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, Skagit County Auditor

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Mail to:  
OLYMPIC COAST INVESTMENT, INC.  
11222 Roosevelt Way N.E.  
Seattle, WA 98125

21007

ISLAND TITLE CO.

B17332✓

### DEED OF TRUST

THIS DEED OF TRUST, made this 30th day of January, 2001 between Harold Pitts and Cheryl Pitts, husband and wife, Grantor whose address is 700 Baker Street, Hamilton, WA 98255 and Island Title Company 839 S. Burlington Blvd, PO Box 670, Trustee whose address is Burlington, WA. 98233 and OLYMPIC COAST INVESTMENT, INC., A WASHINGTON CORPORATION, Beneficiary whose address is 11222 Roosevelt Way N.E., Seattle, WA 98125.

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

SEE EXHIBIT A ATTACHED HERETO AND MADE A PART OF THIS DOCUMENT BY REFERENCE HEREIN

Abbreviated legal: Lots 1-7, 13-24, Blk. 22, Lots 1-12, Blk 33, Lots 9-12, Blk 57, all of THE HAMILTON TOWNSITE COMPANY'S SECOND ADDITION TO THE TOWN OF HAMILTON

Tax ID: P73724/P73752/P73767

which real property is not used principally for agricultural or farming purposes, together with all 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 purposes of securing performance of each agreement of grantor herein contained, and payment of the sum of ONE HUNDRED THIRTY FIVE THOUSAND AND NO/100 Dollars (\$135,000.00) with interest thereon at such rate as shall be agreed upon.

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

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. Each Grantor further covenants to keep all buildings, improvements, or fixtures that may be upon the premises insured against loss or damage by fire and to provide such other kinds and amounts of insurance as in the Beneficiary's judgment shall be adequate to protect the Deed of Trust property. All insurance policies shall be carried in a company or companies acceptable to the Beneficiary, and shall be deposited with Beneficiary. The Grantor shall pay all premiums as they become due. Thirty days or more prior to the expiration of any insurance policy Grantor shall deliver to Beneficiary a three year prepaid renewal thereof with paid receipt. In the event of Grantor's failure to procure and deliver such renewal policy, the

Beneficiary is hereby authorized to write such insurance and the cost thereof shall be payable forthwith and shall be secured by the lien of this Deed of Trust. Beneficiary, however, is not obligated to undertake the writing of said insurance or to notify Grantor as to the expirations, it being the constant duty of the Grantor to provide such insurance, offering the same first to the Beneficiary. Beneficiary has the right to have all proceeds from condemnation of part or all the property used to reduce the Deed of Trust balance.

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 obligations secured hereby 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 herein above 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 thereof 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 secured or to declare default for failure to so pay.

3. The Trustees shall reconvey all or any part of the property covered by this Deed of Trust to the person entitled thereto on written request for reconveyance made by the Beneficiary or the person entitled thereto.

4. Upon default by Grantor 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 sale, including a reasonable Trustee's fee and attorney's fee; (2) to the obligation secured by this Deed of Trust; (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 had or had the power to convey at the time of his execution of this Deed of Trust, and such as he 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 purchasers 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 an exclusive remedy: Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.

7. In the event, of the death, incapacity or 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 any action or proceeding in which Grantor, Trustee or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

8. This Deed of Trust applies to, injuries to the benefit of, and is binding not only on the parties hereto, but on their heirs, devisees, legatees, administrators, executors, successors and assigns. The term

C. P.  
A/P

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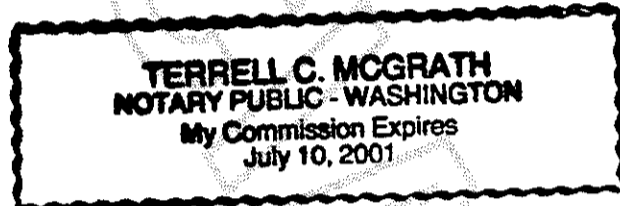
Beneficiary shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiary herein.

Harold Pitts  
Harold Pitts

Cheryl Pitts 2-16-01  
Cheryl Pitts

STATE OF WASHINGTON )  
County of King ) ss.

On this 6 day of February, 2000, before me personally appeared Harold Pitts and Cheryl Pitts to me known to be the person(s) who executed the within and foregoing instrument, and acknowledged the said instrument to be their free and voluntary act and deed for the uses and purposes therein mentioned. GIVEN under my hand and official seal the date first written above.



Terrell C. McGrath  
Notary Public & for the State of Washington  
residing at Bellevue  
My Commission expires: 7-10-01

STATE OF WASHINGTON )  
County of ) ss.

On this day of , before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared to me known to be President and respectfully of the corporation that executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that authorized to execute the said instrument for said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.

\_\_\_\_\_  
Notary Public in & for the State of Washington  
Residing at  
My commission expires:


**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, and delivered to you herewith, together with the said Deed of Trust, and to convey, 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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**EXHIBIT "A"**

**PARCEL A:**

Lots 1 through 7 and Lots 13 through 24, Block 22, THE HAMILTON TOWNSITE COMPANY'S SECOND ADDITION TO THE TOWN OF HAMILTON, according to the plat thereof recorded in Volume 2 of Plats, page 60, records of Skagit County, Washington.

**PARCEL B:**

Lots 1 through 12, Block 33, THE HAMILTON TOWNSITE COMPANY'S SECOND ADDITION TO THE TOWN OF HAMILTON, according to the plat thereof recorded in Volume 2 of Plats, page 60, records of Skagit County, Washington.

**PARCEL C:**

Lots 9 through 12, Block 67, THE HAMILTON TOWNSITE COMPANY'S SECOND ADDITION TO THE TOWN OF HAMILTON, according to the plat thereof recorded in Volume 2 of Plats, page 60, records of Skagit County, Washington.

ALL situated in Skagit County, Washington.

- END OF EXHIBIT "A" -

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alv  
C.P.



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## DEED OF TRUST RIDER

1. Additional Security. In addition to the real property (hereafter the "Real Property") described in the Deed of Trust, Grantor hereby irrevocably grants, transfers, conveys and assigns to trustee, in trust, with power of sale, all of Grantor's present and future rights in the following property (the "Property"), which is hereby deemed to be real property, and which may be foreclosed as real property:

a. All personal property located on the Real Property and used or intended for use in the operation or occupancy of the Real Property or in any improvements thereon, including but not limited to, all appliances, furniture, furnishings, inventory, equipment, building materials and supplies; together with all present and future attachments, parts, fixtures, special tools, accessories, and equipment therefor, and all accessories, additions, and improvements thereto, substitutions and replacements thereof, and all products and proceeds thereof;

b. All architectural plans, applications, application materials, approvals for development, site plans, plats, specifications, work drawings, surveys, engineering reports or studies, test borings, market surveys, feasibility reports, appraisals, building permits, grading permits, conditional use permits, special use permits, forest practice permits, right of way use permits, commercial site development permits, shoreline substantial development permits, master use permits, all other land development permits and all other documents related to the development of the Real Property, now or hereafter entered into or prepared or used or intended for use in connection with the Real Property; and

c. All intangible property used in connection with the ownership, development, operation or maintenance of the Real Property, including, but not limited to, all permits, licenses, certificates of occupancy, franchises, rights to use trade names, contract rights, accounts receivable, escrow accounts, insurance policies, deposits, instruments, documents of title, general intangibles and business records.

2. Security Agreement and Remedies. This Deed of Trust constitutes a security agreement pursuant to the Uniform Commercial Code with respect to any Property which is not effectively made part of the Real Property by the provisions of this Deed of Trust. Grantor and Beneficiary agree that neither the foregoing grant of a security interest nor the filing of any financing statement shall be construed as limiting the parties' stated intention that everything used in connection with the Real Property shall be regarded as part of the Real Property. Grantor shall execute and deliver to Beneficiary all financing statements and continuation statements requested to perfect or continue perfection of Beneficiary's security interest. Grantor shall keep all land development permits and applications therefor current, complete and in good standing and shall pay all fees required. With respect to the Property subject to the foregoing security interest, Beneficiary shall have all of the rights and remedies of a secured party under the Uniform Commercial Code, including the right to cause the Property to be sold by the Trustee under the power of sale granted by this Deed of Trust or, at Beneficiary's election, under the provisions of the Uniform Commercial Code. In exercising its remedies, Beneficiary may proceed against the Property and the Real Property separately or together and in any order whatsoever, without in any way affecting the availability of Beneficiary's remedies. Upon demand by Beneficiary following default, Grantor will assemble any items of property and make them available to Beneficiary. Beneficiary shall give Grantor at least five (5) days prior written notice of the time and place of any public sale or other disposition of any portion of the Property, or at the time of or after which any private sale or any other intended disposition is to be made. In the event of default and foreclosure on any land development permits, Grantor agrees to sign all documents reasonably requested by any governmental entity or by Beneficiary to evidence the transfer of said permits after foreclosure and to substitute the purchaser at the foreclosure sale for the Grantor as project applicant.

3. Assignment of Rents. All rents, issues, income and profits derived from the Real Property are hereby unconditionally and irrevocably assigned to Beneficiary. In the event of a default hereunder, Beneficiary shall have the rights, without notice, to enter upon and take possession of the Real Property; to demand, collect, and receive all of the rents and revenues which may now be due and unpaid and which may hereafter become due; to institute and carry on all legal proceedings necessary for the protection of the Real Property, including such proceedings as may be necessary to recover possession of the whole or any part of the Real Property; to institute and prosecute any and all actions for the collection of rents and other revenues from the property which may now be due and unpaid and which may hereafter become due; to institute and prosecute



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Cheryl Potts  
Harold Potts

summary proceedings for the removal of any persons from the Real Property; and to pay the costs and expenses of all such suits and proceedings out of the rents and other revenues received.

4. Receivership. Should Grantor default, Beneficiary may, at its options and without notice of such election, have a receiver appointed as a matter of right, or may exercise all rights of a receiver as a mortgagee-in-possession. Such receiver shall have the power to collect the rents, income, and revenues of the Real Property and all other powers which may be necessary or usual in such cases for the protection, possession, control, management, and operation of the Real Property, including completion of any construction in progress on the Real Property. If the revenues produced by the Real Property are insufficient to pay expenses, the receiver may borrow from Beneficiary or otherwise, or Beneficiary may borrow or advance such sums as it deems necessary for the purposes stated in this section, and repayment of such sums shall be secured by this deed of trust. The amounts borrowed or advanced shall bear interest at the default rate provided in the note from the date of expenditure until repaid and shall be payable by Grantor to Beneficiary on demand.

5. Due-On Sale or Encumbrance. If all or any part of the Property or an interest therein is sold or transferred by Borrower without Lender's prior written consent, excluding (a) the creation of a lien or encumbrance subordinate to this Deed of Trust, (b) the creation of a purchase money security interest for household appliances, (c) a transfer by devise, descent or by operation of law upon the death of a joint tenant or (d) the grant of any leasehold interest of three years or less not containing an option to purchase, Lender may, at Lender's option, declare all the sums secured by this Deed of Trust to be immediately due and payable. Likewise, Beneficiary may, at Beneficiary's option, declare all sums secured by this Deed of Trust immediately due and payable if there is any change in the ownership or control of any entity which has an interest in the Real Property, including, but not limited to, a change in the ownership or control of any of Grantor's stock if Grantor is a corporation, a change in the ownership or control of any general partnership interest in Grantor if Grantor is a partnership, or a change in the ownership or control of the units in a limited liability company if Grantor is a limited liability company.

Harold Pitts 2-6-01  
Harold Pitts

Cheryl Pitts 2-6-01  
Cheryl Pitts

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