sections 3, 4, 9 and 10 in Township 33 North, Range 4 East, W.M

For Full Legal See Attached Exhibit "A"

Tax Parcel Number(s): P16287, 330404-1-002-0058, P101558, 330404-1-002-0600, P16247, 330403-3-003-0005, P102860, 330403-1-001-0100, P16578, 330409-1-001-0005, P101554, 330409-1-001-0100, P16605, 330410-2-001-0000, P16603, 330410-1-001-0408, P16604, 330410-1-003-0000, P16582, 330409-1-002-0301, P16600, 330410-1-001-0101, P16601, 330410-1-001-0218

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 wise appertaining, and the rents, issues, and profits of the property.

This Deed of Trust is for the purpose of securing performance of each agreement of Grantor herein contained in this Deed of Trust, and payment of the sum of **ONE MILLION TWO HUNDRED THOUSAND AND NO/100 Dollars (\$1,200,000.00)** with interest, in accordance with the terms of a promissory note of even date herewith, payable to Beneficiary or order, and made by Grantor, and all renewals, modifications, and extensions of the note, and also such further sums as may be advanced or loaned by Beneficiary to Grantor, or any of the Grantor's successors or assigns, together with interest thereon at the rate agreed upon.

DUE DATE: The entire balance of the promissory note secured by this Deed of Trust, together with any and all interest accrued thereon, shall be due and payable in full on August 17, 2019.

To protect the security of this Deed of Trust, Grantor covenants and agrees:

1. To keep the property in good condition and repair; to permit no waste of the property; to complete any building, structure, or improvement being built or about to be built on the property; to restore promptly any building, structure, or improvement on the property 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 continuously insured against loss by fire or other hazards in an amount not less than the total debt secured by this Deed of Trust. 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 Grantor. The amount collected under any insurance policy may be applied upon any indebtedness secured by this Deed of Trust 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 Grantor 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 or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of title search and attorney's fees in a

Order No:

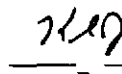
reasonable amount, in any such action or proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

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

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

7. DUE ON SALE: (OPTIONAL - Not applicable unless initialed by Grantor and Beneficiary) The property described in this security instrument may not be sold or transferred without the Beneficiary's consent. Upon breach of this provision Beneficiary may declare all sums due under the note and Deed of Trust immediately due and payable, unless prohibited by applicable law.


Grantor (Initials)


Beneficiary (Initials)

IT IS MUTUALLY AGREED THAT:

8. 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 by this Deed of Trust shall be paid to Beneficiary to be applied to said obligation.

9. By accepting payment of any sum secured by this Deed of Trust 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.

10. 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 Grantor and the Beneficiary, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.

11. Upon default by Grantor in the payment of any indebtedness secured by this Deed of Trust or in the performance of any agreement contained in this Deed of Trust, all sums secured by this Deed of Trust shall immediately become due and payable at the option of the Beneficiary, subject to any cure period provided in the note secured by this Deed of Trust. 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 expense of the sale, including a reasonable Trustee's fee and attorney's fee; (2) to the obligation secured by this Deed of Trust; and (3) the surplus, if any, shall be distributed to the persons entitled thereto.

12. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser all right, title and interest in the real and personal property which Grantor had or had the power to convey at the time of the execution of this Deed of Trust, and such as Grantor 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.

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

14. In the event of the absence, death, incapacity, disability, or resignation of Trustee, or at the discretion of the Beneficiary, Beneficiary may appoint in writing a successor trustee, and upon the 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 an action or proceeding in which Grantor, Trustee, or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

15. This Deed of Trust applies to, inures to the benefit of, and is binding not only on the parties hereto, but on his/her/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.

16. ADDITIONAL TERMS AND CONDITIONS: (check one)

- a. NONE
- OR
- b. As set forth on the Promissory Note.

(Note: If neither "a" nor "b" is checked, then option "a" applies)

Order No:

Dated: 8-17-16

The Gates Family Trust, dated April 4, 2016

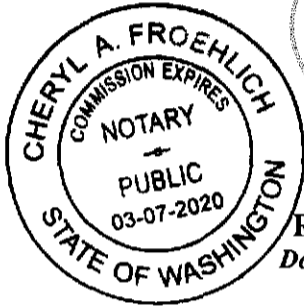
David A. Gates
By: DAVID A. GATES, Trustee

Jo Rita Gates
By: JO RITA GATES, Trustee

State of Washington
County of Skagit } SS:

I certify that I know or have satisfactory evidence that David A & Jo Rita Gates the person who appeared before me, and said person acknowledge that they signed this instrument and acknowledge it to be their free and voluntary act for the uses and purposes mentioned in this instrument.

Dated: 8-17-16



Katie Hieker
Cheryl A. Froehlich
Notary Public in and for the State of Washington
Residing at: Sedro Woolley
My appointment expires: 1/07/2019 3/7/20

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 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 _____

Exhibit "A"

PARCEL "A":

That portion of the Southeast $\frac{1}{4}$ of Section 4 and the Northeast $\frac{1}{4}$ of Section 9, Township 33 North, Range 4 East, W.M., described as follows:

Beginning at the Southeast corner of said Section 4, Township 33 North, Range 4 East, W.M.; thence North $88^{\circ}47'31''$ West 550.00 feet along the South line of the Southeast $\frac{1}{4}$ of said Section 4 to the true point of beginning; thence North $2^{\circ}36'13''$ West 250.00 feet parallel with the East line of the Southeast $\frac{1}{4}$ of said Section 4; thence North $88^{\circ}47'31''$ West 400.00 feet; thence South $2^{\circ}36'13''$ East 250.00 feet to the South line of the Southeast $\frac{1}{4}$ of said Section 4; thence continue South $2^{\circ}36'13''$ East 50.00 feet; thence South $88^{\circ}47'31''$ East 400.00 feet to a point bearing South $2^{\circ}36'13''$ East from the true point of beginning; thence North $2^{\circ}36'13''$ West 50.00 feet to the true point of beginning.

PARCEL "B":

The Northeast $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of Section 9, Township 33 North, Range 4 East, W.M.; EXCEPT that portion lying within Parcel "A" as described above.

PARCEL "C":

That portion of the Southeast $\frac{1}{4}$ of Section 4, Township 33 North, Range 4 East, W.M., lying Southeasterly of the Plat of "CASCADE RIDGE COURT", as per plat recorded in Volume 16 of Plats at Pages 87, 88 and 89, and lying Southerly of Skagit County Short Plat No. 99-0007 approved September 15, 1999 and recorded September 15, 1999 as Auditor's File No. 199909150089, and lying Southerly of the Plat of "CASCADE RIDGE P.U.D.", as per plat recorded in Volume 14 of Plats, at Pages 112 through 121, inclusive and lying Southerly of Lot 1 of Skagit County Short Plat No. 99-0007, approved September 15, 1999 and recorded September 15, 1999 under Skagit County Auditor's File No. 199909150089; EXCEPT that portion thereof lying within Parcel "A" as described above and ALSO EXCEPT that portion thereof conveyed to Paul N. Hagman, et ux, by deed recorded April 23, 2012 as Auditor's File No. 201204230166.

PARCEL "D":

The South $\frac{1}{2}$ of the Southwest $\frac{1}{4}$ of Section 3, Township 33 North, Range 4 East, W.M., EXCEPT that portion thereof conveyed to Pedersen Construction, et al, by deed recorded under Skagit County Auditor's File No. 200711190197.

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PARCEL "E":

The North ½ of the Southeast ¼ of the Northeast ¼ of Section 9, Township 33 North, Range 4 East, W.M..

PARCEL "F":

The North ½ of the Southwest ¼ of the Northwest ¼ AND the North ½ of the North ½, Except the East ½ of the Northeast ¼ of the Northeast ¼; all in Section 10, Township 33 North, Range 4 East, W.M..

PARCEL "G":

The East ½ of the Northeast ¼ of the Northeast ¼ of Section 10, Township 33 North, Range 4 East, W.M..

PARCEL "H":

A non-exclusive 60-foot wide Easement for ingress, egress and utilities as described on document recorded as Auditor's File No. 200908260069 over, across and under a Southerly extension of Quail Drive as delineated on the face of "Cascade Ridge, P.U.D." as recorded in Volume 14 of Plats, Pages 111 through 121, inclusive as Auditor's File No. 9902220024.

PARCEL "I":

A non-exclusive 60-foot wide Easement for ingress, egress and utilities over, across and under portions of the Southeast ¼ of the Northwest ¼ and the Northeast ¼ of the Southwest ¼ of Section 3, Township 33 North, Range 4 East, W. M., as established by document recorded as Auditor's File No. 8906300010 and delineated on the face of Short Plats recorded as Auditor' File Nos. 200210160141 and 200903130064.

PARCEL "J":

A non-exclusive Easement for ingress, egress and utilities over, across and under that portion of the Northeast 1/4 of the Southwest 1/4 of Section 3, Township 33 North, Range 4 East, W.M., established as an Easement by document recorded as Auditor's File No. 200711190198.

PARCEL "K":

A non-exclusive Easement for ingress, egress and utilities over, across and under that portion of the Southeast 1/4 of the Southwest 1/4 of Section 3, Township 33 North, Range 4 East, W.M., established as an Easement by document recorded as Auditor's File No. 200811060117.