



200206110024
Skagit County Auditor

6/11/2002 Page 1 of 4 9:13AM

Return To: WASHINGTON MUTUAL FINANCE CO
6713 NE 63RD ST SIE 103
VANCOUVER, WA. 98661

Assessor's Parcel or Account Number: P90628

Abbreviated Legal Description: ~~SEE EXHIBIT 'A'~~
LOT 17, "MOUNTAIN VIEW ESTATES"

[Include lot, block and plat or section, township and range]

FIRST AMERICAN TITLE CO.

Full legal description located on page

[Space Above This Line For Recording Data]

60390

**OPEN END DEED OF TRUST
(FIXED RATE)**

Maximum Principal Indebtedness for
Washington Recording Tax Purposes is

\$ 50,000.00

THIS DEED OF TRUST is made this 6TH day of JUNE 2002,
among the Grantor, ANN C. PEPPER AND RICHARD E. PEPPER, HUSBAND AND WIFE
(herein "Borrower"),
FIRST AMERICAN TITLE CO (herein "Trustee"), and the Beneficiary,
WASHINGTON MUTUAL FINANCE CO, a corporation organized and existing
under the laws of STATE OF WASHINGTON, whose address is 6713 NE 63RD ST SIE 103
VANCOUVER, WA. 98661 (herein "Lender").

BORROWER, in consideration of the indebtedness herein recited and the trust herein created and the sum of One Dollar (\$1.00), the receipt of which is hereby acknowledged, irrevocably grants and conveys to Trustee and Trustee's successors and assigns, in trust, with power of sale, the following described property located in the County of SKAGIT, State of Washington:

LOT 17, "MOUNTAIN VIEW ESTATES," as per plat recorded in volume 14 of PLATS, page 198, records of Skagit County, Washington.

which has the address of 820 CULTUS MOUNTAIN DR. SEDRO WOOLLEY, WA. 98284
(STREET)
[CITY, STATE & ZIP] (herein "Property Address");

TO HAVE AND TO HOLD unto Trustee and Trustee's successors and assigns, forever, together with all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances, rents (subject however to the rights and authorities given herein to Lender to collect and apply such rents), royalties, mineral, oil and gas rights and profits, water, water rights, and water stock, and all fixtures attached to the property, all of which shall be deemed to be and remain a part of the real property covered by this Deed of Trust; and all of the foregoing, together with said property (or the leasehold estate if this Deed of Trust is on a leasehold) are herein referred to as the "Property";

TO SECURE to Lender (a) the repayment of the indebtedness evidenced by an Open End Credit Agreement between Borrower and Lender including any renewal or refinancing thereof dated 06/11/2009 (herein "Note"), with a credit limit of FIFTY THOUSAND DOLLARS AND 0/100'S Dollars (\$ 50,000.00) ("Credit Limit") upon which Credit Limit Borrower is entitled to borrow from time to time to the full amount thereof, and an initial cash advance of FIFTY THOUSAND DOLLARS AND 0/100'S Dollars (\$ 50,000.00), with interest thereon, providing for monthly payments of principal and interest, with the balance of the indebtedness, if not sooner paid, due and payable

- 5 years (60 mos.)
- 7 years (84 mos.)
- 10 years (120 mos.)
- 15 years (180 mos.)

from the date thereof, the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Deed of Trust; and the performance of the covenants and agreements of Borrower herein contained; and (b) the repayment of any future advances in excess of the Credit Limit, with interest thereon, made to Borrower by Lender pursuant to paragraph 21 hereof (herein "Future Advances").

Borrower covenants that Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property, that the Property is unencumbered, unless checked here , in which case this instrument is subordinate only to a Deed of Trust or Mortgage (herein "Prior Encumbrance") from _____ in favor of _____, recorded in Deed Book _____, Page _____

_____ County Records. Borrower will warrant and defend generally the title to the Property against all claims and demands, subject to any declarations, easements or restrictions listed in a schedule of exceptions to coverage in any title insurance policy insuring Lender's interest in the Property.

Borrower and Lender covenant and agree as follows:

1. Payment of Principal and Interest. Borrower shall promptly pay when due the principal of and interest on the indebtedness evidenced by the Note, and the principal of and interest on any Future Advances secured by this Deed of Trust.

2. Application of Payments. Unless applicable law or the Note provides otherwise, all payments received by Lender under the Note and paragraphs 1 hereof shall be applied by Lender first in payment of interest payable on the Note, then to the principal of the Note, and then to interest and principal on any Future Advances.

3. Charges; Liens. Borrower shall pay all taxes, assessments and other charges, fines and impositions attributable to the Property which may attain a priority over this Deed of Trust, and leasehold payments or ground rents, if any. Borrower shall promptly furnish to Lender all notices of amounts due under this paragraph, and in the event Borrower shall make payment directly, Borrower shall promptly furnish to Lender receipts evidencing such payments. Borrower shall promptly discharge any lien which has priority over this Deed of Trust; provided, that Borrower shall not be required to discharge any such lien so long as Borrower shall agree in writing to the payment of the obligation secured by such lien in a manner acceptable to Lender, or shall in good faith contest such lien by, or defend enforcement of such lien in, legal proceedings which operate to prevent the enforcement of the lien or forfeiture of the Property or any part thereof.

4. Hazard 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 such other hazards as Lender may require and in such amounts and for such periods as Lender may require; provided, that Lender shall not require that the amount of such coverage exceed that amount of coverage required to pay the sums secured by this Deed of Trust plus all prior encumbrances on the Property.

The insurance carrier providing the insurance shall be chosen by Borrower subject to approval by Lender; provided, that such approval shall not be unreasonably withheld. All premiums on insurance policies shall be paid by Borrower.

All insurance policies and renewals thereof shall be in form acceptable to Lender and shall include a standard mortgage clause in favor of and in form acceptable to Lender. Lender shall have the right to hold the policies and renewals thereof, and Borrower shall promptly furnish to Lender all renewal notices and all receipts of paid premiums. 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, insurance proceeds shall be applied to restoration or repair of the Property damaged, provided such restoration or repair is economically feasible and the security of this Deed of Trust is not thereby impaired. If such restoration or repair is not economically feasible or if the security of this Deed of Trust would be impaired, the insurance proceeds shall be applied to the sums secured by this Deed of Trust, with the excess, if any, paid to Borrower. If the Property is abandoned by Borrower, or if Borrower fails to respond to Lender within 30 days from the date notice is mailed by Lender to Borrower that the insurance carrier offers to settle a claim for insurance benefits, Lender is authorized to collect and apply the insurance proceeds at Lender's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

Unless Lender and Borrower otherwise agree in writing, any such application of proceeds to principal shall not extend or postpone the due date of the monthly installments referred to in paragraph 1 hereof or change the amount of such installments. If under paragraph 17 hereof the Property is acquired by Lender, all right, title and interest of Borrower in and to any insurance policies and in and to the proceeds thereof resulting from damage to the Property prior to the sale or acquisition shall pass to Lender to the extent of the sums secured by this Deed of Trust immediately prior to such sale or acquisition.

5. Preservation and Maintenance of Property; Leaseholds; Condominiums; Planned Unit Developments. Borrower shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property and shall comply with the provisions of any lease if this Deed of Trust is on a leasehold. If this Deed of Trust is on a unit in a condominium or a planned unit development, Borrower shall perform all of Borrower's obligations under the declaration or covenants creating or governing the condominium or planned unit development, the by-laws and regulations of the condominium or planned unit development, and constituent documents. If a condominium or planned unit development rider is executed by Borrower and recorded together with this Deed of Trust, the covenants and agreements of such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Deed of Trust as if the rider were a part hereof.

6. Protection of Lender's Security. If Borrower fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, including, but not limited to, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or decedent, then Lender at Lender's option, upon notice to Borrower, may make such appearances, disburse such sums and take such action as is necessary to protect Lender's interest, including, but not limited to, disbursement of reasonable attorney's fees and entry upon the Property to make repairs. If Lender required mortgage insurance as a condition of making the loan secured by this Deed of Trust, Borrower shall pay the premiums required to maintain such insurance in effect until such time as the requirement for such insurance terminates in accordance with Borrower's and Lender's written agreement or applicable law. Borrower shall pay the amount of all mortgage insurance premiums.

Any amounts disbursed by Lender pursuant to this paragraph 6, with interest thereon, shall become additional indebtedness of Borrower secured by this Deed of Trust. Unless Borrower and Lender agree to other terms of payment, such amounts shall be payable upon notice from Lender to Borrower requesting payment thereof, and shall bear interest from the date of disbursement at the rate payable from time to time on outstanding principal under the Note unless payment of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate permissible under applicable law. Nothing contained in this paragraph 6 shall require Lender to incur any expense or take any action hereunder.

7. Inspection. Lender may make or cause to be made reasonable entries upon and inspections of the Property, provided that Lender shall give Borrower notice prior to any such inspection therefor related to Lender's interest in the Property.

8. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Deed of Trust, with the excess, if any, paid to Borrower. In the event of a partial taking of the Property, unless Borrower and Lender otherwise agree in writing, there shall be applied to the sums secured by this Deed of Trust such proportion of the proceeds as is equal to that proportion which the amount of the sums secured by this Deed of Trust immediately prior to the date of taking bears to the fair market value of the Property immediately prior to the date of taking, with the balance of the proceeds paid to Borrower.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemner offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date such notice is mailed, Lender is authorized to collect and apply the proceeds, at Lender's option, either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

Unless Lender and Borrower otherwise agree in writing, any such application of proceeds to principal shall not extend or postpone the due date of the monthly installments referred to in paragraph 1 hereof or change the amount of such installments.

9. Borrower Not Released. Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Lender to any successor in interest of Borrower shall not operate to release, in any manner, the liability of the original Borrower and Borrower's successors in interest. Lender shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Borrower and Borrower's successors in interest.

10. Forbearance by Lender Not a Waiver. Any forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy. The procurement of insurance or the payment of taxes or other liens or charges by Lender shall not be a waiver of Lender's right to accelerate the maturity of the indebtedness secured by this Deed of Trust.

11. Remedies Cumulative. All remedies provided in this Deed of Trust are distinct and cumulative to any other right or remedy under this Deed of Trust or afforded by law or equity, and may be exercised concurrently, independently or successively.

12. Successors and Assigns Bound; Joint and Several Liability; Captions. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Lender and Borrower, subject to the provisions of paragraph 16 hereof. All covenants and agreements of Borrower shall be joint and several. The captions and headings of the paragraphs of this Deed of Trust are for convenience only and are not to be used to interpret or define the provisions hereof.

13. Notice. Except for any notice required under applicable law to be given in another manner, (a) any notice to Borrower provided for in this Deed of Trust shall be given by mailing such notice by certified mail addressed to Borrower at the Property Address or at such other address as Borrower may designate by notice to Lender as provided herein, and (b) any notice to Lender shall be given by certified mail, return receipt requested, to Lender's address stated herein or to such other address as Lender may designate by notice to Borrower as provided herein. Any notice provided for in this Deed of Trust shall be deemed to have been given to Borrower or Lender when given in the manner designated herein.



14. Uniform Deed of Trust; Governing Law; Severability. This form of Deed of Trust combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property. This Deed of Trust shall be governed by the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Deed of Trust or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision, and to this end the provisions of the Deed of Trust and the Note are declared to be severable.

15. Borrower's Copy. Borrower shall be furnished a conformed copy of the Note and of this Deed of Trust at the time of execution or after recordation hereof.

16. Transfer of the Property; Assumption. If all or any part of the Property or an interest therein is sold or transferred by Borrower without Lender's prior written consent, excluding (a) the creation of a lien or encumbrance subordinate to this Deed of Trust, (b) the creation of a purchase money security interest for household appliances, (c) a transfer by devise, descent or by operation of law upon the death of a joint tenant or (d) the grant of any leasehold interest of three years or less not containing an option to purchase, Lender, may, subject to the terms of the Open End Credit Agreement of even date herewith, at Lender's option, declare all the sums secured by this Deed of Trust to be immediately due and payable. Lender shall have waived such option to accelerate if, prior to the sale or transfer, Lender and the person to whom the Property is to be sold or transferred reach agreement in writing that the credit of such person is satisfactory to Lender and that the interest payable on the sums secured by this Deed of Trust shall be at such rate as Lender shall request. If Lender has waived the option to accelerate provided in this paragraph 16, and if Borrower's successor in interest has executed a written assumption agreement accepted in writing by Lender, Lender shall release Borrower from all obligations under this Deed of Trust and the Note.

If Lender exercises such option to accelerate, Lender shall mail Borrower notice of acceleration in accordance with paragraph 13 hereof. Such notice shall provide a period of not less than 30 days from the date the notice is mailed within which Borrower may pay the sums declared due. If Borrower fails to pay such sums prior to the expiration of such period, Lender may, without further notice or demand on Borrower, invoke any remedies permitted by paragraph 17 hereof.

17. Acceleration; Remedies. Except as provided in paragraph 16 hereof, upon Borrower's default under the terms of the Open End Credit Agreement of even date herewith, which terms are incorporated herein by reference, including the covenants to pay when due any sums secured by this Deed of Trust, Lender prior to acceleration shall give notice in the manner prescribed by applicable law to Borrower and to the other persons prescribed by applicable law specifying: (1) the breach; (2) the action required to cure such breach; (3) a date, not less than 30 days from the date the notice is mailed to Borrower, by which such breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. The notice shall further inform Borrower of (i) the right to reinstate after acceleration, (ii) the right to assert in the foreclosure proceeding the non-existence of a default or any other defense of Borrower to acceleration and foreclosure and (iii) of any other matters required to be included in such notice by applicable law. If the breach is not cured on or before the date specified in the notice, Lender at Lender's option may declare all of the sums secured by this Deed of Trust to be immediately due and payable 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 reasonable costs and expenses incurred in pursuing the remedies provided in this paragraph 17.

If Lender invokes the power of sale, the Trustee is hereby empowered and authorized, after first advertising for twenty-one (21) days by three (3) weekly notices, giving notice of the time, place and terms of sale, in some newspaper published in the county in which the Property is located, to sell the Property at public outcry to the highest and best bidder for cash in bar of all equities of redemption (both statutory and common law), homestead, dower, and all other rights or exemptions of every kind, all of which are hereby expressly waived. Borrower waives the necessity of the Trustee making oath, filing inventory, or giving bond as security for the execution of this trust, as required by the laws of Washington. Upon such sale, the Trustee is hereby authorized to execute and deliver a deed of conveyance in fee of the property to the purchaser thereof, and to place the purchaser in quiet and peaceful possession of the Property. Borrower agrees that in the case of any sale under this Deed of Trust, Borrower will at once surrender possession of the Property, and will from that moment become and be a tenant at will of the purchaser, and be removable by process, such as forceable and unlawful detainer, hereby agreeing to pay the purchaser the reasonable rental value of the property after sale.

The proceeds of any sale under this Deed of Trust shall be applied by the Trustee as follows: first, to pay the costs and expenses of the sale, and any and all sums expended on account of costs of litigation, attorney's fees, ground rents, taxes, insurance premiums, or any advances made or expenses incurred on account of the Property sold with interest thereon; second, to retain as compensation, a commission of 1% of the gross sale price; third, to all sums secured by this Deed of Trust; and the excess, if any, to the person or persons legally entitled thereto.

In the event of a default by Borrower, the Trustee in addition to the power of sale provided herein, shall have the right to proceed in a court of equity to foreclose this Deed of Trust and shall be entitled to the appointment of a receiver to collect the rents issued and profits of the Property, pending such sale.

18. Borrower's Right to Reinstate. Notwithstanding Lender's acceleration of the sums secured by this Deed of Trust, Borrower shall have the right to have any proceedings begun by Lender to enforce this Deed of Trust discontinued at any time prior to the earlier to occur of (i) the fifth day before sale of the Property pursuant to the power of sale contained in this Deed of Trust or (ii) entry of a judgment enforcing this Deed of Trust if: (a) Borrower pays Lender all sums which would be then due under this Deed of Trust, the Note and notes securing Future Advances, if any, had no acceleration occurred; (b) Borrower cures all breaches of any other covenants or agreements of Borrower contained in this Deed of Trust; (c) Borrower pays all reasonable expenses incurred by Lender and Trustee in enforcing the covenants and agreements of Borrower contained in this Deed of Trust and in enforcing Lender's and Trustee's remedies as provided in paragraph 17 hereof, including, but not limited to, reasonable attorney's fees; and (d) Borrower takes such action as Lender may reasonably require to assure that the lien of this Deed of Trust, Lender's interest in the Property and Borrower's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired. Upon such payment and cure by Borrower, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

19. Future Advances. Upon renewal or refinancing or an increase in the initial Credit Limit of the Note secured hereby, Lender may, upon request by Borrower and at Lender's sole discretion, advance additional sums in excess of the initial Credit Limit which sums, if any, together with the amounts included in the renewed or refinanced Note, shall, with interest thereon, be secured by this Deed of Trust. At no time shall the principal amount of the indebtedness secured by this Deed of Trust, not including sums advanced in accordance herewith to protect the security of this Deed of Trust, exceed the initial Credit Limit plus US \$100,000.

20. Release. Upon payment of all sums secured by this Deed of Trust, Lender or Trustee shall cancel this Deed of Trust. If Trustee is requested to release this Deed of Trust, all notes evidencing indebtedness secured by this Deed of Trust shall be surrendered to Trustee. Borrower shall pay all costs of recordation, if any.

21. Substitute Trustee. Lender may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder by an instrument recorded in the county in which this Deed of Trust is recorded and no resignation, evidence of inability, or failure to function or evidence of absence or death of the trustee shall be required. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee herein and by applicable law.



IN WITNESS WHEREOF, Borrower has executed and sealed this Deed of Trust.

Signed, sealed and delivered in the presence of:

..... (Seal)
..... Borrower
..... (Seal)
..... Borrower

STATE OF WASHINGTON, COUNTY OF SKAGIT
Before me a Notary Public in and for said State and County, duly commissioned and qualified, personally appeared ANN C. PERLINO & ROBERT E PERLINO to me known to be the person(s) described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

WITNESS my hand and Notarial Seal at office this 6th day of June 2002
[Signature]
Notary Public
My Commission Expires 4/17-2002

NOTICE TO BORROWER

Reduction in credit limit - Notice of limitation. - The credit limit under your open end deed of trust may be reduced by the borrower, whether the advances to be made thereunder are obligatory or optional, to an amount not less than the amount of principal indebtedness shown on the most recent statement of your account received by you from the creditor plus the amount of any advances initiated by you subsequent to that statement.

In order to make such a reduction in the credit limit, you must:

- (A) Serve a notice of limitation on the creditor substantially in accordance with paragraph 13(b) of this Deed of Trust and the below requirements; and
- (B) On or before the effective date of the notice, file a copy for recordation in the appropriate register's office as an amendment to the Deed of Trust.

Upon the recording of a notice of limitation in the appropriate register's office, the notice of limitation becomes irrevocable, and shall not be modified, amended, or rescinded. In order to be effective, any such notice of limitation must be in substantial compliance with the following requirements:

- (1) It must name the Creditor on whom the notice is served;
- (2) It must state specifically the reduced credit limit;
- (3) It must state the effective date of such limitation, which date cannot be sooner than one (1) regular business day after the date of the service of the notice;
- (4) It must name all parties to the open end credit agreement and the Deed of Trust securing the same;
- (5) It must identify with reasonable specificity the real property subject to the Deed of Trust;
- (6) It must give any account number assigned to the account of the open end credit agreement; and
- (7) It must be signed by all persons principally obligated to repay advances under the open end credit agreement.

After the service of such a notice of limitation, the borrower shall not request or demand any further advances under the open end credit agreement that exceed the credit limit stated in the notice, and the creditor will be relieved and released from any obligation or commitment to make advances thereunder that exceed that reduced credit limit.



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Skagit County Auditor