



200208130078

Skagit County Auditor

8/13/2002 Page 1 of 2 3:24PM

After Recording return to:

HORIZON BANK  
PO BOX 580  
BELLINGHAM WA 98227

**SUBSTITUTE SECURITY AGREEMENT**

1050000516

THIS AGREEMENT dated this 15<sup>th</sup> day of July, 2002, is by and between REX BENEDICT and KAREN FAHEY BENEDICT, husband and wife, hereinafter referred to as "Borrower", and HORIZON BANK, hereinafter referred to as "Lender".

**1. Recitals.**

Borrower and Lender previously entered into a loan transaction whereby Lender loaned to Borrower and Borrower borrowed from Lender the sum of Two Hundred Forty-four Thousand Dollars (\$244,000.00), the proceeds of said loan being used to enable Borrower to purchase a four-plex located at 111 North 21<sup>st</sup> Street, Mt. Vernon Washington and legally described as follows:

"Tract "A" of Short Plat NO. MV-9-79, approved September 20, 1979 and recorded September 21, 1979, in Volume 3 of Short Plats, page 185, under Auditor's File NO. 7909210028, records of Skagit County, being a portion of the Southeast  $\frac{1}{4}$  of the Northeast  $\frac{1}{4}$  of Section 20, Township 34 North, Range 4 East, W.M.

Situate in the County of Skagit, State of Washington."

Which four-plex was pledged by a Deed of Trust as security for the loan. In addition, Borrowers further pledged as additional security for the loan their primary residence located at 1316 Alpine View Drive, Mt Vernon, Washington, 98274, legally described as follows:

"Lot 57, "Plat of Eaglemont Phase 1A", as per plat recorded in Volume 15 of Plats, pages 130 through 146, inclusive, records of Skagit County, Washington.

Situate in the County of Skagit, State of Washington."

Borrowers have requested of Lender and Lender has conditionally agreed with Borrowers to substitute for the loan. The agreed upon substitution of security will be the pledge by Borrower of a 2002 thirty-six (36) foot Monaco Windsor Motor-home, serial number 1RF12444722017154. Lender will be in a first security position with respect to the motor-home, and legal title will vest in Lender until such time as the loan is paid in full or security is no longer required.

**2. Release of Security Interest in Existing Residence.**

Upon Borrower transferring legal title to the motor-home for security purposes to Lender, Lender will issue a full reconveyance in favor of Borrower with respect to Borrowers residence located at 1315 Alpine View Drive, Mt Vernon, Washington, 98274.

**3. Substitute Security.**

Borrower will grant to Lender a first security interest in and to the 2002 thirty-six (36) foot Monaco Windsor Motor-home, which security interest will be evidence by a security agreement with title to reflect that Lender is the legal owner of the motor-home and Borrower is the registered owner of the motor-home.

**4. Reaffirmation of Remaining Terms and Conditions.**

Except as modified herein with regard to the substitute security, all the terms and conditions of the original Deed of Trust pledging the four-plex located at 111 21<sup>st</sup> Street, Mt. Vernon, Washington, together with the Promissory Note evidencing the loan, shall remain in full force and effect. The additional collateral evidenced by the Deed of Trust on the Lender's residence shall be released upon Lender's interest in and to the 2002 thirty-six (36) foot Monaco Windsor Motor-home being pledged as substitute security and duly registered and recorded.

DATED the day and year first above written.

LENDER:

Horizon Bank

By

Jimmy Bennett

BORROWER:

Rex Benedict  
Rex Benedict

Karen Fahey Benedict  
Karen Fahey Benedict

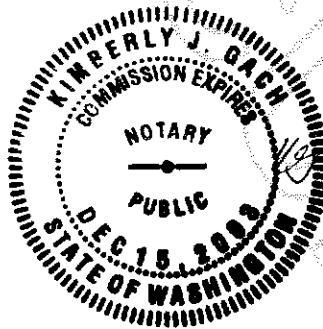
STATE OF WASHINGTON)

COUNTY OF Skagit SS

On this 15<sup>th</sup> day of July, 2002, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared REX BENEDICT and KAREN FAHEY BENEDICT, to me known to be the individuals who executed the foregoing instrument, and acknowledged the said instrument to be their free and voluntary acts and deeds, for the uses and purposes therein mentioned.

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

Kimberly J. Gach  
NOTARY PUBLIC in and for  
The State of Washington,  
Residing at Mt. Vernon  
Appointment expires: 12/15/03



200208130078  
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8/13/2002 Page 2 of 2 3:24PM