

AFTER RECORDING RETURN TO:

Washington Mutual Bank
C/O ACS IMAGE SOLUTIONS
19031 33RD AVE WEST - MS116DPWA
LYNNWOOD, WA 98036



200104170089

, Skagit County Auditor

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SECURITY INSTRUMENT COVER SHEET

01-0883-003964475-2

Please print or type information
Document Title(s) (or transactions contained therein):

FIRST AMERICAN TITLE CO.

64835

1. Deed of Trust

Grantor/Truster/Mortgagor(s) (Last name first, then first name and initials)

1. ROGER E HARLOW

2. SHEILA M HARLOW

3.

4.

5. ☐ Additional names on page _____ of document.

Grantee/Beneficiary/Mortgagee(s)

1. Washington Mutual Bank

Legal Description (abbreviated: i.e. lot, block, plat or section, township, range)

Lot 35, Block 1, "Lake Cavanaugh, Subdivision Division #3", as per the
Official Plat recorded under Auditor's File No. 420716, , records of Skagit
County.

☐ Additional legal is on page _____ of document.

Assessor's Property Tax Parcel/Account Number(s)

1. 39390010350007

2.

3.

4.

This document prepared by:

MICHELLE WOO
1715 114TH AVE. SE #100
BELLEVUE, WA 98004

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FIRST AMERICAN TITLE CO - EVERETT 64835

DEED OF TRUST

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DEFINITIONS

Words used in multiple sections of this document are defined below and other words are defined in Sections 3, 11, 13, 18, 20 and 21. Certain rules regarding the usage of words used in this document are also provided in Section 16.

(A) "**Security Instrument**" means this document, which is dated April 11, 2001, together with all Riders to this document.

(B) "**Borrower**" is ROGER E HARLOW AND SHEILA M HARLOW, HUSBAND AND WIFE

Borrower is the trustor under this Security Instrument.

(C) "**Lender**" is Washington Mutual Bank, a Washington corporation.
Lender is a Bank organized and existing under the laws of Washington. Lender's address is 1201 Third Avenue Seattle, WA 98101.

Lender is the beneficiary under this Security Instrument.

(D) "**Trustee**" is FIRST AMERICAN TITLE CO - EVERETT, a California corporation.

(E) "**Note**" means the promissory note signed by Borrower and dated April 11, 2001.
The Note states that Borrower owes Lender One Hundred Ten Thousand & 00/100

Dollars (U.S. \$ 110,000.00) plus interest. Borrower has promised to pay this debt in regular Periodic Payments and to pay the debt in full not later than February 1, 2031.

(F) "**Property**" means the property that is described below under the heading "Transfer of Rights in the Property."

(G) "**Loan**" means the debt evidenced by the Note, plus interest, any prepayment charges and late charges due under the Note, and all sums due under this Security Instrument, plus interest.



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(H) "Riders" means all Riders to this Security Instrument that are executed by Borrower. The following Riders are to be executed by Borrower [check box as applicable]:

- | | | |
|---|---|---|
| <input type="checkbox"/> Adjustable Rate Rider | <input type="checkbox"/> Condominium Rider | <input type="checkbox"/> 1-4 Family Rider |
| <input type="checkbox"/> Graduated Payment Rider | <input type="checkbox"/> Planned Unit Development Rider | <input type="checkbox"/> Biweekly Payment Rider |
| <input type="checkbox"/> Balloon Rider | <input type="checkbox"/> Rate Improvement Rider | <input type="checkbox"/> Second Home Rider |
| <input checked="" type="checkbox"/> Other(s) [specify] Construction Term Rider, Manufactured Home Rider | | |

(I) "Applicable Law" means all controlling applicable federal, state and local statutes, regulations, ordinances and administrative rules and orders (that have the effect of law) as well as all applicable final, non-appealable judicial opinions.

(J) "Community Association Dues, Fees, and Assessments" means all dues, fees, assessments and other charges that are imposed on Borrower or the Property by a condominium association, homeowners association or similar organization.

(K) "Electronic Funds Transfer" means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument, computer, or magnetic tape so as to order, instruct, or authorize a financial institution to debit or credit an account. Such term includes, but is not limited to, point-of-sale transfers, automated teller machine transactions, transfers initiated by telephone, wire transfers, and automated clearinghouse transfers.

(L) "Escrow Items" means those items that are described in Section 3.

(M) "Miscellaneous Proceeds" means any compensation, settlement, award of damages, or proceeds, whether by way of judgment, settlement or otherwise, paid by any third party (other than insurance proceeds paid under the coverages described in Section 5) for: (i) damage to, or destruction of, the Property; (ii) condemnation or other taking of all or any part of the Property; (iii) conveyance in lieu of condemnation; or (iv) misrepresentations of, or omissions as to, the value and/or condition of the Property.

(N) "Mortgage Insurance" means insurance protecting Lender against the nonpayment of, or default on, the Loan.

(O) "Periodic Payment" means the regularly scheduled amount due for (i) principal and interest under the Note, plus (ii) any amounts under Section 3 of this Security Instrument.

(P) "RESPA" means the Real Estate Settlement Procedures Act (12 U.S.C. Section 2601 et seq.) and its implementing regulation, Regulation X (24 C.F.R. Part 3500), as they might be amended from time to time, or any additional or successor legislation or regulation that governs the same subject matter. As used in this Security Instrument, "RESPA" refers to all requirements and restrictions that are imposed in regard to a "federally related mortgage loan" even if the Loan does not qualify as a "federally related mortgage loan" under RESPA.

(Q) "Successor in Interest of Borrower" means any party that has taken title to the Property, whether or not that party has assumed Borrower's obligations under the Note and/or this Security Instrument.

TRANSFER OF RIGHTS IN THE PROPERTY

This Security Instrument secures to Lender: (i) the repayment of the Loan, and all renewals, extensions and modifications of the Note; (ii) the performance of Borrower's covenants and agreements under this Security Instrument and the Note; and (iii) the performance of all agreements of borrower to pay fees and charges arising of the Loan whether or not herein set forth. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power



of sale, the following described property located in Skagit County, Washington: *REF DMH*

Lot 35, Block 1, "Lake Cavanaugh, Subdivision Division #3", as per the Official Plat recorded under Auditor's File No. 420716, , records of Skagit County.

2001 SILVERCREST MANOR TBD 40 x 67

which currently has the address of 32959 S SHORE DR,
[Street]
MT VERNON, Washington 98274 ("Property Address"):
[City] [Zip Code]

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

BORROWER COVENANTS that Borrower is lawfully seised of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. Payment of Principal, Interest, Escrow Items, Prepayment Charges, and Late Charges. Borrower shall pay when due the principal of, and interest on, the debt evidenced by the Note and any prepayment charges and late charges due under the Note. Borrower shall also pay funds for Escrow Items pursuant to Section 3. Payments due under the Note and this Security Instrument shall be made in U.S. currency. However, if any check or other instrument received by Lender as payment under the Note or this Security Instrument is returned to Lender unpaid, Lender may require that any or all subsequent payments due under the Note and this Security Instrument be made in one of more of the following forms, as selected by Lender: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality, or entity; or (d) Electronic Funds Transfer.

Payments are deemed received by Lender when received at the location designated in the Note or at such other location as may be designated by Lender in accordance with the notice provisions in Section 15. Lender may return any payment or partial payment if the payment or partial payments are insufficient to bring the Loan current. Lender may accept any payment or partial payment insufficient to bring the Loan current, without waiver of any rights hereunder or prejudice to its rights to refuse such payment or partial payments in the future, but Lender is not obligated to apply such payments at the time such payments are accepted. If each Periodic



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Payment is applied as of its scheduled due date, then Lender need not pay interest on unapplied funds. Lender may hold such unapplied funds until Borrower makes payment to bring the Loan current. If Borrower does not do so within a reasonable period of time, Lender shall either apply such funds or return them to Borrower. If not applied earlier, such funds will be applied to the outstanding principal balance under the Note immediately prior to foreclosure. No offset or claim which Borrower might have now or in the future against Lender shall relieve Borrower from making payments due under the Note and this Security Instrument or performing the covenants and agreements secured by this Security Instrument.

2. Application of Payments or Proceeds. Except as otherwise described in this Section 2, all payments accepted and applied by Lender shall be applied in the following order of priority: (a) interest due under the Note; (b) principal due under the Note; (c) amounts due under Section 3. Such payments shall be applied to each Periodic Payment in the order in which it became due. Any remaining amounts shall be applied first to late charges, second to any other amounts due under this Security Instrument, and then to reduce the principal balance of the Note.

If Lender receives a payment from Borrower for a delinquent Periodic Payment which includes a sufficient amount to pay any late charge due, the payment may be applied to the delinquent payment and the late charge. If more than one Periodic Payment is outstanding, Lender may apply any payment received from Borrower to the repayment of the Periodic Payments if, and to the extent that, each payment can be paid in full. To the extent that any excess exists after the payment is applied to the full payment of one or more Periodic Payments, such excess may be applied to any late charges due. Voluntary prepayments shall be applied first to any prepayment charges and then as described in the Note.

Any application of payments, insurance proceeds, or Miscellaneous Proceeds to principal due under the Note shall not extend or postpone the due date, or change the amount, of the Periodic Payments.

3. Funds for Escrow Items. Borrower shall pay to Lender on the day Periodic Payments are due under the Note, until the Note is paid in full, a sum (the "Funds") to provide for payment of amounts due for: (a) taxes and assessments and other items which can attain priority over this Security Instrument as a lien or encumbrance of the Property; (b) leasehold payments or ground rents on the Property, if any; (c) premiums for any and all insurance required by Lender under Section 5; and (d) Mortgage Insurance premiums, if any, or any sums payable by Borrower to Lender in lieu of the payment of Mortgage Insurance premiums in accordance with the provisions of Section 10. These items are called "Escrow Items." At origination or at any time during the term of the Loan, Lender may require that Community Association Dues, Fees, and Assessments, if any, be escrowed by Borrower, and such dues, fees and assessments shall be an Escrow Item. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this Section. Borrower shall pay Lender the Funds for Escrow Items unless Lender waives Borrower's obligation to pay the Funds for any or all Escrow Items. Lender may waive Borrower's obligation to pay to Lender Funds for any or all Escrow Items at any time. Any such waiver may only be in writing. In the event of such waiver, Borrower shall pay directly, when and where payable, the amounts due for any Escrow Items for which payment of Funds has been waived by Lender and, if Lender requires, shall furnish to Lender receipts evidencing such payment within such time period as Lender may require. Borrower's obligation to make such payments and to provide receipts shall for all purposes be deemed to be a covenant and agreement contained in this Security Instrument, as the phrase "covenant and agreement" is used in Section 9. If Borrower is obligated to pay Escrow Items directly, pursuant to a waiver, and Borrower fails to pay the amount due for an Escrow Item, Lender may exercise its rights under Section 9 and pay such amount and Borrower shall then be obligated under Section 9 to repay to Lender any such amount. Lender may revoke



the waiver as to any or all Escrow Items at any time by a notice given in accordance with Section 15 and, upon such revocation, Borrower shall pay to Lender all Funds, and in such amounts, that are then required under this Section 3.

Lender may, at any time, collect and hold Funds in an amount (a) sufficient to permit Lender to apply the Funds at the time specified under RESPA, and (b) not to exceed the maximum amount a lender can require under RESPA. Lender shall estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with Applicable Law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is an institution whose deposits are so insured) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items no later than the time specified under RESPA. Lender shall not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and Applicable Law permits Lender to make such a charge. Unless an agreement is made in writing or Applicable Law requires interest to be paid on the Funds, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender can agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds as required by RESPA.

If there is a surplus of Funds held in escrow, as defined under RESPA, Lender shall account to Borrower for the excess funds in accordance with RESPA. If there is a shortage of Funds held in escrow, as defined under RESPA, Lender shall notify Borrower as required by RESPA, and Borrower shall pay to Lender the amount necessary to make up the shortage in accordance with RESPA, but in no more than twelve monthly payments. If there is a deficiency of Funds held in escrow, as defined under RESPA, Lender shall notify Borrower as required by RESPA, and Borrower shall pay to Lender the amount necessary to make up the deficiency in accordance with RESPA, but in no more than twelve monthly payments.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender.

4. Charges; Liens. Borrower shall pay all taxes, assessments, charges, fines, and impositions attributable to the Property which can attain priority over this Security Instrument, leasehold payments or ground rents on the Property, if any, and Community Association Dues, Fees, and Assessments, if any. To the extent that these items are Escrow Items, Borrower shall pay them in the manner provided in Section 3.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender, but only so long as Borrower is performing such agreement; (b) contests the lien in good faith by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of the lien while those proceedings are pending, but only until such proceedings are concluded; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which can attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Within 10 days of the date on which that notice is given, Borrower shall satisfy the lien or take one or more of the actions set forth above in this Section 4.

Lender may require Borrower to pay a one-time charge for a real estate tax verification and/or reporting service used by Lender in connection with this Loan.



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5. Property Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage," and any other hazards including, but not limited to, earthquakes and floods, for which Lender requires insurance. This insurance shall be maintained in the amounts (including deductible levels) and for the periods that Lender requires. What Lender requires pursuant to the preceding sentences can change during the term of the Loan. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's right to disapprove Borrower's choice, which right shall not be exercised unreasonably. Lender may require Borrower to pay, in connection with this Loan, either: (a) a one-time charge for flood zone determination, certification and tracking services; or (b) a one-time charge for flood zone determination and certification services and subsequent charges each time remappings or similar changes occur which reasonably might affect such determination or certification. Borrower shall also be responsible for the payment of any fees imposed by the Federal Emergency Management Agency in connection with the review of any flood zone determination resulting from an objection by Borrower.

If Borrower fails to maintain any of the coverages described above, Lender may obtain insurance coverage, at Lender's option and Borrower's expense. Lender is under no obligation to purchase any particular type or amount of coverage. Lender may purchase such insurance from or through any company acceptable to Lender including, without limitation, an affiliate of Lender, and Borrower acknowledges and agrees that Lender's affiliate may receive consideration for such purchase. Therefore, such coverage shall cover Lender, but might or might not protect Borrower, Borrower's equity in the Property, or the contents of the Property, against any risk, hazard or liability and might provide greater or lesser coverage than was previously in effect. Borrower acknowledges that the cost of the insurance coverage so obtained might significantly exceed the cost of insurance that Borrower could have obtained. Any amounts disbursed by Lender under this Section 5 shall become additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.

All insurance policies required by Lender and renewals of such policies shall be subject to Lender's right to disapprove such policies, shall include a standard mortgage clause, and shall name Lender as mortgagee and/or as an additional loss payee. Lender shall have the right to hold the policies and renewal certificates. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. If Borrower obtains any form of insurance coverage, not otherwise required by Lender, for damage to, or destruction of, the Property, such policy shall include a standard mortgage clause and shall name Lender as mortgagee and/or as an additional loss payee.

Borrower hereby absolutely and irrevocably assigns to Lender all of Borrower's right, title and interest in and to all proceeds from any insurance policy (whether or not the insurance policy was required by Lender) that are due, paid or payable with respect to any damage to such property, regardless of whether the insurance policy is established before, on or after the date of this Security instrument. By absolutely and irrevocably assigning to Lender all of Borrower's rights to receive any and all proceeds from any insurance policy, Borrower hereby waives, to the full extent allowed by law, all of Borrower's rights to receive any and all of such insurance proceeds.

Borrower hereby absolutely and irrevocably assigns to Lender all of Borrower's right, title and interest in and to (a) any and all claims, present and future, known or unknown, absolute or contingent, (b) any and all causes of action, (c) any and all judgments and settlements (whether through litigation, mediation, arbitration or otherwise), (d) any and all funds sought against or from any party or parties whosoever, and (e) any and all funds received or receivable in connection with any damage to such property, resulting from any cause or causes whatsoever,



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including but not limited to, land subsidence, landslide, windstorm, earthquake, fire, flood or any other cause.

Borrower agrees to execute, acknowledge if requested, and deliver to Lender, and/or upon notice from Lender shall request any insurance agency or company that has issued any insurance policy to execute and deliver to Lender, any additional instruments or documents requested by Lender from time to time to evidence Borrower's absolute and irrevocable assignments set forth in this paragraph.

In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower. Unless Lender and Borrower otherwise agree in writing, any insurance proceeds, whether or not the underlying insurance was required by Lender, shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration period, Lender shall have the right to hold such insurance proceeds until Lender has had an opportunity to inspect such Property to ensure the work has been completed to Lender's satisfaction, provided that such inspection shall be undertaken promptly. Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such insurance proceeds, Lender shall not be required to pay Borrower any interest or earnings on such proceeds. Fees for public adjusters, or other third parties, retained by Borrower shall not be paid out of the insurance proceeds and shall be the sole obligation of Borrower. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security instrument, whether or not then due, with the excess, if any, paid to Borrower. Such insurance proceeds shall be applied in the order provided for in Section 2.

If Borrower abandons the Property, Lender may file, negotiate and settle any available insurance claim and related matters. If Borrower does not respond within 30 days to a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may negotiate and settle the claim. The 30-day period will begin when the notice is given. In either event, or if Lender acquires the Property under Section 22 or otherwise, Borrower hereby assigns to Lender (a) Borrower's rights to any insurance proceeds in an amount not to exceed the amounts unpaid under the Note or this Security Instrument, and (b) any other of Borrower's rights (other than the right to any refund of unearned premiums paid by Borrower) under all insurance policies covering the Property, insofar as such rights are applicable to the coverage of the Property. Lender may use the insurance proceeds either to repair or restore the Property or to pay amounts unpaid under the Note or this Security Instrument, whether or not then due.

6. Occupancy. Borrower shall occupy, establish, and use the Property as Borrower's principal residence within sixty days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control.

7. Preservation, Maintenance and Protection of the Property; Inspections. Borrower shall not destroy, damage or impair the Property, or remove or demolish any building thereon, allow the Property to deteriorate or commit waste on the Property. Whether or not Borrower is residing in the Property, Borrower shall maintain the Property in good condition and repair in order to prevent the Property from deteriorating or decreasing in value due to its condition. Unless it is determined pursuant to Section 5 that repair or restoration is not economically feasible, Borrower shall promptly repair the Property in good and workman like manner if damaged to avoid further



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deterioration or damage. Lender shall, unless otherwise agreed in writing between Lender and Borrower, have the right to hold insurance or condemnation proceeds. If insurance or condemnation proceeds are paid in connection with damage to, or the taking of, the Property, Borrower shall be responsible for repairing or restoring the Property only if Lender has released proceeds for such purposes. Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. If the insurance or condemnation proceeds are not sufficient to repair or restore the Property, Borrower is not relieved of Borrower's obligation for the completion of such repair or restoration.

Lender or its agent may make reasonable entries upon and inspections of the Property. If it has reasonable cause, Lender may inspect the interior of the improvements on the Property. Lender shall give Borrower notice at the time of or prior to such an interior inspection specifying such reasonable cause. Lender does not make any warranty or representation regarding, and assumes no responsibility for, the work done on the Property, and Borrower shall not have any right to rely in any way on any inspection(s) by or for Lender or its agent. Borrower shall be solely responsible for determining that the work is done in a good, thorough, efficient and workmanlike manner in accordance with all applicable laws.

Borrower shall (a) appear in and defend any action or proceeding purporting to affect the security hereof, the Property or the rights or powers of Lender or Trustee; (b) at Lender's option, assign to Lender, to the extent of Lender's interest, any claims, demands, or causes of action of any kind, and any award, court judgement, or proceeds of settlement of any such claim, demand or cause of action of any kind which Borrower now has or may hereafter acquire arising out of or relating to any interest in the acquisition or ownership of the Property. Lender and Trustee shall not have any duty to prosecute any such claim, demand or cause of action. Without limiting the foregoing, any such claim, demand or cause of action arising out of or relating to any interest in the acquisition or ownership of the Property may include (i) any such injury or damage to the Property including without limit injury or damage to any structure or improvement situated thereon, (ii) or any claim or cause of action in favor of Borrower which arises out of the transaction, financed in whole or in part by the making of the loan secured hereby, (iii) any claim or cause of action in favor of Borrower (except for bodily injury) which arises as a result of any negligent or improper construction, installation or repair of the Property including without limit, any surface or subsurface thereof, or of any building or structure thereon or (iv) any proceeds of insurance, whether or not required by Lender payable as a result of any damage to or otherwise relating to the Property or any interest therein. Lender may apply, use or release such monies so received by it in the same manner as provided in Paragraph 5 for the proceeds of insurance.

8. Borrower's Loan Application. Borrower shall be in default if, during the Loan application process, Borrower or any persons or entities acting at the direction of Borrower or with Borrower's knowledge or consent gave materially false, misleading, or inaccurate information or statements to Lender (or failed to provide Lender with material information) in connection with the Loan. Material representations include, but are not limited to, representations concerning Borrower's occupancy of the Property as Borrower's principal residence.

9. Protection of Lender's Interest in the Property and Rights Under this Security Instrument. If (a) Borrower fails to perform the covenants and agreements contained in this Security Instrument, (b) there is a legal proceeding that might significantly affect Lender's interest in the Property and/or rights under this Security Instrument (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture, for enforcement of a lien which may attain priority over this Security Instrument or to enforce laws or regulations), or (c) Borrower has abandoned the Property, then Lender may do and pay for whatever is reasonable or appropriate to protect Lender's interest in the Property and rights under this Security Instrument, including protecting



and/or assessing the value of the Property, and securing and/or repairing the Property. Lender's actions can include, but are not limited to: (a) paying any sums secured by a lien which has priority over this Security Instrument; (b) appearing in court; and (c) paying reasonable attorneys' fees to protect its interest in the Property and/or rights under this Security Instrument, including its secured position in a bankruptcy proceeding. Securing the Property includes, but is not limited to, entering the Property to make repairs, change locks, replace or board up doors and windows, drain water from pipes, eliminate building or other code violations or dangerous conditions, and have utilities turned on or off. Although Lender may take action under this Section 9, Lender does not have to do so and is not under any duty or obligation to do so. It is agreed that Lender incurs no liability for not taking any or all actions authorized under this Section 9.

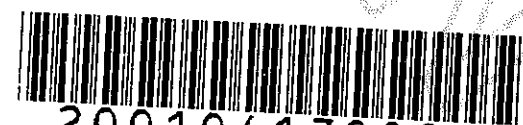
Any amounts disbursed by Lender under this Section 9 shall become additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.

If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

10. Mortgage Insurance. If Lender required Mortgage Insurance as a condition of making the Loan, Borrower shall pay the premiums required to maintain the Mortgage Insurance in effect. If, for any reason, the Mortgage Insurance coverage required by Lender ceases to be available from the mortgage insurer that previously provided such insurance and Borrower was required to make separately designated payments toward the premiums for Mortgage Insurance, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the Mortgage Insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of the Mortgage Insurance previously in effect, from an alternate mortgage insurer selected by Lender. If substantially equivalent Mortgage Insurance coverage is not available, Borrower shall continue to pay to Lender the amount of the separately designated payments that were due when the insurance coverage ceased to be in effect. Lender will accept, use and retain these payments as a non-refundable loss reserve in lieu of Mortgage Insurance. Such loss reserve shall be non-refundable, notwithstanding the fact that the Loan is ultimately paid in full, and Lender shall not be required to pay Borrower any interest or earnings on such loss reserve. Lender can no longer require loss reserve payments if Mortgage Insurance coverage (in the amount and for the period that Lender requires) provided by an insurer selected by Lender again becomes available, is obtained, and Lender requires separately designated payments toward the premiums for Mortgage Insurance. If Lender required Mortgage Insurance as a condition of making the Loan and Borrower was required to make separately designated payments toward the premiums for Mortgage Insurance, Borrower shall pay the premiums required to maintain Mortgage Insurance in effect, or to provide a non-refundable loss reserve, until Lender's requirement for Mortgage Insurance ends in accordance with any written agreement between Borrower and Lender providing for such termination or until termination is required by Applicable Law. Nothing in this Section 10 affects Borrower's obligation to pay interest at the rate provided in the Note.

Mortgage Insurance reimburses Lender (or any entity that purchases the Note) for certain losses it may incur if Borrower does not repay the Loan as agreed. Borrower is not a party to the Mortgage Insurance.

Mortgage insurers evaluate their total risk on all such insurance in force from time to time, and may enter into agreements with other parties that share or modify their risk, or reduce losses. These agreements are on terms and conditions that are satisfactory to the mortgage insurer and the other party (or parties) to these agreements. These agreements may require the mortgage



insurer to make payments using any source of funds that the mortgage insurer may have available (which may include funds obtained from Mortgage Insurance premiums).

As a result of these agreements, Lender, any purchaser of the Note, another insurer, any reinsurer, any other entity, or any affiliate of any of the foregoing, may receive (directly or indirectly) amounts that derive from (or might be characterized as) a portion of Borrower's payments for Mortgage Insurance, in exchange for sharing or modifying the mortgage insurer's risk, or reducing losses. If such agreement provides that an affiliate of Lender takes a share of the insurer's risk in exchange for a share of the premiums paid to the insurer, the arrangement is often termed "captive reinsurance." Further:

(a) Any such agreements will not affect the amounts that Borrower has agreed to pay for Mortgage Insurance, or any other terms of the Loan. Such agreements will not increase the amount Borrower will owe for Mortgage Insurance, and they will not entitle Borrower to any refund.

(b) Any such agreements will not affect the rights Borrower has - if any - with respect to the Mortgage Insurance under the Homeowners Protection Act of 1998 or any other law. These rights may include the right to receive certain disclosures, to request and obtain cancellation of the Mortgage Insurance, to have the Mortgage Insurance terminated automatically, and/or to receive a refund of any Mortgage Insurance premiums that were unearned at the time of such cancellation or termination.

11. Assignment of Miscellaneous Proceeds; Forfeiture. All Miscellaneous Proceeds are hereby assigned to and shall be paid to Lender.

If the Property is damaged, such Miscellaneous Proceeds shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration period, Lender shall have the right to hold such Miscellaneous Proceeds until Lender has had an opportunity to inspect such Property to ensure the work has been completed to Lender's satisfaction, provided that such inspection shall be undertaken promptly. Lender may pay for the repairs and restoration in a single disbursement or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such Miscellaneous Proceeds, Lender shall not be required to pay Borrower any interest or earnings on such Miscellaneous Proceeds. If the restoration or repair is not economically feasible or Lender's security would be lessened, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower. Such Miscellaneous Proceeds shall be applied in the order provided for in Section 2.

In the event of a total taking, destruction, or loss in value of the Property, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the partial taking, destruction, or loss in value, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the Miscellaneous Proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the partial taking, destruction, or loss in value divided by (b) the fair market value of the Property immediately before the partial taking, destruction, or loss in value. Any balance shall be paid to Borrower.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is less than the amount of the sums secured immediately before the partial taking, destruction, or



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loss in value, unless Borrower and Lender otherwise agree in writing, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the Opposing Party (as defined in the next sentence) offers to make an award to settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the Miscellaneous Proceeds either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due. "Opposing Party" means the third party that owes Borrower Miscellaneous Proceeds or the party against whom Borrower has a right of action in regard to Miscellaneous Proceeds.

Borrower shall be in default if any action or proceeding, whether civil or criminal, is begun that, in Lender's judgement, could result in forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument. Borrower can cure such a default and, if acceleration has occurred, reinstate as provided in Section 19, by causing the action or proceeding to be dismissed with a ruling that, in Lender's judgement, precludes forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument. The proceeds of any award or claim for damages that are attributable to the impairment of Lender's interest in the Property are hereby assigned and shall be paid to Lender.

All Miscellaneous Proceeds that are not applied to restoration or repair of the Property shall be applied in the order provided for in Section 2.

12. Borrower Not Released; Forbearance By Lender Not a Waiver. This Security Instrument cannot be changed or modified except as otherwise provided herein or by agreement in writing signed by Borrower, or any successor in interest to Borrower and Lender. Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to Borrower or any Successor in Interest of Borrower shall not operate to release the liability of Borrower or any Successors in Interest of Borrower. Lender shall not be required to commence proceedings against any Successor in Interest of Borrower or to refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or any Successors in Interest of Borrower. Any forbearance by Lender in exercising any right or remedy including, without limitation, Lender's acceptance of payments from third persons, entities or Successors in Interest of Borrower or in amounts less than the amount then due, shall not be a waiver of or preclude the exercise of any right or remedy. No waiver by Lender of any right under this Security Instrument shall be effective unless in writing. Waiver by Lender of any right granted to Lender under this Security Instrument or of any provision of this Security Instrument as to any transaction or occurrence shall not be deemed a waiver as to any future transaction or occurrence.

13. Joint and Several Liability; Co-signers; Successors and Assigns Bound. Borrower covenants and agrees that Borrower's obligations and liability shall be joint and several. However, any Borrower who co-signs this Security Instrument but does not execute the Note (a "co-signer"): (a) is co-signing this Security Instrument only to mortgage, grant and convey the co-signer's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower can agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without the co-signer's consent.

Subject to the provisions of Section 18, any Successor in Interest of Borrower who assumes Borrower's obligations under this Security Instrument in writing, and is approved by



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Lender, shall obtain all of Borrower's rights and benefits under this Security Instrument. Borrower shall not be released from Borrower's obligations and liability under this Security Instrument unless Lender agrees to such release in writing. The covenants and agreements of this Security Instrument shall bind (except as provided in Section 20) and benefit the successors and assigns of Lender.

14. Loan Charges. Lender may charge Borrower fees for services performed in connection with Borrower's default, for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument, including, but not limited to, attorneys' fees, property inspection and valuation fees. Borrower shall pay such other charges as Lender may deem reasonable for services rendered by Lender and furnished at the request of Borrower, any successor in interest to Borrower or any agent of Borrower. In regard to any other fees, the absence of express authority in this Security Instrument to charge a specific fee to Borrower shall not be construed as a prohibition on the charging of such fee. Lender may not charge fees that are expressly prohibited by this Security Instrument or by Applicable Law.

If the Loan is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the Loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge (whether or not a prepayment charge is provided for under the Note). Borrower's acceptance of any such refund made by direct payment to Borrower will constitute a waiver of any right of action Borrower might have arising out of such overcharge.

15. Notices. All notices given by Borrower or Lender in connection with this Security Instrument must be in writing. Any notice to Borrower in connection with this Security Instrument shall be deemed to have been given to Borrower when mailed by first class mail or when actually delivered to Borrower's notice address if sent by other means. Notice to any one Borrower shall constitute notice to all Borrowers unless Applicable Law expressly requires otherwise. The notice address shall be the Property Address unless Borrower has designated a substitute notice address by notice to Lender. Borrower shall promptly notify Lender of Borrower's change of address. If Lender specifies a procedure for reporting Borrower's change of address, then Borrower shall only report a change of address through that specified procedure. There may be only one designated notice address under this Security Instrument at any one time. Any notice to Lender shall be given by delivering it or mailing it by first class mail to Lender's address stated herein unless Lender has designated another address by notice to Borrower. Any notice in connection with this Security Instrument shall not be deemed to have been given to Lender until actually received by Lender. If any notice required by this Security Instrument is also required under Applicable Law, the Applicable Law requirement will satisfy the corresponding requirement under this Security Instrument.

16. Governing Law; Severability; Rules of Construction. This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. All rights and obligations contained in this Security Instrument are subject to any requirements and limitations of Applicable Law. Applicable Law might explicitly or implicitly allow the parties to agree by contract or it might be silent, but such silence shall not be construed as a prohibition against agreement by contract. In the event that any provision or clause of this Security Instrument or the Note conflicts with Applicable Law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision.



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As used in this Security Instrument: (a) words of the masculine gender shall mean and include corresponding neuter words or words of the feminine gender; (b) words in the singular shall mean and include the plural and vice versa; and (c) the word "may" gives sole discretion without any obligation to take any action.

17. Borrower's Copy. Borrower shall be given one copy of the Note and of this Security Instrument.

18. Transfer of the Property or a Beneficial Interest in Borrower. As used in this Section 18, "Interest in the Property" means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Borrower at a future date to a purchaser.

If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

19. Borrower's Right to Reinstate After Acceleration. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earliest of: (a) five days before sale of the Property pursuant to any power of sale contained in this Security Instrument; (b) such other period as Applicable Law might specify for the termination of Borrower's right to reinstate; or (c) entry of a judgement enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees, property inspection and valuation fees, and other fees incurred for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument; and (d) takes such action as Lender may reasonably require to assure that Lender's interest in the Property and rights under this Security Instrument, and Borrower's obligation to pay the sums secured by this Security Instrument, shall continue unchanged. Lender may require that Borrower pay such reinstatement sums and expenses in one or more of the following forms, as selected by Lender: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality or entity; or (d) Electronic Funds Transfer. Upon reinstatement by Borrower, this Security Instrument and obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under Section 18.

20. Sale of Note; Change of Loan Servicer; Notice of Grievance. The Note or a partial interest in the Note (together with this Security Instrument) can be sold one or more times without prior notice to Borrower. A sale might result in a change in the entity (known as the "Loan Servicer") that collects Periodic Payments due under the Note and this Security Instrument and performs other mortgage loan servicing obligations under the Note, this Security Instrument, and Applicable Law. There also might be one or more changes of the Loan Servicer unrelated to a



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sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change which will state the name and address of the new Loan Servicer, the address to which payments should be made and any other information RESPA requires in connection with a notice of transfer of servicing. If the Note is sold and thereafter the Loan is serviced by a Loan Servicer other than the purchaser of the Note, the mortgage loan servicing obligations to Borrower will remain with the Loan Servicer or be transferred to a successor Loan Servicer and are not assumed by the Note purchaser unless otherwise provided by the Note purchaser.

Neither Borrower nor Lender may commence, join, or be joined to any judicial action (as either an individual litigant or the member of a class) that arises from the other party's actions pursuant to this Security Instrument or that alleges that the other party has breached any provision of, or any duty owed by reason of, this Security Instrument, until such Borrower or Lender has notified the other party (with such notice given in compliance with the requirements of Section 15) of such alleged breach and afforded the other party hereto a reasonable period after the giving of such notice to take corrective action. If Applicable Law provides a time period which must elapse before certain action can be taken, that time period will be deemed to be reasonable for purposes of this paragraph. The notice of acceleration and opportunity to cure given to Borrower pursuant to Section 22 and the notice of acceleration given to Borrower pursuant to Section 18 shall be deemed to satisfy the notice and opportunity to take corrective action provisions of this Section 20.

21. Hazardous Substances. As used in this Section 21: (a) "Hazardous Substances" are those substances defined as toxic or hazardous substances, pollutants, or wastes by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials; (b) "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection; (c) "Environmental Cleanup" includes any response action, remedial action, or removal action, as defined in Environmental Law; and (d) an "Environmental Condition" means a condition that can cause, contribute to, or otherwise trigger an Environmental Cleanup.

Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances, or threaten to release any Hazardous Substances, on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property (a) that is in violation of any Environmental Law, (b) which creates an Environmental Condition, or (c) which, due to the presence, use, or release of a Hazardous Substance, creates a condition that adversely affects the value of the Property. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property (including, but not limited to, hazardous substance in consumer products).

Borrower shall promptly give Lender written notice of (a) any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge, (b) any Environmental Condition, including but not limited to, any spilling, leaking, discharge, release or threat of release of any Hazardous Substance, and (c) any condition caused by the presence, use, or release of a Hazardous Substance which adversely affects the value of the Property. If Borrower learns, or is notified by any governmental or regulatory authority, or any private party, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law. Nothing herein shall create any obligation on Lender for an Environmental Cleanup.



NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

22. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under Section 18 unless Applicable Law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration and sale. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the power of sale and any other remedies permitted by Applicable Law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this Section 22, including, but not limited to, reasonable attorneys' fees and costs of title evidence. If Borrower or any successor in interest to Borrower files (or has filed against Borrower or any successor in interest to Borrower) a bankruptcy petition under Title II or any successor title of the United States Code which provides for the curing of prepetition default due on the Note, interest at a rate determined by the Court shall be paid to Lender on post-petition arrears.

If Lender invokes the power of sale, Lender shall give written notice to Trustee of the occurrence of an event of default and of Lender's election to cause the Property to be sold. Trustee and Lender shall take such action regarding notice of sale and shall give such notices to Borrower and to other persons as Applicable Law may require. After the time required by Applicable Law and after publication and posting of the notice of sale, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of the Property for a period or periods permitted by Applicable Law by public announcement at the time and place fixed in the notice of sale. Lender or its designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it or to the clerk of the superior court of the county in which the sale took place.

23. Reconveyance. Upon payment of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey the Property and shall surrender this Security Instrument and all notes evidencing debt secured by this Security Instrument to Trustee. Trustee shall reconvey the Property without warranty to the person or persons legally entitled to it. Lender or the Trustee (whether or not the Trustee is affiliated with Lender) may charge such person or persons a fee for reconveying the Property, but only if the fee is not prohibited by Applicable Law.



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24. Substitute Trustee. In accordance with Applicable Law, Lender may from time to time appoint a successor trustee to any Trustee appointed hereunder who has ceased to act. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by Applicable Law. Trustee may destroy the Note and the Security Instrument three (3) years after issuance of a full reconveyance or release (unless directed in such request to retain them).

25. Use of Property. The Property is not used principally for agricultural purposes.

26. Attorneys' Fees. Lender shall be entitled to recover its reasonable attorneys' fees and costs in any action or proceeding to construe or enforce any term of this Security Instrument. The term "attorneys' fees," whenever used in this Security Instrument, shall include without limitation attorneys' fees incurred by Lender in any bankruptcy proceeding or on appeal.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any Rider executed by Borrower and recorded with it.

X Roger E. Harlow
ROGER E. HARLOW

X Sheila M. Harlow
SHEILA M. HARLOW



(Space Below This Line For Acknowledgement)

STATE OF WASHINGTON

Snohomish County ss:

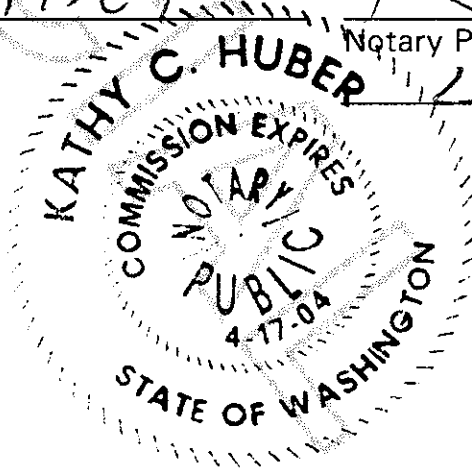
On this 12th day of April 2001, before me the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Roger E Harlow + Sheila M Harlow

to me known to be the individual(s) described in and who executed the foregoing instrument, and acknowledged to me that he/she/they signed and sealed the said instrument as his/her/their free and voluntary act and deed, for the uses and purposes therein mentioned.

WITNESS my hand and official seal affixed the day and year in this certificate above written.

My Commission expires: 4-17-04 Kathy Huber

Notary Public in and for the State of Washington residing at:



CONSTRUCTION TERM RIDER TO SECURITY INSTRUMENT
(Combination Construction and Permanent Loan)

Loan No.: 01-0883-003964475-2

THIS CONSTRUCTION TERM RIDER TO SECURITY INSTRUMENT ("Rider") is made this 11th day of April, 2001, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Deed to Secure Debt and Security Agreement of the same date, as modified by any other addendums or riders thereto (the "Security Instrument"), which has been given by the undersigned (the "Borrower") to secure Borrower's Note of the same date to Washington Mutual Bank (the "Lender"), as modified by any addendums or riders thereto, which Security Instrument covers the property described therein and located at the address shown below (the "Property"):

32959 S SHORE DR, MT VERNON, WA 98274
(Property)

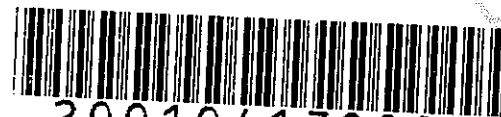
Defined terms in the Note or the Security Instrument shall have the same meaning when used herein. To the extent that this Rider conflicts with the terms and conditions set forth in the Security Instrument, the terms and conditions set forth in this Rider shall control.

THE TERMS OF THE BORROWER'S LOAN PROVIDE FOR BOTH CONSTRUCTION AND PERMANENT FINANCING. THIS RIDER SETS FORTH THE PAYMENT TERMS AND CERTAIN OTHER PROVISIONS OF THE BORROWER'S LOAN APPLICABLE TO THE CONSTRUCTION LOAN PERIOD. THE SECURITY INSTRUMENT SECURES FUTURE ADVANCES.

ADDITIONAL COVENANTS. The Lender, the Borrower, and the Borrower's construction contractor have entered into a construction loan agreement (the "Construction Loan Agreement") which provides for the construction of a one to four family residence (which may be a manufactured or modular home) and certain other improvements (the "Improvements") on the Property. Accordingly, and in addition to the covenants and agreements made in the Note, Borrower and Lender further covenant and agree as follows:

A. CONSTRUCTION LOAN AGREEMENT SECURED BY SECURITY INSTRUMENT.

The Security Instrument also secures performance of my obligations under the Construction Loan Agreement. If I am in default under the Construction Loan Agreement, I will also be in default under the Note and Security Instrument, and the Lender shall be entitled to exercise all remedies for default permitted by the Note and/or the Security Instrument. While I am making



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interest only payments as provided in the first paragraph of Section B below, the Security Instrument shall be considered, for all intents and purposes, to be a "Construction Deed of Trust" (or as applicable, a Construction Mortgage or Deed to Secure Debt).

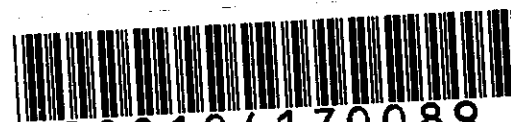
B. PAYMENT DURING CONSTRUCTION LOAN PERIOD.

Notwithstanding anything to the contrary in the Note or any other document related to my Loan, I will make payments of all accrued interest on the amount of funds actually disbursed by the Lender under the Construction Loan Agreement beginning on the 1st day of June, 2001, and on the first day of each month during the construction period. I will begin making payments of principal and interest as provided in the Note on the first day of the month following the month in which the construction of the improvements in accordance with the provisions of the Custom Construction Loan Agreement and the loan is fully disbursed. In the event that such completion and disbursement does not occur prior to the completion date set forth in Section 2 of the Custom Construction Loan Agreement (the "Completion Date"), and in the event that Lender, in its sole discretion and without waiving any rights set forth in the Custom Construction Loan Agreement, permits Borrower to extend the Completion Date, Borrower may continue to make interest only payments until the Completion Date. Lender shall then calculate a new monthly principal and interest payment and Borrower shall begin making such new monthly principal and interest payment as of the first of the month following the month in which the extended Completion Date occurs. The new monthly principal and interest payment shall be based on the term of the loan remaining as of the extended Completion Date and shall be based on the other terms set forth in the Note. If the Note provides for an adjustable interest rate, the interest rate and the monthly principal and interest payment shall adjust in accordance with the terms of the Note.

Notwithstanding the above, if construction of the Improvements has been completed in accordance with the provisions of the Construction Loan Agreement and the loan is fully disbursed prior to the due date of any interest only payment to be made under the immediately preceding paragraph, I will instead begin making payments of principal and interest as provided in the Note on the next Monthly Payment Date if requested to do so by the Lender.

C. SECURITY AGREEMENT.

The Security Instrument shall also constitute a Security Agreement with respect to all fixtures and personal property now or hereafter located at the Property and owned by Borrower, and with respect to all plans, permits, contracts, and payment and performance bonds in connection therewith, relating to construction of the improvements on the Property. The Security Agreement shall constitute a fixture filling with respect to any of the foregoing items which are deemed to be fixtures under applicable law. In the event of default, Lender shall have all rights and remedies with respect to such fixtures and personal property as are available under applicable law including, without limitation, the rights and remedies available to a secured party under the Uniform



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Commercial Code of the State where the Property is located.

D. SALE OR TRANSFER OF PROPERTY DURING CONSTRUCTION LOAN PERIOD.

Any provisions in the Note and Security Instrument which permit me to sell or otherwise transfer the property without paying my loan off in full are inapplicable until construction of the improvements has been completed, the loan has been fully disbursed, and I have commenced making principal and interest payments as provided above.

E. OCCUPANCY AS PRINCIPAL RESIDENCE.

Borrower's obligation pursuant to Section 6 of the Security Instrument to use the Property as Borrower's principal residence shall commence 60 days after construction of the Improvements have been completed.



Loan No.: 01-0883-003964475-2

IN WITNESS WHEREOF, Borrower has executed this Construction Term Rider as of the day and year first written above.

X Roger E. Harlow
ROGER E HARLOW

X Sheila M Harlow
SHEILA M HARLOW



Washington Mutual

MANUFACTURED HOME RIDER TO SECURITY INSTRUMENT

01-0883-003964475-2


THIS MANUFACTURED HOME RIDER TO SECURITY INSTRUMENT ("Rider") is made this 11th day of April, 2001, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Deed to Secure Debt and Security Agreement of the same date, as modified by any other addendums or riders thereto (the "Security Instrument") which has been given by the undersigned (the "Borrower") to secure Borrower's Note of the same date to Washington Mutual Bank ("Lender"), as modified by any addendums or riders thereto, which Security Instrument covers the property described therein and located at the address shown below (the "Property").
32959 S SHORE DR, MT VERNON, WA 98274
(Property Address)

Defined terms in the Note or the Security Instrument shall have the same meaning when used herein. To the extent that this Rider conflicts with the terms and conditions set forth in the Security Instrument, the terms and conditions set forth in this Rider shall control.

THE COLLATERAL FOR THE BORROWER'S LOAN INCLUDES A MANUFACTURED HOME. THIS RIDER SETS FORTH CERTAIN ADDITIONAL TERMS OF THE BORROWER'S LOAN APPLICABLE TO THE MANUFACTURED HOME.

In addition to the covenants and agreements which are made in the Note, Borrower and Lender further covenant and agree as follows:

1. Manufactured Home. The Security Instrument shall also grant Lender a security interest in that certain 2001, SILVERCREST manufactured home, Model No. MANOR, Serial No. TBD, (the "Manufactured Home"), which Borrower intends to place (or which is already located) upon the Property, together with all furniture, furnishings, equipment, including heating, ventilation and air conditioning equipment, lighting, plumbing, and septic systems, pumps and other well equipment, decks, porches, and attached and detached garages and outbuildings which are located on the Property.


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2. Titling and Title Elimination. If this box ☒ is checked, Borrower shall cause title to the Manufactured Home to be eliminated (or obtain an exemption from titling if state law provides for a titling exemption rather than title elimination) in accordance with applicable state law. If the loan secured by this Security Instrument is a construction loan and the title elimination/exemption box above has been checked, the title elimination or exemption shall be completed no later than the deadline for completion of the improvements and issuance of the final draw under the Borrower's Construction Loan Agreement. If the title elimination/exemption box above has not been checked, Borrower shall at all times keep the Manufactured Home properly titled and certificated under applicable state law. The title shall show Borrower as the sole registered owner and Lender as the sole lienholder (or legal owner, if that terminology is used by the state).

3. Security Agreement and Fixture Filing. The Security Instrument shall constitute a Security Agreement and Fixture Filing with respect to all items of collateral described in Section 1 above. As to any item of collateral which is deemed to be a fixture or personal property, Lender shall have those rights and remedies upon default as are available to a secured party under the Uniform Commercial Code of the State where the Property is located, in addition to all other rights and remedies available under applicable law.

IN WITNESS WHEREOF the parties have executed this Rider as of the day and year first above written.

X Roger E. Harlow
ROGER E. HARLOW

X Sheila M. Harlow
SHEILA M. HARLOW



CUSTOM CONSTRUCTION LOAN AGREEMENT

Loan No.: 01-0883-003964475-2

THIS AGREEMENT is between the undersigned BORROWER(S) (individually and collectively, if more than one, "Borrower"), the undersigned GENERAL CONTRACTOR ("Contractor") and Washington Mutual Bank the address of which is 1201 Third Avenue Seattle, WA 98101 the ("Lender").

The Lender has issued Borrower a commitment for financing (the "Loan") to assist in the construction of a one-to-four family residence and other improvements (collectively, the "Improvements") on the following-described property, located in Skagit ~~Snohomish~~ County, Washington (the "Land"): 32959 S SHORE DR, MT VERNON, WA 98274

Lot 35, Block 1, "Lake Cavanaugh, Subdivision Division #3", as per the Official Plat recorded under Auditor's File No. 420716, , records of Skagit County.

The Land and Improvements are sometimes collectively referred to herein as the "Property". If any portion of the Loan is for use in purchasing any part of the Land, such portion shall be deemed to constitute a land purchase loan and the remaining portion shall be deemed to constitute a construction loan. The Improvements are being constructed pursuant to a construction contract between Borrower and General Contractor dated nil (the "Construction Contract") and plans and specifications dated nil (the "Plans"). The Construction Contract provides that the Improvements will be constructed for a guaranteed fixed price of One Hundred Eighty-Nine Thousand Five Hundred Twenty-One & 53/100

Dollars (\$ 189,521.53).

The Loan will be evidenced by a promissory note (the "Note") from Borrower to the Lender in the amount of One Hundred Ten Thousand & 00/100

Dollars (\$ 110,000.00) and secured by a mortgage, deed of trust or deed to secure debt and security agreement on the Property (the "Security Instrument").

The parties wish to define certain of their rights and obligations with respect to the Loan. In consideration of the mutual covenants contained herein, the parties agree as follows:

1. Construction. Borrower and Contractor shall construct the Improvements on the Land in accordance with the Plans and Construction Contract. Construction shall be at a cost as set forth on the Cost Breakdown and Inspection Report ("Itemized Cost Breakdown") previously approved by Lender and by this reference incorporated herein. No changes may be made in the Plans or Construction Contract without the prior written approval of the Lender. Prior to commencing construction, Borrower and Contractor shall have provided the Lender copies of all necessary grading and building permits and evidence that the Improvements will be serviced by water, sewer or septic adequate to insure issuance of a certificate of occupancy. No work of any character is to be commenced on construction of the Improvements and no materials are to be delivered to the Property prior to recording of the Security Instrument unless the Lender has expressly approved same in writing. The Improvements shall be constructed in a workmanlike manner satisfactory to the Lender and shall comply with all applicable laws and regulations. In the event of deviations



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from the Plans, unworkmanlike performance, or the use of defective materials, or the filing of any liens the Lender may order immediate stoppage of construction, and Borrower and Contractor agree to immediately correct and remedy the same at their sole expense.

2. Time. The failure to commence construction within thirty (30) days from the date of the Note; or the cessation or substantial cessation of productive construction for more than fifteen (15) consecutive days without the prior written consent of the Lender shall constitute a breach of this Agreement. The Improvements shall be completed and a final certificate of occupancy issued not later than 9 months from the date of the Note, and the failure to complete the Improvements and obtain a final certificate of occupancy on or before this date shall constitute a breach of this Agreement and shall entitle the Lender to exercise any of the remedies listed in Section 14 below.

3. Borrower's Funds. At or prior to closing, Borrower shall deposit with the Lender an amount sufficient to cover the cost of both: (a) placing the Security Instrument in a first-lien position on the Property; and (b) the difference between: (i) the loan amount, less the portion deemed to constitute a land purchase loan and less any loan fees, closing costs, and other expenses payable by Borrower in connection with the Loan (unless paid out-of-pocket at the time of closing), and (ii) the estimated cost of constructing the Improvements. No funds deposited with the Lender by Borrower pursuant to this Section 3 shall bear interest, and all such funds shall be subject to the sole control of the Lender and disbursed to pay the cost of construction prior to the disbursement of any loan funds.

4. Environmental and Land Use Requirements. Borrower warrants and represents that the Land is a separately identified tax parcel, has been properly subdivided in accordance with state law and any applicable municipal rules or ordinances and is free of hazardous substances, and that the land complies and the Improvements when constructed will comply with all applicable zoning, land use and environmental laws and regulations. Prior to the first disbursement (or at the Lender's option, any subsequent disbursement) the Lender may, at its sole option, require Borrower to supply evidence that all requirements of all such laws and regulations have been complied with, and that no action has been taken to set aside, enjoin, review or otherwise challenge the granting of any permit or governmental approval necessary for the construction of the Improvements.

5. Disbursement of Funds. Disbursements shall be made from time to time and in accordance with the Itemized Cost Breakdown as completion of construction progresses (but in no event more frequently than monthly) to pay for costs of construction actually incurred, subject to the provisions of Section 6 below. The Lender may, at its option, also make disbursements to cover any expenses or charges which are to be borne by Borrower, including, but not limited to, the costs of any required inspections, certifications or surveys. The Lender shall have no obligation to disburse funds other than the land purchase draw, without receipt of an acceptable foundation endorsement to its mortgagee's title insurance policy or if not available, a foundation survey acceptable to the Lender. In addition, the Lender shall have no obligation to disburse funds, whether loan funds or funds deposited by Borrower or others: (a) if Borrower is in default under this Agreement, the Note, or the Security Instrument; (b) if the remaining undisbursed loan funds are not sufficient, in the Lender's opinion, to complete construction of the Improvements; or (c) in excess of the percentage of construction completed. Disbursements shall be made first from funds deposited by Borrower pursuant to Sections 3, 7 and 8 of this Agreement and then from available loan funds. The Lender may, at its sole option, disburse funds by payment jointly to Borrower and any contractor, subcontractor, supplier, or other person performing work or furnishing materials in connection with the construction of the Improvements. Borrower shall use such funds solely for the payment of the costs and expenses of construction identified on the Itemized Cost Breakdown, and such payment shall be made before any lien attaches to the Property.

6. Evidence of Payment and Job Progress; Title Endorsements. Before making any disbursement, the Lender shall be entitled to receive a true and correct statement of all

indebtedness incurred for labor performed and materials ordered or delivered, shall have the right to inspect all books, records and accounts relating to such work, and may, at its option, require execution by Borrower and any subcontractors, laborers and materialmen of such affidavits, endorsements, and releases as it deems necessary. In addition, Lender may condition any disbursement upon the receipt, at Borrower's expense, of an endorsement to its mortgagee's title policy, in form and content satisfactory to Lender, insuring the continued first lien priority of the Security Instrument. Prior to any disbursement, Borrower and Contractor shall execute and deliver to the Lender such certifications of job progress, in form satisfactory to the Lender, as the Lender may request and prior to the final disbursement, the Lender shall have received a final certificate of occupancy for the residence, final photographs, final septic approval, if required by Lender, and recertification of value by a Lender approved appraiser, all in form satisfactory to the Lender. The Lender shall not be obligated to disburse the final Five Thousand & 00/100

(\$5,000.00) in funds held for construction until receipt of the final certificate of occupancy, final photographs, final septic approval, if required by Lender, and recertification of value.

7. Excess Costs. If at any time it reasonably appears that the remaining loan funds not yet disbursed would not be sufficient to complete the Improvements free of all liens, encumbrances and charges, then, at the Lender's request, Borrower shall deposit with the Lender sufficient funds to insure completion (the "excess costs") or shall make arrangements satisfactory to the Lender to ensure that funds will be available when needed to pay such excess costs. Until the Lender is satisfied that Borrower will supply such funds, the Lender shall not be required to make any further disbursements hereunder. No funds deposited with the Lender by Borrower pursuant to this Section 7 shall bear interest, and all such funds shall be subject to the sole control of the Lender and disbursed to pay the cost of construction prior to the disbursement of any loan funds.

8. Damage to Improvements. Should the Improvements be damaged or destroyed during construction by any casualty whether insured against or not, Borrower agrees to restore the same to their pre-casualty condition with its own funds and, to the extent available, insurance proceeds. The Lender is not obligated to make insurance proceeds available for application towards the cost of restoration and may, at its sole option, apply the same, less expenses of collection, toward reduction of the unpaid balance of the Note. All insurance proceeds which are to be applied toward the cost of restoration shall remain under the sole control of the Lender, which shall have no obligation to release the same until Borrower shall have deposited with the Lender such additional funds as in the Lender's sole judgment are sufficient to restore the Improvements to the pre-casualty condition. Insurance proceeds and funds of Borrower deposited with the Lender pursuant to this Section 8 shall not bear interest, and the Lender shall have no obligation to disburse any further loan funds until and unless the Improvements are restored to their pre-casualty condition.

9. Insurance. Prior to closing, Borrower shall obtain and deliver to the Lender a policy or policies of insurance against fire and extended coverage perils, in "builder's all risk" form (and flood, if the Real Property is located in a designated flood zone), in the full insurable value of the Improvements, as completed, or such other amount as the Lender may agree to in writing.

All such policies shall be in form and with companies acceptable to the Lender, with mortgagee clauses acceptable to the Lender. The Lender shall be named as first loss payee. The Lender reserves the right to increase the amount of the required coverages or require insurance against additional risks at any time. Borrower shall obtain renewals of any policies which expire and deliver the same to the Lender at least ten (10) days prior to the expiration of the policy being replaced. All policies and renewals thereof shall provide that the same may not be cancelled without at least thirty (30) days' prior written notice to the Lender.

10. Inspection. The Lender shall have the right to enter upon the Property for the purpose of



inspecting the Improvements and construction thereof at all times, and Borrower shall provide for the Lender's access thereto.

11. Lien Claimant Notices. In the event the Lender receives a notice of non-payment from any potential lien claimant against the Property or otherwise becomes aware of a lien, the Lender may, at its option, either refuse to make any further disbursements or withhold from the next disbursements such amount as the Lender feels is required to satisfy the potential lien including all costs and fees allowed by law before disbursing any further amounts to Borrower. Such withheld amount shall be retained by the Lender until the date of an agreement of the potential lien claimant, Borrower, and Contractor as to the disbursement of the amount withheld in a form satisfactory to the Lender or until the date of entry of a court order directing the Lender to disburse the withheld funds. Interest shall accrue on any such funds as though they had been disbursed to Borrower on the date of such withholding.

12. Liens. Borrower shall keep the Property free from liens and claims of all kinds whether or not arising in connection with the construction of the Improvements, and whether or not superior to the Security Instrument.

13. Default. The occurrence of any one or more of the following events shall constitute a default under this Agreement: (a) The breach by Borrower of any term, covenant or condition of this Agreement, or of the Note, the Security Instrument, or any of the other loan documents; (b) The Lender determines that any representation or warranty made by Borrower hereunder is false or misleading in any material respect; (c) The receipt of notice of any failure by Borrower or Contractor to perform their obligations under the Construction Contract or their obligations to subcontractors or materialmen including the filing of liens; or (d) Borrower becomes unable or admits in writing its inability to pay its debts as they mature, or files, or has filed against it, a voluntary or involuntary petition of bankruptcy, or makes a general assignment for the benefit of creditors, or has a receiver appointed for it or any of its assets, or consents to such appointment.

14. Remedies. Upon any default hereunder the Lender shall have the right to exercise any one or more of the following remedies in addition to such other remedies as may be available under law: (a) The Lender may refuse to make any further disbursements of the undisbursed loan funds or of any funds deposited hereunder by or on behalf of Borrower; (b) The Lender may take possession of the Property and complete construction of the Improvements according to the Plans and disburse for that purpose first funds deposited by or for the benefit of Borrower and then any undisbursed loan funds. If the cost of completing the Improvements is more than the balance of the remaining undisbursed funds, then such additional costs may be advanced by the Lender, at its option, in which event such additional costs shall be considered to be an additional loan to Borrower due and payable immediately upon disbursement and the repayment thereof, together with interest thereon from the date of the advance until paid at the Default Rate of interest specified in the Note, shall be secured by the Security Instrument; (c) The Lender may declare the unpaid balance of the Note and all sums secured by the Security Instrument due and payable, apply the balance of any funds deposited hereunder by or for the benefit of Borrower toward payment thereof, and exercise any or all of the remedies available to it under the Note, the Security Instrument, or otherwise.

15. Transfer of Property. If the loan is being made to provide both construction and permanent financing, and the Note or Security Instrument contain provisions which permit a sale or transfer of the Property without the full repayment of the loan, such provisions shall be inapplicable until such time as the Improvements have been completed, and the loan has been fully disbursed hereunder.

16. Third Parties. No provision of this Agreement is made or shall be construed for the benefit of any third party including Contractor. Borrower has accepted and hereby accepts the sole responsibility for the selection of Contractor, all subcontractors, and all materials, supplies and equipment to be used in the construction of the Improvements, and the Lender assumes no responsibility to Borrower, Contractor, any subcontractors, or any other person for the completion



of the Improvements or for the quality thereof, nor does the Lender assume any responsibility for the application of loan disbursements or payment of Contractor or subcontractors. Inspection by the Lender of the construction of the Improvements is for the purpose of protecting the security of the Lender and is not to be construed as a representation by the Lender that the construction will be free from faulty material or workmanship. The Lender's acceptance of Contractor's creditworthiness is solely for the Lender's own internal underwriting purposes, and is not a representation to Borrower, any subcontractor or any other party as to the creditworthiness of Contractor or the ability of Contractor to perform its obligations to Borrower, any subcontractor, or any other party, in connection with construction of the Improvements. Contractor shall have no claim against Lender for the manner by which Lender makes disbursements to Borrower or the amount of such disbursements.

17. Waiver. The waiver by the Lender of any breach or breaches of this Agreement, the Note, or the Security Instrument shall not constitute a waiver of any other prior or subsequent breach.

18. Assignment. This Agreement may not be assigned by Borrower or Contractor.

19. Joint and Several Liability. Each undersigned Borrower shall be jointly and severally liable for the performance of each and every obligation of Borrower hereunder.

20. Subordination of Contractor's Interest. Any party who executes this Agreement as Contractor thereby subordinates any lien or other interest such party may have or hereinafter acquire in the Property to that of the Lender, and agrees to execute a separate subordination agreement, in form suitable for recording, if requested to do so by the Lender.

21. Borrower's Financial Condition. Borrower represents, warrants and covenants that as of the date hereof Borrower's financial condition as heretofor reported to the Lender is accurate; and that as of the date of each disbursement of funds made hereunder, there will not have been any material adverse change in such financial condition. During the term of the Loan, Borrower agrees not to incur additional indebtedness if such additional indebtedness will materially impair Borrower's ability to repay the Loan or obtain permanent financing.

22. Attorney's Fees. In the event any action or proceeding is brought to enforce or interpret the provisions of this Agreement, the prevailing party shall be entitled to recover, as part of the prevailing party's costs, a reasonable attorney's fee, the amount of which shall be fixed by the trial, appellate, or bankruptcy court and made a part of any judgment rendered.

23. Notices. Notices or demands on either party shall be deemed given when deposited in the United States mails, certified or registered, postage prepaid, to the address listed in this Agreement beside the name of the respective party, or such other address as that party may designate to the other party by notice given in the manner herein provided.

24. Governing Law; Conflicts Between Documents. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington. Should there be a conflict between the terms of the various loan documents, the following order of priority shall control: (a) Note; (b) this Agreement; and (c) Security Instrument.

25. Assignment of Contracts. Borrower hereby assigns to the Lender as additional security for the Loan, all of the Borrower's right, title, and interest in the Plans and Construction Contract, and any performance or payment bonds procured in connection therewith; provided the Lender shall have no obligation to perform Borrower's obligations in connection therewith by virtue of this assignment. Contractor consents to the foregoing Assignment and agrees that in the event of default, the Lender may, but is not obligated to, perform the remaining obligations of Borrower under the Construction Contract on Borrower's behalf. Borrower and Contractor warrant and represent to the Lender that the Plans are freely assignable without the consent of any other party. Borrower and Contractor agree from time to time to furnish the Lender upon request a complete list of all contractors, subcontractors and suppliers employed in connection with the construction of the Improvements, together with copies of their contracts, purchase orders and related correspondence,



and any performance or payment bonds. The Lender shall have the right to make direct contact with any such contractors, subcontractors or suppliers.

26. Time of Essence. Time is of the essence of this Agreement and the performance of each and every term, covenant, and obligation herein or in the Note or Security Instrument contained.

27. Refund of Portion of Loan Fee. If the loan is other than a one year Adjustable Rate Mortgage, and if the Improvements are completed within 6 months from the date of closing and if Borrower is not otherwise in default under the Loan, \$ 550.00 will be paid to Borrower as a refund of a portion of the initial Loan fee. For purposes of this section, the Improvements will be considered complete only when a final certificate of occupancy for the Improvements has been issued and the Lender and/or a Lender approved appraiser has inspected and approved the Improvements and recertified the value thereof.

28. Severability. If any provision hereof should be held unenforceable or void, then such provision shall be deemed separable from the remaining provisions and shall in no way affect the validity of this Agreement.

29. Final Expression. This Agreement, the Note, Security Instrument and any other loan documents required by Lender and signed by Lender or Borrower in connection with this Agreement constitute the final written expression of the agreement between Borrower and Lender, which agreement may not be modified except by a writing signed by both Lender and Borrower.

30. Financial Information. At the request of Lender, Borrower shall promptly provide Lender with financial statements, tax returns, credit reports, bank account information and similar financial information related to the Borrower and/or the loan. The financial information provided by Borrower in response to a request from Lender shall be true, accurate and complete in all respects and contain no material misrepresentations or omissions.

31. Other Conditions.

As stated on the Custom Construction Commitment Letter.

32. Appraiser's Requirements.

33. Exhibits and Riders. The following exhibits and riders are attached to and made a part of this Agreement:

Washington Mutual Bank

X

Lauren Markell
LAUREN MARKELL
Loan Closer

Date: April 11, 2001

X

Roger E. Harlow
ROGER E HARLOW

X

Sheila M Harlow
SHEILA M HARLOW

X

Contractor



200104170089
, Skagit County Auditor



MANUFACTURED HOME RIDER TO CONSTRUCTION LOAN AGREEMENT

01-0883-003964475-2

THIS RIDER is made this 11th day of April, 2001, and is incorporated into and shall be deemed to amend and supplement the custom Construction Loan Agreement between the undersigned Borrower(s); Contractor (if applicable) and Lender, dated _____ (the "Construction Loan Agreement").

In addition to the covenants and agreements which are made in the Construction Loan Agreement, the parties further covenant and agree as follows:

1. Manufactured Home. The Improvements (as defined in the Construction Loan Agreement) consist of a 2001, SILVERCREST manufactured home, Model No. MANOR, Serial No. TBD, (the "Manufactured Home"), which is being acquired from MIDWAY HOMES ("Dealer") pursuant to a purchase agreement dated _____ (the "Purchase Agreement"), and various related site improvements. Borrower warrants and represents that the Purchase Agreement accurately states the price and other purchase terms for the Manufactured Home. Construction is taking place pursuant to the Purchase Agreement and/or one or more construction contracts. All references in the Construction Loan Agreement to the "Contractor" shall refer to the Dealer or contractor performing the work and all references to the "Construction Contract" shall be deemed to refer to the Purchase Agreement or the construction contract under which the work is being performed. The total cost to acquire and set up the manufactured home at the Property and to construct the related site improvements is Three Hundred Sixty-Nine Thousand Five Hundred Twenty-One & 53/100 (Dollars \$369,521.53).

2. Disbursement to Pay For Manufactured Home. No disbursement shall be made to pay for the costs of acquiring the manufactured home until (i) delivery of the Manufactured Home to the Property; and (ii) receipt by Lender of satisfactory evidence of casualty insurance with respect to the Manufactured Home with such endorsements as lender may request.

3. Security; Titling. Borrower shall take such actions as Lender deems necessary or advisable to grant and maintain a first-lien security interest in the Manufactured Home in favor of Lender. Borrower shall either maintain the Manufactured Home as a titled vehicle (with the Lender's first-lien status reflected on the title certificate) or cause the title to be eliminated in accordance with applicable law, whichever is required by the Lender. The Lender's requirements with regard to titling and title elimination are set forth on a separate Rider to Security Instrument which the Borrower is also signing today. If title elimination is required, completion of the title elimination process and the Lender's receipt of all required paperwork evidencing that title has been actually eliminated shall be a condition to the final disbursement of loan proceeds. If title is not to be eliminated, it shall be a condition to the draw that is being used to pay for the Manufactured Home that a title application reflecting the Borrower as Owner and the Lender as first lienholder be submitted to the state, and the Lender may withhold subsequent draws if the title is in fact not timely issued.



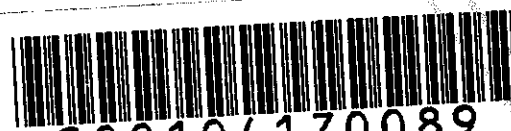
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IN WITNESS WHEREOF the parties have executed this Rider as of the day and year first above written.

X Roger E. Harlow
ROGER E. HARLOW

X Sheila M. Harlow
SHEILA M. HARLOW



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, Skagit County Auditor

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