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Kathy Hill, Skagit County Auditor  
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This Space Provided for Recorder's Use

WHEN RECORDED RETURN TO:  
Rainier Pacific Community Credit Union  
Consumer Loan Department  
P.O. Box 11628  
Tacoma, Washington 98411

LAND TITLE COMPANY OF SKAGIT COUNTY  
PA-93815-S

LINE OF CREDIT TRUST DEED

Grantor(s): NANCY S. COSBY, AN UNMARRIED PERSON, AS HER SEPARATE PROPERTY

Grantee(s): RAINIER PACIFIC, A COMMUNITY CREDIT UNION (BENEFICIARY)  
LAND TITLE COMPANY OF SKAGIT COUNTY (TRUSTEE)

Legal Description: THE WEST 4 FEET OF LOT 20, ALL OF LOTS 21 AND 22, BLOCK 909,  
"NORTHERN PACIFIC ADDITION TO ANACORTES", AS PER PLAT RECORDED IN VOLUME 2 OF  
PLATS, PAGE 9, RECORDS OF SKAGIT COUNTY, WASHINGTON.

ALSO KNOW AS TRACT A OF SURVEY RECORDED MAY 24, 1995, UNDER AUDITOR'S FILE NO.  
9505240051, FILED IN VOLUME 17 OF SURVEYS, PAGE 29.

SITUATE IN THE CITY OF ANACORTES, COUNTY OF SKAGIT, STATE OF WASHINGTON.

Assessor's Property Tax Parcel or Account No.: 3809-909-022-0003

Reference Numbers of Documents Assigned or Released:

DATED 6-26-2000 (NS)

AMONG: NANCY S. COSBY ("Trustor," hereinafter "Grantor,")

whose address is 3510 WEST 5<sup>TH</sup>, ANACORTES, WA. 98221

AND: Rainier Pacific, A Community Credit Union, Beneficiary ("Credit Union")

whose address is P.O. Box 11628, Tacoma, WA 98411

AND: LAND TITLE COMPANY OF SKAGIT COUNTY ("Trustee").

Grantor conveys to Trustee for the benefit of Credit Union as Beneficiary all of Grantor's right, title, and interest in and to the real property described above (the "Real Property"), together with all existing or subsequently erected or affixed improvements or fixtures. This Deed of Trust is the sole collateral for the Agreement.

Grantor presently assigns to Credit Union (also known as Beneficiary) all of Grantor's right, title, and interest in and to all rents, , revenues, income, issues, and profits (the "Income") from the Real Property described above.

Grantor grants Credit Union a Uniform Commercial Code security interest in the Income and in all equipment, fixtures, and other articles of personal property owned by Grantor, 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 proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition (the "Personal Property"). The Real Property and the Personal Property are collectively referred to as the "Property."

(Check if Applies)

\_\_\_\_ There is a mobile home on the Real Property, which is covered by this security instrument, and which is and shall remain: (Please which is applicable)

\_\_\_\_ Personal Property

\_\_\_\_ Real Property

Grantor has borrowed from Credit Union, has guaranteed to Credit Union, or otherwise has agreed to provide the Property as collateral for a debt to Credit Union in the principal amount of \$38,400.00. This amount is repayable with interest in accordance with the terms of the Home Equity Line of Credit Agreement given to evidence the debt, dated 6/26/2000 (NS), which due not later than 30 years from the date of the Agreement, unless otherwise indicated on the Agreement or loan advance voucher or limited by applicable law.

## DEFINITIONS

The term "Indebtedness" as used in this Deed of Trust means all principal and interest payable under the Home Equity Credit Account Agreement and any amounts advanced or expended by Credit Union to discharge obligations of Grantor or expenses incurred by Trustee or Credit Union to enforce obligations of Grantor under this Trust Deed, together with interest on such amounts as provided in this Trust Deed.

The credit agreement including any loan advance voucher describing the repayment terms of the Indebtedness, and any notes, agreements, or documents given to renew, extend or substitute for the credit agreement originally issued is referred to as "the Agreement." The rate of interest on the Agreement is subject to indexing, adjustment, renewal, or renegotiation.

The term "Borrower" is used in the Deed of Trust for the convenience of the parties, and use of that term shall not affect the liability of any such Borrower on the Agreement or create any legal or equitable interest in the Property in Borrower by reason of this Deed of Trust. Any Borrower who cosigns this Deed of Trust, but does not execute the Agreement: (a) is cosigning this Deed of Trust only to grant and convey that Borrower's interest in the Property to Trustee under the terms of this Deed of Trust; (b) is not personally liable under the Agreement except as otherwise provided by law or contract; and (c) agrees that Credit Union and any other borrower hereunder may agree to extend, modify, forebear, release any collateral, or make any other accommodations or amendments with regard to the terms of this Deed of Trust or the Agreement, without notice to that Borrower, without that Borrower's consent and without releasing that Borrower or modifying this Deed of Trust as to that Borrower's interest in the Property.

This Trust Deed secures an Equity Line of Credit Account or Home Equity Account under the Agreement. The term "Equity Line of Credit" is a revolving line of credit account which obligates Credit Union to make advances to Grantor in the maximum principal amount at any one time as set forth above until the Agreement is terminated or suspended or if advances are made up to the maximum credit limit, and Grantor complies with the terms of the Agreement. Funds may be advanced by Credit Union, repaid by Grantor, and subsequently readvanced by Credit Union in accordance with the Agreement. Notwithstanding the amount outstanding at any particular time, this Trust Deed secures the total indebtedness under the Agreement. The "Home Equity Account" permits Borrower to request additional advances after the initial advance subject to the Credit Union's credit and security verification. The unpaid balance of the account under the Agreement will remain in full force and effect notwithstanding a zero outstanding balance on the line from time to time. The term of the Agreement is thirty (30) years.

This Deed of Trust including the assignment of income and the security interest is given to secure payment of the indebtedness and performance of all Grantor's obligations under this Deed of Trust and the Agreement and is given and accepted under the following terms:

**RIGHTS AND OBLIGATIONS OF BORROWER.** Borrower/Grantor has various rights and obligations under this Deed of Trust. These rights and responsibilities are set forth in the following paragraphs: 1.1. Payments and Performance; 2. Possession and Maintenance of Property; 3. Taxes and Liens; 4. Property Damage Insurance; 5. Expenditure by Credit Union; 7. Condemnation; 8.2. Remedies; 10.1. Consent by Credit Union; 10.2. Effect of Consent; 11. Security Agreement; Financing Statements; 14. Actions Upon Termination; 14.5 Attorneys Fees and Expenses; 16.2. Unit Ownership Power of Attorney; 16.3. Annual Reports; 16.5. Joint and Several Liability; 16.8. Waiver of Homestead Exemption; and 17.3. No Modifications.

**1.1. Payment And Performance.** Grantor shall pay to Credit Union all amounts secured by this Trust Deed as they become due, and shall strictly perform all of Grantor's obligations under the Agreement and Trust Deed.

## 2. POSSESSION AND MAINTENANCE OF THE PROPERTY.

- 2.1. Possession and Use.** Until in default, Grantor may remain in possession and control of and operate and manage the Property and collect the Income from the Property.
- 2.2. Duty to Maintain.** Grantor shall maintain the Property in first class condition and promptly perform all repairs and maintenance necessary to preserve its value.
- 2.3. Nuisance, Waste.** Grantor shall not cause, conduct or permit any nuisance nor commit or suffer any strip or waste on or to the Property or any portion thereof. Specifically without limitation, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), soil, gravel or rock products without the prior written consent of Credit Union.
- 2.4. Removal of Improvements.** Grantor shall not demolish or remove any improvements from the Real Property without the prior written consent of Credit Union. Credit Union shall consent if Grantor makes arrangements satisfactory to Credit Union to replace any improvement which Grantor proposes to remove with one of at least equal value. "Improvements" shall include all existing and future buildings, structures, and parking facilities.
- 2.5. Credit Union's Right to Enter.** Credit Union and its agents and representatives may enter upon the Property at all reasonable times to attend to Credit Union's interest and to inspect the Property.
- 2.6. Compliance with Governmental Requirements.** Grantor shall promptly comply with all laws, ordinances, and regulations of all governmental authorities applicable to the use or occupancy of the Property. 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 Credit Union in writing prior to doing so and so long as Credit Union's interests in the Property are not jeopardized. Credit Union may require Grantor to post adequate security reasonably satisfactory to Credit Union, to protect Credit Union's interest.
- 2.7. Duty to Protect.** In addition to the acts set forth above in this section, Grantor shall do all other acts that from the character and use of the Property are reasonably necessary to protect and preserve the Property.
- 2.8. Construction Loan.** If some or all of the proceeds of the loan creating the Indebtedness are to be used to construct or complete construction of any Improvement on the Property, the Improvement shall be completed within six months from the date of this Deed of Trust and Grantor shall pay in full all costs and expenses in connection with the work.
- 2.9. Hazardous Substances.** Grantor represents and warrants that the Property never will be so long as this Trust Deed remains a lien on the Property, used for the generation, manufacture, storage, treatment, disposal, release or threatened release of any hazardous substance, as those terms are defined in 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 ("SARA"), applicable state laws, or regulations adopted pursuant to any of the foregoing. Grantor authorizes Credit Union and its agents to enter upon the Real Property to make such inspections and tests as Credit Union may deem appropriate.



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to determine compliance of the Property with this paragraph. Any inspections or tests made by Credit Union shall be for Credit Union's purposes only and shall not be construed to create any responsibility or liability on the part of Credit Union to Grantor or to any other person. Grantor agrees to indemnify and hold Credit Union harmless against any and all claims and losses resulting from a breach of this paragraph of the Trust Deed. This obligation to indemnify shall survive the payment of the Indebtedness and the satisfaction of this Trust Deed.

### 3. TAXES AND LIENS.

- 3.1. **Payment.** Grantor shall pay when due before they become delinquent 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 Credit Union under this Trust Deed, except for the lien of taxes and assessments current but not yet due, except as otherwise provided in this Trust Deed.
- 3.2. **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 Credit Union's interest in the Property is not jeopardized. If the a lien arises or is filed as a result of nonpayment, Grantor shall within 15 days after the lien arises or, if a lien is filed, within 15 days after Grantor has notice of the filing, secure the discharge of the lien or deposit with Credit Union cash or a sufficient corporate surety bond or other security satisfactory to Credit Union in an amount sufficient to discharge the lien plus any costs, attorneys' fees, or other charges that could accrue as a result of a foreclosure or sale under the lien.
- 3.3. **Evidence of Payment.** Grantor shall upon demand furnish to Credit Union evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Credit Union at any time a written statement of the taxes and assessments against the Property.
- 3.4. **Notice of Construction.** Grantor shall notify Credit Union at least 15 days before any work is commenced, any services are furnished, or any materials are supplied to the Property if a construction lien could be asserted on account of the work, services, or materials, and the cost exceeds \$5,000 (if the Property is used for nonresidential or commercial purposes) or \$1,000 (if the Property is used as a residence). Grantor will on request furnish to Credit Union advance assurances satisfactory to Credit Union that Grantor can and will pay the cost of such Improvements.
- 3.5. **Tax Reserves.** Subject to any limitations set by applicable law, Credit Union may require Borrower to maintain with Credit Union reserves for payment of taxes and assessments, which reserves shall be created by advance payment or monthly payments of a sum estimated by Credit Union to be sufficient to produce, at least 15 days before due, amounts at least equal to the taxes and assessments to be paid. If 15 days before payment is due the reserve funds are insufficient, Borrower shall upon demand pay any deficiency to Credit Union. The reserve funds shall be held by Credit Union as a general deposit from Borrower and shall constitute a non-interest bearing debt from Credit Union to Borrower, which Credit Union may satisfy by payment of the taxes and assessments required to be paid by Borrower as they become due. Credit Union does not hold the reserve funds in trust for Borrower, and Credit Union is not the agent of Borrower for payment of the taxes and assessments required to be paid by Borrower.

### 4. PROPERTY DAMAGE INSURANCE.

- 4.1. **Maintenance of Insurance.** Grantor shall procure and maintain policies of fire insurance with standard all-risk extended coverage endorsements on a replacement basis for the full insurable value covering all Improvements on the Real Property in an amount not less than the total unpaid balance on the Agreement, and with a standard mortgagee clause in favor of Credit Union. Policies shall be written in form, amounts, coverages and basis reasonably acceptable to Credit Union and issued by a company or companies reasonably acceptable to Credit Union. Grantor, upon request of Credit Union, will deliver to Credit Union from time to time the policies or certificates of insurance in form satisfactory to Credit Union, including stipulations that coverages will not be canceled or diminished without at least ten (10) days prior written notice to Credit Union.
- 4.2. **Application of Proceeds.** Grantor shall promptly notify Credit Union of any loss or damage to the Property. Credit Union may make proof of loss if Grantor fails to do so within 15 days of the casualty. Credit Union may, at its election, apply the proceeds to the reduction of the Indebtedness or the restoration and repair of the Property. If Credit Union elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed Improvements in a manner satisfactory to Credit Union. Credit Union 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 hereunder. Any proceeds which have not been paid out within 180 days after their receipt and which Credit Union has not committed to the repair or restoration of the Property shall be used to prepay first accrued interest and then principal of the Indebtedness. If Credit Union holds any proceeds after payment in full of the Indebtedness, such proceeds shall be paid to Grantor.
- 4.3. **Unexpired Insurance at Sale.** Any unexpired insurance shall inure to the benefit of, and pass to, the purchaser of the Property covered by this Trust Deed at any trustee's or other sale held under the provisions of this Trust Deed, or at any foreclosure sale of such Property.
- 4.4. **Compliance with Prior Indebtedness.** During the period in which any prior Indebtedness described in Section 17 is in effect, compliance with the insurance provisions contained in the instrument evidencing such prior Indebtedness shall constitute compliance with the insurance provisions under this Deed of Trust to the extent compliance with the terms of this Deed of Trust would constitute a duplication of insurance requirements. If any proceeds from the insurance become payable on loss, the provisions in this Deed of Trust for division of proceeds shall apply only to that portion of the proceeds not payable to the holder of the prior Indebtedness.
- 4.5. **Association of Unit Owners.** In the event the Real Property has been submitted to unit ownership pursuant to a Unit Ownership Law, or similar law for the establishment of condominiums or cooperative ownership of Real Property, the insurance may be carried by the association of unit owners in Grantor's behalf, and the proceeds of such insurance may be paid to the association of unit owners for the purpose of repairing or reconstructing the Property. If not so used by the association, such proceeds shall be paid to Credit Union.
- 4.6. **Insurance Reserves.** Subject to any limitations set by applicable law, Credit Union may require Borrower to maintain with Credit Union reserves for payment of insurance premiums, which reserves shall be created by monthly payments of a sum estimated by Credit Union to be sufficient to produce, at least 15 days before due, amounts at least equal to the insurance premiums to be paid. If 15 days before payment is due the reserve funds are insufficient, Borrower shall upon demand pay any deficiency to Credit Union. The reserve fund shall be held by Credit Union as a general deposit from Borrower and shall constitute a noninterest bearing debt from Credit Union to Borrower.



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insurance premiums required to be paid by Borrower as they become due. Credit Union does not hold the reserve funds in trust for Borrower, and Credit Union is not the agent of Borrower for payment of the insurance premiums required to be paid by Borrower.

**5. EXPENDITURES BY CREDIT UNION.**

If Grantor fails to comply with any provision of this Trust Deed, or if any action or proceeding is commenced that would materially affect Credit Union's interest in the Property, Credit Union on Grantor's behalf may, but shall not be required to pay all such expenses including but not limited to taxes, insurance and maintenance costs, and at Credit Union's option, will be added to the Indebtedness and be payable in accordance with the Agreement. This Trust Deed also will secure payment of these amounts. The rights provided for in this paragraph shall be in addition to any other rights or any remedies to which Credit Union may be entitled on account of the default. Any such action by Credit Union shall not be construed as curing the default so as to bar Credit Union from any remedy that it otherwise would have had.

**6. WARRANTY; DEFENSE OF TITLE.**

**6.1. Title.** Grantor warrants that it 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 any policy of title insurance issued in favor of or in any title opinion given to, and accepted by, Credit Union in connection with this Trust Deed and (b) Grantor has the full right, power, and authority to execute and deliver this Trust Deed to Credit Union.

**6.2. Defense of Title.** Subject to the exceptions in the paragraph above, if any, 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 Credit Union under this Trust Deed, Grantor shall defend the action at its expense. Grantor may be the nominal party in such proceeding, but Credit Union shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver, or cause to be delivered, to Credit Union such instruments as may be requested by it from time to time to permit such participation.

**7. CONDEMNATION.**

**7.1. Application of Net Proceeds.** If all or any part of the Property is condemned, Credit Union shall apply the net proceeds of the award in any reasonable manner necessary to satisfy Grantor's obligations under the Agreement of this Trust Deed. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorney fees necessarily paid or incurred by Trustee or Credit Union in connection with the condemnation. However, there shall be no obligation to pay Grantor's costs, expenses or attorney fees from such awards.

**7.2. Proceedings.** If any proceeding in condemnation is filed, Grantor shall promptly notify Credit Union 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 Credit Union shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered, to Credit Union such instruments as may be requested by it from time to time to permit such participation.

**8. IMPOSITION OF TAXES BY STATE.**

**8.1. Taxes Covered.** The following shall constitute taxes to which this section applies:

- a. a specific tax upon this type of Trust Deed or upon all or any part of the Indebtedness secured by this Trust Deed;
- b. a specific tax on Borrower which Borrower is authorized or required to deduct from payments on the Indebtedness secured by this type of Trust Deed;
- c. a tax on this type of Trust Deed chargeable against the Credit Union; and
- d. a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by a Borrower.

**8.2. Remedies.** If any tax to which this section applies is enacted subsequent to the date of this Trust Deed, Grantor shall either (a) pay the tax before it becomes delinquent, or (b) contest the tax as provided above in the Taxes and Liens section and deposits with Credit Union cash or a sufficient corporate surety bond or other security satisfactory to Credit Union.

**9. POWER AND OBLIGATIONS OF TRUSTEE.**

**9.1. Power 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 request of Credit Union 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 Trust Deed or the interest of Credit Union under this Trust Deed.

**9.2. 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, Credit Union, or Trustee shall be a party, unless the action or proceeding is brought by Trustee.

**10. TRANSFER BY GRANTOR.**

**10.1. Consent by Credit Union.** Grantor shall not sell, or transfer its interest in the Real Property or any interest or part thereof, without the Credit Union's prior written consent. Any attempt to transfer shall entitle the Credit Union to terminate and accelerate the Indebtedness under this Deed of Trust. A sale, assignment, or transfer means the conveyance of real property or any right, title or interest therein; whether legal or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, 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 real property interest. Transfer also includes any change in ownership of more than twenty-five percent (25%) of the interests of Grantor. However, this option shall not be exercised by Credit Union if exercise is prohibited by federal law or by Washington law.

If Grantor or prospective transferee applies to Credit Union for consent to a transfer, Credit Union may require such information concerning the prospective transferee as would normally be required from the new loan applicant.

**10.2. Effect of Consent.** If Credit Union consents to one transfer, that consent shall not constitute a consent to other transfers or a waiver of this section. No transfer by Grantor shall relieve Grantor of liability for payment of the Indebtedness. Following a transfer, Credit Union may agree to any extension of time for payment or modification of the terms of this Deed of Trust or the Agreement or waive any right or remedy under this Deed of Trust or the Agreement without relieving Grantor from liability. Grantor waives notice, presentment, and protest with respect to the Indebtedness.



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## 11. SECURITY AGREEMENT; FINANCING STATEMENTS.

- 11.1. Security Agreement.** This instrument shall constitute a security agreement to the extent any of the Property constitutes fixtures or other personal property, and Credit Union shall have all of the rights of a secured party under the Uniform Commercial Code of Washington.
- 11.2. Security Interest.** Upon request by Credit Union, Grantor shall execute financing statements and take whatever other action is requested by Credit Union to perfect and continue Credit Union's security interest in the Rents and Personal Property. In addition to recording this Trust Deed in the real property records, Credit Union may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Trust Deed as a financing Statement. Grantor shall reimburse Credit Union for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall assemble the Personal Property in a manner and at a place reasonably convenient to Grantor and Credit Union and make it available to Credit Union within three (3) business days after receipt of written demand from Credit Union.
- 11.3. Mobile Homes.** If the Property includes mobile homes, motor homes, modular homes, or similar structures, such structures shall be and shall remain Personal Property or Real Property as stated above regardless of whether such structures are affixed to the Real Property, and irrespective of the classification of such structures for the purpose of tax assessments. The removal or addition of axles or wheels, or the placement upon or removal from a concrete base, shall not alter the characterization of such structures.

## 12. RECONVEYANCE ON FULL PERFORMANCE.

If Grantor pays all the Indebtedness, including without limitation all future advances, when due and otherwise performs all the obligations imposed upon Grantor under this Trust Deed and the Agreement, Credit Union 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 Credit Union's security interest in the Rents and the Personal Property. Any reconveyance fee required by law shall be paid by Grantor, if permitted by applicable law.

## 13. POSSIBLE ACTIONS OF CREDIT UNION. The Credit Union may take the following actions with respect to your Agreement under the circumstances listed below:

- a. Termination and Acceleration.** Except as set forth in the Agreement the Credit Union may, without further notice terminate your Agreement and require Grantor to pay the entire outstanding balance immediately, and charge Grantor certain fees if any of the following happen:
- Grantor engages in any fraud or material misrepresentation in connection with the Agreement. For example, if there are false statements or omissions on Grantor's application or financial statements;
  - Grantor does not meet the repayment terms of the Agreement;
  - Grantor's actions or inactions adversely affect the collateral or Credit Union's rights in the collateral. For example, if Grantor fails to: maintain insurance, pay taxes; transfer title to or sell the collateral, prevent the foreclosure of any items, or waste of the collateral.
- b. Suspension of Credit/Reduction of Credit Limit.** Credit Union may refuse to make additional advances on the line of credit or reduce the credit limit during any period in which the following exist or occur:
- Any of the circumstances listed in a., above;
  - The value of Grantor's dwelling securing the Indebtedness declines significantly below its appraised value for purposes of the Agreement;
  - Credit Union reasonably believes that Grantor will not be able to meet the repayment requirements of the Agreement due to a material change in Grantor's financial circumstances;
  - Grantor is in default under any material obligations of the Agreement and Trust Deed;
  - The maximum annual percentage rate under the Agreement is reached;
  - Any government action prevents Credit Union from imposing the annual percentage rate provided for or impairs Credit Union's security interest such that the value of the interest is less than 120 percent of the credit line.
  - Credit Union has been notified by government agency that continued advances would constitute an unsafe and unsound practice.
- c. Change in Terms.** The Agreement permits Credit Union to make certain changes to the terms of the Agreement at specified times or upon the occurrence of specified events.

## 14. ACTIONS UPON TERMINATION.

**14.1. Remedies.** On occurrence of any termination and at any time thereafter, Trustee or Credit Union may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law.

- a.** With respect to all or any part of the Real Property, the Trustee shall have the right to foreclose by notice and sale, and Credit Union shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.
- b.** With respect to all or any part of the Personal Property, Credit Union shall have all the rights and remedies of a secured party under the Uniform Commercial Code.
- c.** Credit Union shall have the right, without notice to Grantor, to take possession of the Property and collect the Income, including amounts past due and unpaid, and apply the net proceeds, over and above Credit Union's costs, against the Indebtedness. In furtherance of this right, Credit Union may require any tenant or other user to make payments of rent or use fees directly to Credit Union. If the Income is collected by Credit Union, then Grantor irrevocably designates Credit Union 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 Credit Union in response to Credit Union's demand shall satisfy the obligation for which the payments are made, whether or not any proper grounds for the demand existed. Credit Union may exercise its rights under this subparagraph either in person, by agent, or through a receiver.
- d.** Credit Union shall have the right to have a receiver appointed to take possession of any or all of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Income from the Property and apply the proceeds, over and above cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Credit Union'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 Credit Union shall not disqualify a person from serving as a receiver.



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- e. If Grantor remains in possession of the Property after the Property is sold as provided above or Credit Union otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at will of Credit Union or the purchaser of the Property and shall, at Credit Union's option, either (a) pay a reasonable rental for use of the Property, or (b) vacate the Property immediately upon the demand of Credit Union.
- f. If the Real Property is submitted to unit ownership, Credit Union or its designee may vote on any matter that may come before the members of the association of unit owners, pursuant to the power of attorney granted Credit Union in Section 16.2.
- g. Trustee or Credit Union shall have any other right or remedy provided in this Trust Deed or the Agreement or by law.

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

**14.3. Notice of Sale.** Credit Union 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 Personal Property may be made in conjunction with any sale of the Real Property.

**14.4. Waiver; Election of Remedies.** A waiver by any party of a breach of a provision of this Trust Deed shall not constitute a waiver of or prejudice the party's rights otherwise to demand strict compliance with that provision or any other provision. Election by Credit Union to pursue any remedy provided in this Trust Deed, the Agreement, in any Related Document, or provided by law 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 Trust Deed after failure of Grantor to perform shall not affect Credit Union's right to declare a default and to exercise any of its remedies.

**14.5. Attorney Fees; Expenses.** If Credit Union institutes any suit or action to enforce any of the terms of this Trust Deed, Credit Union shall be entitled to recover such sum as the court may adjudge reasonable as attorney fees at trial and on any appeal. Whether or not any court action is involved, all reasonable expenses incurred by Credit Union which in Credit Union'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 interest at the Note rate or default rate, whichever is higher, from the date of expenditure until repaid. Expenses covered by this paragraph include, without limitation however subject to any limits under applicable law, Credit Union's attorney fees whether or not there is a lawsuit, including attorney fees 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, 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.

## **15. NOTICE.**

Any notice under this Trust Deed shall be in writing and shall be effective when actually delivered or, if mailed, shall be deemed effective when deposited in the United States mail first class or registered mail, postage prepaid, directed to the addresses shown at the top of page one (1). Any party may change its address for notices under this Trust Deed by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. All copies of notices of foreclosure from the holder of any lien which has priority over this Trust Deed shall be sent to Credit Union's address, as shown near the top of the first page of this Trust Deed. For notice purposes, Grantor agrees to keep Credit Union and Trustee informed at all times of Grantor's current address.

## **16. MISCELLANEOUS.**

**16.1. Successors and Assigns.** Subject to the limitations stated in this Trust Deed on transfer of Grantor's interest, this Trust Deed 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, Credit Union, without notice to Grantor, may deal with Grantor's successors with reference to this Trust Deed and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Trust Deed or liability under the Indebtedness.

**16.2. Unit Ownership Power of Attorney.** If the Real Property is submitted to unit ownership, Grantor grants an irrevocable power of attorney to Credit Union to vote in its discretion on any matter that may come before the members of the association of unit owners. Credit Union shall have the right to exercise this power of attorney only after default by Grantor and may decline to exercise this power, as Credit Union may see fit.

**16.3. Annual Reports.** Grantor shall furnish to Credit Union, upon request, a statement of net cash profit received from the Property during Grantor's previous fiscal year in such detail as Credit Union shall require. "Net cash profit" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

**16.4. Applicable Law.** This Trust Deed has been delivered to Credit Union and accepted by Credit Union in the State of Washington. This Trust Deed shall be governed by and construed in accordance with the laws of the State of Washington.

**16.5. Joint and Several Liability.** All obligations of Grantor under this Trust Deed shall be joint and several, and all references to Grantor shall mean each and every Grantor. This means that each of the persons signing below is responsible for all obligations in this Trust Deed.

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

**16.7. Use.** The Property is not used principally for agricultural or farming purposes.

**16.8. 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 Trust Deed.

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

**16.10. Substitute Trustee.** Credit Union, at Credit Union's option, may from time to time appoint a successor trustee to any Trustee appointed hereunder by an instrument executed and acknowledged by Credit Union and recorded in the office of the Recorder of the county where the property is located. The instrument shall contain the name of the original Credit Union, Trustee, Borrower, the book and page where this Trust Deed is recorded, and the name and address of the successor trustee. The successor trustee shall, without conveyance of the Property, succeed to all the title, powers, and duties conferred upon the Trustee herein and by applicable law. This procedure for substitution of trustee shall govern to the exclusion of all other provisions for substitution.



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**17. Prior Indebtedness.**

***(Check which Applies)***

**17.3. No Modification.** Grantor shall not enter into any agreement with the holder of any mortgage, deed of trust, or other security agreement which has priority over this Deed of Trust by which that agreement is modified, amended, extended, or renewed without the prior written consent of Credit Union. Grantor shall neither request nor accept any future advances under a prior mortgage, deed of trust, or other security agreement without the prior written consent of Credit Union.

Nancy S. Cosby  
NANCY S. COSBY

Kathy Hill, Skagit County Auditor  
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