

When recorded return to:

Jean Sarvis
8795 District Line Road
Burlington, WA 98233

DEED OF TRUST

(For use in the State of Washington only)

207795-LT

THIS DEED OF TRUST, made this 17th day of January, 2023 between

Happy Face Farms, Inc., a Washington corporation,
as GRANTOR(S),
whose address is 8795 District Line Road, Burlington, WA 98233

and

Land Title and Escrow Company
as TRUSTEE,
whose address is 111 E. George Hopper Road, Burlington, WA 98233

and

Jean Sarvis
as BENEFICIARY,
whose address is 8795 District Line Road, Burlington, WA 98233

WITNESSETH: Grantor(s) hereby bargain(s), sell(s), and convey(s) to Trustee in trust, with power of sale, the following described real property in Skagit County, Washington:

FOR PROPERTY DESCRIPTION SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART
HEREOF.

Abbreviated Legal: (Required if full legal not inserted above.)

ptn Gov. Lot 4, 25-35-9 E W.M.

Tax Parcel Number(s): 350925-0-013-0006/P44660

which real property is not used principally for agricultural or farming 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 thereof.

This deed is for the purpose of securing performance of each agreement of Grantor(s) herein contained, and payment of the sum of ONE HUNDRED FIFTEEN THOUSAND AND 00/100 Dollars (\$115,000.00) with interest, in accordance with the terms of a promissory note of even date herewith, payable to Beneficiary or order, and made by Grantor(s), and all renewals, modifications, and extensions thereof, and also such further sums as may be advanced or loaned by Beneficiary to Grantor(s), or any of his/her/their successors or assigns, together with interest thereon at such rate as shall be agreed upon.

To protect the security of this Deed of Trust, Grantor(s) covenant(s) and agree(s):

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 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(s). 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 Grantor(s) 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 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 hereby and Trustee's and attorney's fees actually incurred, as provided by statute.
6. Should Grantor(s) 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.
7. NO FURTHER ENCUMBRANCES: (OPTIONAL – Not applicable unless initialed by Grantor and Beneficiary.). As an express condition of Beneficiary making the loan secured by this Deed of Trust, Grantor shall not further encumber, pledge, mortgage, hypothecate, place any lien, charge or claim upon, or otherwise give as security the property or any interest therein nor cause or allow by operation of law the encumbrance of the Trust Estate or any interest therein without the written consent of a Beneficiary even though such encumbrance may be junior to the encumbrance created by this Deed of Trust. Encumbrance of the property contrary to the provisions of this provision shall constitute a default and Beneficiary may, at Beneficiary's option, declare the entire balance of principal and interest immediately due and payable, whether the same be

created by Grantor or an unaffiliated third party asserting a judgment lien, mechanic's or materialmen's lien or any other type of encumbrance or title defect.

N. A.

Grantor initials

G.S. L.S. AIF

Beneficiary initials

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 Grantor(s) and the 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 Grantor(s) in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, 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 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.
5. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the property which Grantor(s) had or had the power to convey at the time of his/her/their execution of this Deed of Trust, and such as he/she/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 encumbrancers 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 an exclusive remedy; Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.
7. In the event of the death, incapacity, disability, or resignation of Trustee, 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(s), 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 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.

Happy Face Farms, Inc., a Washington Corporation

By: GARY LYLE LOHMAN
Gary Lyle Lohman, President

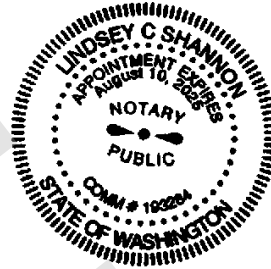
STATE OF WASHINGTON
COUNTY OF SKAGIT

This record was acknowledged before me on 19th day of January, 2023 by Gary Lyle Lohman as President of Happy Face Farms, Inc..

[Signature]
Signature

Notary
Title

My commission expires: AUG. 10, 2025



**EXHIBIT A
LEGAL DESCRIPTION**

Property Address: 53052 State Route 20, Rockport, WA 98283

Tax Parcel Number(s): 350925-0-013-0006/P44660

Property Description:

That portion of Government Lot 4 of Section 25, Township 35 North, Range 9 East, W.M., described as follows:

Beginning at a point 1,320 feet South of the West $\frac{1}{4}$ corner of said Section;
thence East 150 feet;
thence South 140 feet to the true point of beginning of this description;
thence South 60 feet;
thence Northeasterly 85 feet, more or less, to the Westerly line of that certain 15 foot strip of land granted for road purposes to Alvin E. Williams, a bachelor, by Ray Jarmin and Dorothy Jarmin, husband and wife, by instrument dated December 4, 1950, and recorded December 5, 1950, under Auditor's File No. 454190, records of Skagit County, to a point then that is 160 feet South of the South line of that certain tract conveyed by Ray Jarmin and Dorothy Jarmin, husband and wife, to Alvin E. Williams, a bachelor, by deed dated December 4, 1950 and recorded December 5, 1950, under Auditor's File No. 454190;
thence North along said road right of way 60 feet;
thence Southwesterly 85 feet, more or less, to the point of beginning,

EXCEPT any portion thereof lying within the boundaries of existing road rights of way.

TOGETHER WITH a right of way 15 feet wide for the purpose of ingress and egress along the East line of the above-described premises to connect with State Highway 17-A, the centerline of said right of way being more particularly described as follows:

Beginning at a point on the North line of said State Highway 7.5 feet East of the Southeast corner of that certain tract conveyed to George C. Morehouse by deed recorded September 7, 1938, in Volume 175 of Deeds, page 325, under Auditor's File No. 305535, records of said County;
thence Northerly in a straight line to a point that is 7.5 feet East of the Northeast corner of the above described tract hereby being conveyed.

Situate in the County of Skagit, State of Washington.

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: _____