



200207150245

Skagit County Auditor

7/15/2002 Page 1 of 5 4:14PM

AFTER RECORDING RETURN TO:

Joachim Richter
1909 Skyline Way, Suite #103
Anacortes, WA 98221

PTN LOT 1 ALL LOTS 2 & 3 SCSP #127-78

TAX ID: P31208

A 21135

DEED OF TRUST

THIS DEED OF TRUST, is made this 15th day of July 2002 between Secret Harbor School, a Washington nonprofit corporation ("Grantor"), whose address is 1809 Commercial Avenue, Anacortes, WA 98221; ISLAND TITLE OF SKAGIT COUNTY, a corporation, ("Trustee"), whose address is 3110 Commercial Avenue, Anacortes, WA 98221 and Joachim and Patricia A. Richter, husband and wife, ("Beneficiary"), whose address is 1909 Skyline Way, Suite 103, Anacortes, WA 98221.

Grantor hereby bargains, sells and conveys to Trustee in Trust, with power of sale, all of Grantor's interest in and to the following described real property in Skagit County, Washington:

Grantor's interest in certain real property, more particularly described in Exhibit A attached hereto, which real property is not used principally for agricultural or farming purposes, together with all the tenements, hereditaments, and appurtenances now or hereafter thereunto belonging or in any wise appertaining, and the rents, issues and profits thereof.

This deed is for the purpose of securing performance of each agreement of Grantor herein contained, and contained in the Promissory Note of even date in the amount of Five Hundred Fifty Thousand and no/100 Dollars (\$550,000.00), and all renewals, modifications and extensions thereof, and also such further sums as may be advanced or loaned by Beneficiary to Grantor, or any of their successors or assigns, together with interest thereon at such rate as shall be agreed upon.

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

1. To keep the property in good condition and repair; to permit no waste thereof; to complete any building, structure or improvement being built or about to be built thereon; to restore promptly any building, structure or improvement thereon which

may be damaged or destroyed; to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property; and to make no improvements without Grantor's prior consent; provided, however, Grantor's consent to improvements shall not be unreasonably withheld or delayed.

2. To pay before delinquent all lawful taxes and assessments upon the property; to keep the property free and clear of all other charges, liens or encumbrances impairing the security of this Deed of Trust.

3. To keep all buildings now or hereafter erected on the property described herein continuously insured against loss by fire or other hazards and to name Beneficiary as an additional insured.

4. To defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of title search and attorney's fees in a reasonable amount, in any such action or proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

5. To pay all costs, fees and expenses in connection with this Deed of Trust, including the expenses of the Trustee incurred in enforcing the obligation secured hereby, including costs of title search, and Trustee's and attorney's fees actually incurred, as provided by statute.

6. Should Grantor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances including underlying encumbrances or other charges against the property, including any utility charges, Beneficiary may pay the same, and the amount so paid, with interest at the rate of twelve percent (12%) per annum, shall be added to and become a part of the debt secured in this Deed of Trust as of the date of such payment.

IT IS MUTUALLY AGREED THAT:

1. In the event any portion of the property is taken or damaged in an eminent domain proceeding, the entire amount of the award or such portion as may be necessary to fully satisfy the obligation secured hereby, shall be paid to Beneficiary to be applied to said obligation.

2. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right to require prompt payment when due of all other sums so secured or to declare default for failure to so pay.

3. The Trustee shall reconvey all or any part of the property covered by this Deed of Trust to the person entitled thereto on written request of the Grantor and the



Beneficiary, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.

4. Upon default by Grantor in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, all sums secured hereby shall immediately become due and payable at the option of the Beneficiary. In such event and upon written request of Beneficiary, Trustee shall sell the trust property, in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. Any person except Trustee may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (1) to the expense of the sale, including a reasonable Trustee's fee and attorneys' fees; (2) to the obligation secured by this Deed of Trust; (3) the surplus, if any, shall be distributed to the persons entitled thereto.

5. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the property which Grantor had or had the power to convey at the time of his execution of this Deed of Trust, and such as he may have acquired thereafter, Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchaser and encumbrances for value.

6. The power of sale conferred by this Deed of Trust and by the Deed of Trust Act of the State of Washington is not an exclusive remedy; Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.

7. In the event of death, incapacity, disability, or resignation of Trustee, Beneficiary may appoint in writing a successor trustee, and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded, the successor trustee shall be vested with all powers of the original trustee. The trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Grantor, Trustee or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

8. This Deed of Trust applies to, inures to the benefit of, and is binding not only on the parties hereto, but on their heirs, devisees, legatees, administrators, executors and assigns. The term Beneficiary shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiary herein.



Dated this 2nd day of November, 2001

Secret Harbor School,
a Washington nonprofit corporation

By: [Signature]
Its: [Signature]

STATE OF WASHINGTON)
)ss.
COUNTY OF Skagit)

On this 2nd day of November, 2001, before me personally appeared Brian E. Carroll to me known to be the Exec Director of Secret Harbor School, a Washington nonprofit corporation, the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that (he/she) was authorized to execute said instrument.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal this
2nd day of Nov., 2001.

Susan L Street
Name (typed or printed): Susan L. Street
NOTARY PUBLIC in and for the State of
Washington
Residing at 1114 Vernon, WA
My appointment expires: 12-31-01



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Skagit County Auditor

EXHIBIT "A"

Lots 1, 2 and 3, Skagit County Short Plat No. 127-78 as approved March 16, 1979, and recorded March 20, 1979, in Volume 3 of Short Plats, page 83, under Auditor's File No. 7903200011, records of Skagit County, Washington; being a portion of Government Lots 4 and 5, Section 4, Township 35 North, Range 1 East of the Willamette Meridian;

EXCEPT that portion of said Lot 1, described as follows:

Beginning at the Southwest corner of said Lot 1;
thence North along the West line thereof 170 feet;
thence East parallel to the South line of said Short Plat 80 feet;
thence South parallel to the West line of Lot 1 170 feet to the South line of said Short Plat;
thence West along the South line thereof for 80 feet to the true point of beginning.

Situate in Skagit County, Washington.

- END OF EXHIBIT "A" -



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