

WHEN RECORDED RETURN TO:



200207190003

Skagit County Auditor

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Chicago Title Insurance Company

701 5th Avenue - Suite 1700 - Seattle, Washington 98104

DOCUMENT TITLE(s)

1. UCC FINANCING STATEMENT
- 2.
- 3.

ISLAND TITLE CO.

C22246

REFERENCE NUMBER(s) OF DOCUMENTS ASSIGNED OR RELEASED:

Additional numbers on page _____ of the document

GRANTOR(s)

1. PEREGRINE HOLDINGS LLC
- 2.
- 3.

Additional names on page _____ of the document

GRANTEE(s)

1. FANNIE MAE
- 2.
- 3.

Additional names on page _____ of the document

ABBREVIATED LEGAL DESCRIPTION:

Pth NW NW 28-34-4

Complete legal description is on page _____ of the document

ASSESSOR'S PROPERTY TAX PARCEL ACCOUNT NUMBER(s):

P27997

(sign only if applicable) I am requesting an emergency nonstandard recording for an additional fee as provided in RCW 36.18.010. I understand that the recording processing requirements may cover up or otherwise obscure some part of the text of the original document.

Signature

This cover sheet is for the County Recorder's indexing purposes only. The Recorder will rely on the information provided on the form and will not read the document to verify the accuracy or completeness of the indexing information provided herein.

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

PW FUNDING INC.
 200 OLD COUNTRY ROAD
 SUITE 580
 MINEOLA, NY 11501
 ATTN: VANESSA HOWES

ISLAND TITLE CO.

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME PEREGRINE HOLDINGS, LLC						
OR	1b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX	
1c. MAILING ADDRESS 18419 Peregrine Lane			CITY Mount Vernon	STATE WA	POSTAL CODE 98274	COUNTRY USA
1d. TAX ID #: SSN OR EIN 91-2020111	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION limited liability compan	1f. JURISDICTION OF ORGANIZATION WA	1g. ORGANIZATIONAL ID #, if any 601 993 550 <input type="checkbox"/> NONE		

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME						
OR	2b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX	
2c. MAILING ADDRESS			CITY	STATE	POSTAL CODE	COUNTRY
2d. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE		

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME FANNIE MAE C/O PW FUNDING INC.						
OR	3b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX	
3c. MAILING ADDRESS 200 OLD COUNTRY ROAD, SUITE 580			CITY Mineola	STATE NY	POSTAL CODE 11501	COUNTRY USA

4. This FINANCING STATEMENT covers the following collateral:

See Exhibit "1" and Schedule A for description of real property and collateral attached hereto and made a part hereof.

5. ALTERNATIVE DESIGNATION [if applicable]:	LESSEE/LESSOR	CONSIGNEE/CONSIGNOR	BAILEE/BAIOLR	SELLER/BUYER	AG. LIEN	NON-UCC FILING
6. <input checked="" type="checkbox"/> This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum	7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [if applicable] (ADDITIONAL FEE) [optional]		All Debtors	Debtor 1	Debtor 2	
8. OPTIONAL FILER REFERENCE DATA County						



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UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT

9a. ORGANIZATION'S NAME PEREGRINE HOLDINGS, LLC		
OR	9b. INDIVIDUAL'S LAST NAME	FIRST NAME
		MIDDLE NAME, SUFFIX

10. MISCELLANEOUS:

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one name (11a or 11b) - do not abbreviate or combine names

11a. ORGANIZATION'S NAME			
OR	11b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME
			SUFFIX
11c. MAILING ADDRESS		CITY	STATE
			POSTAL CODE
			COUNTRY
11d. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	11e. TYPE OF ORGANIZATION	11f. JURISDICTION OF ORGANIZATION
			11g. ORGANIZATIONAL ID #, if any
			<input type="checkbox"/> NONE

12. ADDITIONAL SECURED PARTY'S or ASSIGNOR S/P'S NAME - insert only one name (12a or 12b)

12a. ORGANIZATION'S NAME			
OR	12b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME
			SUFFIX
12c. MAILING ADDRESS		CITY	STATE
			POSTAL CODE
			COUNTRY

13. This FINANCING STATEMENT covers timber to be cut or as-extracted collateral, or is filed as a fixture filing.

14. Description of real estate:
See Exhibit "1" attached hereto and incorporated herein by this reference.

15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest):

16. Additional collateral description:

17. Check only if applicable and check only one box.

Debtor is a Trust or Trustee acting with respect to property held in trust or Decedent's Estate

18. Check only if applicable and check only one box.

- Debtor is a TRANSMITTING UTILITY
- Filed in connection with a Manufactured-Home Transaction — effective 30 years
- Filed in connection with a Public-Finance Transaction — effective 30 years

FILING OFFICE COPY — NATIONAL UCC FINANCING STATEMENT ADDENDUM (FORM UCC1Ad) (REV. 07/29/98)
NATUCC1 - 5/4/01 C T System Online



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SCHEDULE A

DEBTOR: PEREGRINE HOLDINGS, LLC, a Washington limited liability company

SECURED PARTY: PW FUNDING INC., a Delaware corporation

This financing statement covers the following types (or items) of property (the "Collateral Property"):

1. **Improvements.** The buildings, structures, improvements, and alterations now constructed or at any time in the future constructed or placed upon the land described in Exhibit A attached hereto (the "Land"), including any future replacements and additions (the "Improvements");
2. **Fixtures.** All property which is so attached to the Land or the Improvements as to constitute a fixture under applicable law, including: machinery, equipment, engines, boilers, incinerators, installed building materials; systems and equipment for the purpose of supplying or distributing heating, cooling, electricity, gas, water, air, or light; antennas, cable, wiring and conduits used in connection with radio, television, security, fire prevention, or fire detection or otherwise used to carry electronic signals; telephone systems and equipment; elevators and related machinery and equipment; fire detection, prevention and extinguishing systems and apparatus; security and access control systems and apparatus; plumbing systems; water heaters, ranges, stoves, microwave ovens, refrigerators, dishwashers, garbage disposals, washers, dryers and other appliances; light fixtures, awnings, storm windows and storm doors; pictures, screens, blinds, shades, curtains and curtain rods; mirrors; cabinets, paneling, rugs and floor and wall coverings; fences, trees and plants; swimming pools; and exercise equipment (the "Fixtures");
3. **Personalty.** All equipment, inventory, general intangibles which are used now or in the future in connection with the ownership, management or operation of the Land or the Improvements or are located on the Land or in the Improvements, including furniture, furnishings, machinery, building materials, appliances, goods, supplies, tools, books, records (whether in written or electronic form), computer equipment (hardware and software) and other tangible personal property (other than Fixtures) which are used now or in the future in connection with the ownership, management or operation of the Land or the Improvements or are located on the Land or in the Improvements, and any operating agreements relating to the Land or the Improvements, and any surveys, plans and specifications and contracts for architectural, engineering and construction services relating to the Land or the Improvements and all other intangible property and rights relating to the operation of, or used in connection with, the Land or the Improvements, including all governmental permits relating to any activities on the Land (the "Personalty");
4. **Other Rights.** All current and future rights, including air rights, development rights, zoning rights and other similar rights or interests, easements, tenements, rights-of-way, strips and gores of land, streets, alleys, roads, sewer rights, waters, watercourses, and appurtenances related to or



benefiting the Land or the Improvements, or both, and all rights-of-way, streets, alleys and roads which may have been or may in the future be vacated (the "Other Rights");

5. **Insurance Proceeds.** All proceeds paid or to be paid by any insurer of the Land, the Improvements, the Fixtures, the Personalty or any other part of the Collateral Property, whether or not Borrower obtained the insurance pursuant to Lender's requirement (the "Insurance Proceeds");

6. **Awards.** All awards, payments and other compensation made or to be made by any municipal, state or federal authority with respect to the Land, the Improvements, the Fixtures, the Personalty or any other part of the Collateral Property, including any awards or settlements resulting from condemnation proceedings or the total or partial taking of the Land, the Improvements, the Fixtures, the Personalty or any other part of the Collateral Property under the power of eminent domain or otherwise and including any conveyance in lieu thereof (the "Awards");

7. **Contracts.** All contracts, options and other agreements for the sale of the Land, the Improvements, the Fixtures, the Personalty or any other part of the Collateral Property entered into by Borrower now or in the future, including cash or securities deposited to secure performance by parties of their obligations (the "Contracts");

8. **Other Proceeds.** All proceeds from the conversion, voluntary or involuntary, of any of the above into cash or liquidated claims, and the right to collect such proceeds (the "Other Proceeds");

9. **Rents.** All rents (whether from residential or non-residential space), revenues and other income of the Land or the Improvements, including subsidy payments received from any sources (including, but not limited to payments under any Housing Assistance Payments Contract), including parking fees, laundry and vending machine income and fees and charges for food, health care and other services provided at the Collateral Property, whether now due, past due, or to become due, and deposits forfeited by tenants (the "Rents");

10. **Leases.** All present and future leases, subleases, licenses, concessions or grants or other possessory interests now or hereafter in force, whether oral or written, covering or affecting the Collateral Property, or any portion of the Collateral Property (including proprietary leases or occupancy agreements if Borrower is a cooperative housing corporation), and all modifications, extensions or renewals (the "Leases");

11. **Other.** All earnings, royalties, accounts receivable, issues and profits from the Land, the Improvements or any other part of the Collateral Property, and all undisbursed proceeds of the loan secured by this Instrument and, if Borrower is a cooperative housing corporation, maintenance charges or assessments payable by shareholders or residents;

12. **Imposition Deposits.** Deposits held by the Lender to pay when due (1) any water and sewer charges which, if not paid, may result in a lien on all or any part of the Collateral Property, (2) the premiums for fire and other hazard insurance, rent loss insurance and such other insurance as Lender may require, (3) taxes, assessments, vault rentals and other charges, if any, general, special or otherwise, including all assessments for schools, public betterments and general or local improvements, which are levied, assessed or imposed by any public authority or quasi-public



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EXHIBIT B-2

**MODIFICATION TO SECURITY INSTRUMENT
(Manufactured Housing Community)**

The following modifications are made to the text of the Instrument that precedes this Exhibit:

1. **Additional Definitions.** Section 1 of the Instrument is amended to add the following definitions:

"Manufactured Home" or "Home" means a "manufactured home" as that term is defined in the Manufactured Housing Construction and Safety Standards Act of 1974 as amended (42 USC Chapter 70), and in 24 CFR § 3280.2, and any related fixtures and personal property;

"Site" means a lot in the Mortgaged Property leased to a consumer under a Lease;

"Retail Creditor" means any party holding a consensual lien on a Home placed on the Mortgaged Property;

2. **Amendment to Existing Definitions.** Section 1(j) of the Instrument is amended as follows:

a. **"Improvements"** means the buildings, structures, improvements, Sites, and alterations now constructed or at any time in the future constructed or placed upon the Land, including any future replacements and additions. Improvements include Manufactured Homes owned by Borrower.

3. **Lender's Security Interest.** Section 2 of the Instrument is amended to read as follows:

2. UNIFORM COMMERCIAL CODE SECURITY AGREEMENT. This Instrument is also a security agreement under the Uniform Commercial Code for any of the Mortgaged Property which, under applicable law, may be subject to a security interest under the Uniform Commercial Code, whether acquired now or in the future, and all products and cash and non-cash proceeds thereof (collectively, "UCC Collateral"), and Borrower hereby grants to Lender a security interest in the UCC Collateral. The UCC Collateral shall include the Homes described in **Exhibit C** annexed hereto ("Borrower's Homes") and any amounts in the Seasonal Working Capital Reserve Fund, as provided in Section 4(g) of this Instrument.

Modifications to Instrument
(Manufactured Housing Community)

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Borrower hereby authorizes Lender to file financing statements, continuation statements and financing statement amendments in such form as Lender may require to perfect or continue the perfection of this security interest and Borrower agrees, if Lender so requests, to execute and deliver to Lender such financing statements, continuation statements and amendments. Borrower shall pay all filing costs and all costs and expenses of any record searches for financing statements that Lender may require. Without the prior written consent of Lender, Borrower shall not create or permit to exist any other lien or security interest in any of the UCC Collateral. If an Event of Default has occurred and is continuing, Lender shall have the remedies of a secured party under the Uniform Commercial Code, in addition to all remedies provided by this Instrument or existing under applicable law. In exercising any remedies, Lender may exercise its remedies against the UCC Collateral separately or together, and in any order, without in any way affecting the availability of Lender's other remedies. This Instrument constitutes a financing statement with respect to any part of the Mortgaged Property that is or may become a Fixture.

Each Borrower's Home shall be personal property no matter how it is placed or affixed. Until all amounts owed under the Loan Documents are paid in full, the Manufactured Home shall be located on the Mortgaged Property at the address indicated on Exhibit C ("Collateral Site"). Borrower shall not move the Home from the Collateral Site without Lender's prior written permission.

4. **Leases.**

(a) Section 4(e) of the Security Agreement is amended to read as follows:

Borrower shall, promptly upon Lender's request, deliver to Lender an executed copy of each Lease for a Site then in effect. All Leases for Sites shall comply with applicable law. All Leases for Sites shall be on forms approved by Lender, shall be for initial terms of at least six months and not more than two years, and shall not include options to purchase. If customary in the applicable market, residential Leases with terms of less than six months may be permitted with Lender's prior written consent. Borrower shall give Lender thirty (30) days written notice of any material changes to the form of the Lease.

(b) Section 4(g) of the Security Agreement is deleted in its entirety and the following substituted in lieu thereof:

Upon consummation of the Loan, and upon the eleventh day of each month thereafter, (each, a "**Reserve Determination Date**"),

Modifications to Instrument
(Manufactured Housing Community)

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if the aggregate annualized amount of Rents paid more than thirty (30) days in advance of their respective due dates ("**Pre-paid Rents**") exceeds five percent of the total annual Rent Roll, Borrower shall deposit and maintain with Lender an escrow fund ("**Seasonal Working Capital Reserve Fund**" or "**Fund**"). The Fund shall be in an amount determined by Lender in its sole discretion, but in any event not less than the total annualized amount of Pre-paid Rents ("**Seasonal Working Capital Contribution**"). Upon thirty (30) days prior notice by the Lender, Borrower shall add to the Fund such amounts as Lender deems appropriate. The Fund shall be held pursuant to the terms of a Seasonal Working Capital Reserve Escrow Agreement executed by the Borrower and the Lender concurrently with the execution of this Instrument.

5. **Single Asset Borrower.** Section 33 of the Instrument is amended to add a new final paragraph to read as follows:

In particular, and without limiting the foregoing, the Borrower is not and shall not engage in the retail sale or financing of Manufactured Homes. Borrower shall not rent Homes under Leases providing that upon payment of the stipulated rent or a nominal charge, the Borrower shall convey title to the Home to the lessee.

6. **Remedies.** Section 43 of the Instrument is amended to add the following new paragraphs:

At Lender's option, Lender may repossess the Borrower's Homes peacefully without Borrower's permission. Lender also may require Borrower to make the Borrower's Homes available to Lender at a place Lender designates that is reasonably convenient to Borrower and Lender. At Lender's option, Lender may detach and remove Borrower's Home from the Mortgaged Property, or Lender may take possession of it and leave it on the Mortgaged Property. Borrower agrees to cooperate with Lender if Lender exercises these rights.

After Lender repossesses, Lender may then sell the Borrower's Home and apply what Lender receives to Lender's reasonable repossession, repair, storage, and sale expenses, and then toward any other amounts Borrower owes under the Loan Documents, as allowed by law.

7. **New Provision.** The following new paragraph is added to the Instrument:

48. Exhibit C is attached to this Instrument.

**Modifications to Instrument
(Manufactured Housing Community)**

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authority, and which, if not paid, will become a lien, on the Land or the Improvements, and (4) amounts for other charges and expenses which Lender at any time reasonably deems necessary to protect the Collateral Property, to prevent the imposition of liens on the Collateral Property, or otherwise to protect Lender's interests, all as reasonably estimated from time to time by Lender (the "Imposition Deposits");

13. **Refunds or Rebates.** All refunds or rebates of Impositions by any municipal, state or federal authority or insurance company (other than refunds applicable to periods before the real property tax year in which the Security Instrument is dated);

14. **Tenant Security Deposits.** All tenant security deposits which have not been forfeited by any tenant under any Lease;

15. **Names.** All names under or by which any of the above Collateral Property may be operated or known, and all trademarks, trade names, and goodwill relating to any of the Collateral Property; and

16. **Manufactured Homes.** All Manufactured Homes described in Schedule 1 attached hereto, all personal property associated with any Manufactured Home, including but not limited to appliances, heating and cooling systems, awnings, skirting, decking, porches, garage, and add-on rooms, and any and all replacements of any of the foregoing, any and all accessions to any of the foregoing, and any proceeds of any of the foregoing, including but not limited to insurance proceeds.

BORROWER:

PEREGRINE HOLDINGS, LLC,
a Washington limited liability company

By: 
Name: Kevin E. Ware
Its: Manager

By: 
Name: Kari J. Ware
Its: Manager



Schedule 1

NONE



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EXHIBIT A

NONE

**Certificate of Borrower
(Manufactured Housing Community)**

Form 4518-MHC 01/01 (Page A-1)



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EXHIBIT 1
LEGAL DESCRIPTION

PARCEL A:

The East 188.44 feet (as measured at right angles to the East line of said subdivision) of the Northwest Quarter of the Northwest Quarter of Section 28, Township 34 North, Range 4 East of the Willamette Meridian;

EXCEPT the North 30 feet thereof for county road.

(A portion of said land is also known as Lots 1-115 of Survey titled Little Mountain Estates, recorded in Volume 11 of Surveys, Page 23, under Auditor's File No. 9104110058, records of Skagit County, Washington.)

PARCEL B:

The West Third of the Northeast Quarter of the Northwest Quarter;

EXCEPT the North 30 feet thereof for county road;

TOGETHER WITH the West Third of the North Half of the Southeast Quarter of the Northwest Quarter, all in Section 28, Township 34 North, Range 4 East of the Willamette Meridian.

(A portion of said land is also known as Lots 1-115 of Survey titled Little Mountain Estates, recorded in Volume 11 of Surveys, Page 23, under Auditor's File No. 9104110058, records of Skagit County, Washington.)

ALL Situated in Skagit County, Washington.



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