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, Skagit County Auditor

9/29/2000 Page 1 of 4 10:34:45AM

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05921065

DEED OF TRUST

Date: 08/21/00

Assessor's Tax Parcel Number: 3869-013-009-0008

Grantor(s): KAREN R. HINDS, WIFE AND HUSBAND  
DONALD HINDS  
Address: 790 CEDAR ST, SEDRO WOOLLEY, WA 982849406

Borrower(s): DONALD L HINDS  
KAREN R HINDS  
Address: 790 CEDAR ST, SEDRO WOOLLEY, WA 982849406

Beneficiary/("Lender"): U.S. BANK NATIONAL ASSOCIATION ND

Trustee: U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION

1. GRANT OF DEED OF TRUST. By signing below as Grantor, I irrevocably grant, bargain, sell and convey to Trustee, in trust, with power of sale, the following property located in SKAGIT County, State of Washington:

LOT 9 BLK M CAPE HORN ON THE SKAGIT DIV 2 VOL 9 PGS 14-19

SEE ATTACHMENT A FOR COMPLETE LEGAL DESCRIPTION Page #4

and all buildings and other improvements and fixtures now or later located on the property (all referred to in this Deed of Trust as "the property"). I also hereby assign to Lender any existing and future leases and rents from the property as additional security for the debt described below. I agree that I will be legally bound by all the terms stated in this Deed of Trust. The above real property is not used principally for agricultural or farming purposes.

2. DEBT SECURED. This Deed of Trust and assignment of rents secures the following:

a. The payment of the principal, interest at the rate provided in the note described below, credit report fees, late charges, collection costs, attorneys' fees (including any on appeal or review), and other amounts owing under a note ("Note") with an original principal amount of \$ 50,798.53 dated August 21, 2000 signed by DONALD L HINDS AND KAREN R HINDS ("Borrower") and payable to Lender, on which the last payment is due 08/15/10 and under any amendments, replacements, extensions and renewals of any length.

b. The payment of all amounts that are payable to Lender at any time under a credit agreement dated \_\_\_\_\_, and any riders or amendments thereto ("Credit Agreement"), signed by \_\_\_\_\_

("Borrower"). The Credit Agreement is for a revolving line of credit under which Borrower may obtain (in accordance with the terms of the Credit Agreement) one or more loans from Lender on one or more occasions. The maximum amount to be advanced and outstanding at any one time pursuant to the Credit Agreement is currently \$ \_\_\_\_\_. This amount may increase or decrease from time to time.

The term of the Credit Agreement consists of an initial period of ten years during which advances can be obtained by the Borrower, followed by a repayment period of indeterminate length during which the Borrower must repay all amounts owing to Lender, all such amounts being due on or before 30 years after the date of this deed of trust.

This Deed of Trust secures the performance of the Credit Agreement, the payment of all loans payable to Lender at any time under the Credit Agreement, the payment of all interest at the rate provided in the Credit Agreement, credit report fees, late charges, membership fees, attorneys' fees (including any on appeal or review), collection costs and all other amounts that are payable to Lender at any time under the Credit Agreement, and any extensions and renewals of any length.

c. This Deed of Trust also secures the payment of all other sums, with interest thereon, advanced under this Deed of Trust to protect the security of or to collect or enforce this Deed of Trust, and the performance of any covenants and agreements under this Deed of Trust. So long as this property is not a dwelling, this Deed of Trust also secures the repayment of any future advances made to Borrower that are not made under the Credit Agreement when evidenced by a note or other evidence of debt stating that it is secured hereby, with interest thereon, at the rate provided in the note or other evidence of debt, and any amendments, replacements, extensions and renewals of any length.

The interest rate, payment terms and balance due under the Note and under the Credit Agreement may be indexed, adjusted, renewed or renegotiated in accordance with the terms of the Note and the Credit Agreement and any amendments, replacements, extensions and renewals of the Note and Credit Agreement.

### 3. INSURANCE, LIENS, AND UPKEEP.

3.1 I will keep the Property insured by companies acceptable to you with fire and theft insurance, flood insurance if the Property is located in any area which is, or hereafter will be designated as a special flood hazard area, and extended coverage insurance. The policy amount will be enough to pay the entire amount owing on the debt secured by this Deed of Trust or the insurable value of the Property, whichever is less, despite any "co-insurance" or similar provision in the policy. The insurance policies will have your standard loss payable endorsement. No one but you has a mortgage or lien on the Property, except the following "Permitted Lien(s)":

*Liens and encumbrances of record.*

3.2 I will pay taxes and any debts that might become a lien on the Property, and will keep it free of trust deeds, mortgages and liens, other than yours and the Permitted Liens just described.

3.3 I will also keep the Property in good condition and repair and will prevent the removal of any of the improvements.

3.4 If I do not do any of these things, you may do them and add the cost to the Note or Credit Agreement as applicable. I will pay the cost of your doing these whenever you ask, with interest at the fixed or floating rate charged under the Note or Credit Agreement, whichever is higher. Even if you do these things, my failure to do them will be a default under Section 6, and you may still use other rights you have for the default.

#### WARNING

Unless I provide you with evidence of the insurance coverage as required by the Credit Agreement or this Deed of Trust, you may purchase insurance at my expense to protect your interest. This insurance may, but need not, also protect my interest. If the collateral becomes damaged, the coverage you purchase may not pay any claim I make or any claim made against me. I may later cancel this coverage by providing evidence that I have obtained property coverage elsewhere.

I am responsible for the cost of any insurance purchased by you. The cost of this insurance may be added to the Note or Credit Agreement. If the cost is added to the Note or Credit Agreement, the highest rate on the underlying Note or Credit Agreement will apply to this added amount. The effective date of coverage may be the date my prior coverage lapsed or the date I failed to provide proof of coverage.

The coverage you purchase may be considerably more expensive than insurance I can obtain on my own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

4. **DUE ON SALE.** I agree that you may, at your option, declare due and payable all sums secured by this Deed of Trust if all or any part of the Property, or an interest in the Property, is sold or transferred. If you exercise the option to accelerate, I know that you may use any default remedies permitted under this Deed of Trust and applicable law. I know that you may exercise your rights under this due on sale provision each time all or any part of the Property, or an interest in the Property, is sold or transferred, whether or not you exercised your rights on any previous sales or transfers.

5. **PROTECTING YOUR INTEREST.** I will do anything that may now or later be necessary to perfect and preserve this Deed of Trust and I will pay all recording fees and other fees and costs involved.

6. **DEFAULT.** It will be a default:

6.1 If you do not receive any payment on the debt secured by this Deed of Trust when it is due;

6.2 If I commit fraud or make any material misrepresentation in connection with my loan application, the Note or Credit Agreement, this Deed of Trust, or any aspect of my line of credit. For example, it will be a default if I give you a false financial statement, or if I do not tell you the truth about my financial situation, or about the Property that is subject to this Deed of Trust, or about my use of the money I obtained from you through the Note or line of credit;

6.3 If any action or inaction by me adversely affects your security for the Note or Credit Agreement, including, **but not limited to**, the following:

- a. If all or any part of the Property, or an interest in the Property, is sold or transferred;
- b. If I fail to maintain required insurance on the Property;
- c. If I commit waste on the Property or otherwise destructively use or fail to maintain the Property;
- d. If I die;
- e. If I fail to pay taxes or any debts that might become a lien on the Property;
- f. If I do not keep the Property free of deeds of trust, mortgages and liens, other than this Deed of Trust and other Permitted Liens I have already told you about;

- g. If I become insolvent or bankrupt;
- h. If any person forecloses or declares a forfeiture on the Property under any land sale contract, or forecloses any Permitted Lien or other lien on the Property; or
- i. If I fail to keep any agreement or breach the warranties, representations or covenants I am making to you in this Deed of Trust about hazardous substances on the Property.

7. **YOUR RIGHTS AFTER DEFAULT.** After a default, you will have the following rights and may use any one, or any combination of them, at any time.

7.1 You may declare the entire secured debt immediately due and payable all at once without notice.

7.2 Subject to any limitations imposed by applicable law, either before or after a sale of the Property under a judicial foreclosure, or before a sale of the Property by advertisement and sale, you may sue for and recover from Borrower all amounts remaining under the Credit Agreement, under the Note, and under this Deed of Trust.

7.3 You may foreclose this Deed of Trust under applicable law either judicially by suit in equity or nonjudicially by advertisement and sale.

7.4 You may have any rents from the Property collected and pay the amount received, over and above costs of collection and other lawful expenses, on the debt secured by this Deed of Trust.

7.5 I will be liable for all reasonable collection costs you incur, to the full extent allowed by law. If you foreclose this Deed of Trust either judicially by suit in equity or nonjudicially by advertisement and sale, I will also be liable for your reasonable attorney fees including any on appeal or review.

7.6 You may use any other rights you have under the law, this Deed of Trust, or other agreements, including but not limited to any Note or Credit Agreement.

### 8. HAZARDOUS SUBSTANCES.

8.1 Except as previously disclosed to you in writing, I represent and warrant to you that no hazardous substance is stored, located, used or produced on the Property, and that to the best of my knowledge, after due and diligent inquiry, no hazardous substance is stored, located, used or produced on any adjacent Property, nor has any hazardous substance been stored, located, used, produced, or released on the Property or any adjacent property prior to my ownership, possession or control of the Property.

8.2 I will not cause or permit any activity on the Property that directly or indirectly could result in the release of any hazardous substance onto or under the Property or any other property. I agree to provide written notice to you immediately when I become aware that the Property or any adjacent property is being or has been subjected to a release of any hazardous substance.

8.3 You and your representatives may enter the Property at any time for the purpose of conducting an environmental audit, committing only such injury to the Property as may be necessary to conduct the audit. You shall not be required to remedy any such injury or compensate me therefor. I shall cooperate in all respects in the performance of the audit. I shall pay the costs of the audit if either a default exists under this Deed of Trust at the time you arrange to have the audit performed or if the audit reveals a default pertaining to hazardous substances. If I refuse to permit you or your representatives to conduct an environmental audit on the Property, you may specifically enforce performance of this provision.

8.4 I will indemnify and hold you harmless from and against any and all claims, demands, liabilities, lawsuits and other proceedings, damages, losses, liens, penalties, fines, clean-up and other costs, expenses, and attorney fees (including any on appeal or review) arising directly or indirectly from or out of, or in any way connected with (i) the breach of any representation, warranty, covenant, or agreement concerning hazardous substances contained in this Deed of Trust or in any other document executed by me in connection with the debt secured by this Deed of Trust; (ii) any release onto or under the Property or other property of any hazardous substance that occurs as a direct or indirect result of acts or omissions by me or my agents or independent contractors; and (iii) any release onto or under the Property of any hazardous substance that occurs during my ownership, possession, or control of the Property.

8.5 If you shall at any time, through the exercise of any of your remedies under this Deed of Trust, or by taking a deed in lieu of foreclosure, hold title to or own the Property in your own right, you may, at your option, convey the Property to me. I covenant and agree that I shall accept delivery of any instrument of conveyance and resume ownership of the Property in the event you exercise your option hereunder to convey the Property to me. You, at your sole discretion, shall have the right to record any instrument conveying the Property to me and such recordation shall be deemed acceptance by me of the instrument and the conveyance.



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Skagit County Auditor

8.6 All of my representations, warranties, covenants and agreements contained in this Deed of Trust regarding hazardous substances, including but not limited to my agreement to accept conveyance of the property from you and resume ownership, shall survive foreclosure of this Deed of Trust or acceptance by you of a deed in lieu of foreclosure.

8.7 For purposes of this Deed of Trust, the term "hazardous substances" means any substance or material defined or designated as hazardous or toxic waste, hazardous or toxic material or a hazardous, toxic or radioactive substance (or designated by any other similar term) by any applicable federal, state or local statute, regulation or ordinance now in effect or in effect at any time during either the term of this Deed of Trust or the period of time I remain in possession, custody, or control of the property following either foreclosure of this Deed of Trust or acceptance by you of a deed in lieu of foreclosure.

9. SATISFACTION OF DEED OF TRUST. When the secured debt is completely paid off and the Credit Agreement is cancelled and terminated as to any future loans, I understand that the Lender will request Trustee to reconvey, without warranty, the property to the person legally entitled thereto. I will pay the Trustee a reasonable fee for preparation and execution of the reconveyance instrument. If that fee does not include recording, I will record the reconveyance at my expense.

10. CHANGE OF ADDRESS. I will give you my new address in writing whenever I move. You may give me any notices by regular mail at the last address I have given you.

11. WASHINGTON LAW APPLIES. This Deed of Trust will be governed by Washington law.

12. NAMES OF PARTIES. In the deed of Trust "I", "me" and "my" mean Grantor(s), and "you" and "your" mean Beneficiary/Lender.

Karen R Hinds  
Grantor

Donald Hinds  
Grantor

8/21/00  
Date

8/24/00  
Date

Grantor

Date

Grantor

Date

Grantor

Date

INDIVIDUAL ACKNOWLEDGMENT

STATE OF washington

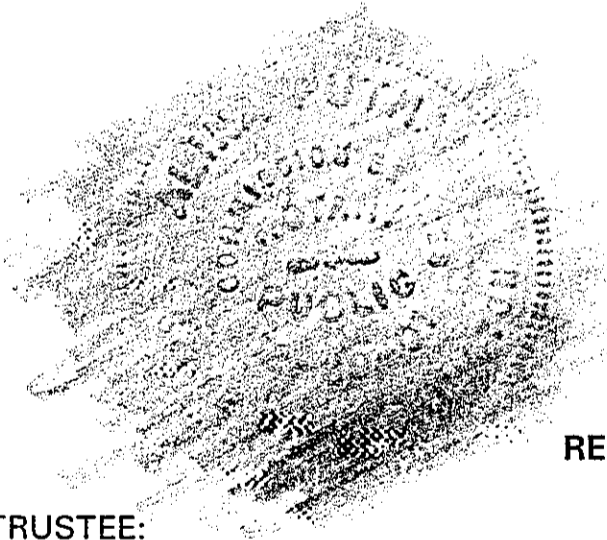
County of Skagit



SS.

On this day personally appeared before me Karen R. Hinds to me known to be the individual(s) described in and who executed the within and foregoing instrument, and acknowledged that (they, he, she) signed the same as (their, his, her) free and voluntary act and deed, for the purposes therein mentioned.

GIVEN under my hand and official seal this 21<sup>st</sup> day of August 2000.



Karen R. Hinds  
Notary Public in and for the State of Washington

Residing at: Concrete, Wash

My commission expires: 12-29-01

REQUEST FOR RECONVEYANCE

TO TRUSTEE:

The undersigned is the holder of the Note and/or Credit Agreement secured by this Deed of Trust. The entire obligation evidenced by the Note and/or Credit Agreement together with all other indebtedness secured by this Deed of Trust, have been paid in full. You are hereby directed to cancel the Note and/or Credit Agreement and this Deed of Trust, which are delivered hereby, and to reconvey, without warranty, all the estate now held by you under the Deed of Trust to the person or persons legally entitled thereto.

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

This instrument was Drafted by:  
U.S. Bank  
P.O. Box 2687  
Fargo, ND 58108-2687



KAREN R HINDS  
66400107624190001  
**ATTACHMENT A**  
**Property Description**

LOT 9 BLOCK M, CAPS HORN ON THE SKAGIT DIVISION NO. 2, AS PER PLAT  
RECORDED IN VOLUME 9 OF PLATS, PAGES 14 TO 19, INCLUSIVE , RECORDS OF  
SKAGIT COUNTY.  
SITUATE IN THE COUNTY OF SKAGIT, STATE OF WASHINGTON.



**U05921065-01**  
MORTGAGE  
LOAN# 66400107624190001  
US Recordings



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Skagit County Auditor  
9/29/2000 Page 4 of 4 10:34:45AM