

**When Recorded Return To:**

The Washington State Department of Community,  
Trade and Economic Development  
Housing Finance Unit  
906 Columbia Street Southwest  
Post Office Box 48300  
Olympia, Washington 98504-8300



200209270200

Skagit County Auditor

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Attention: Sharon Robinson, (360) 725-2938

**ISLAND TITLE CO.**

A 21194

**LEASEHOLD DEED OF TRUST**

Grantor: AHA-Bayview Apartments Limited Partnership

Beneficiary (Lender): Department of Community, Trade, and Economic Development, Office of Community Development

Grantee (Trustee): Island Title Company

Legal Description (abbreviated): Ptn Block 6, GRIFFIN'S 1<sup>st</sup> ADD and Ptn Block 5, WHITE'S 1<sup>st</sup> ADD

Assessor's Tax Parcel ID#: 3792-006-020-0000 and 3837-005-024-0004

Contract Number: 02-49300-101

THIS DEED OF TRUST is made this 26<sup>th</sup> day of September, 2002, between AHA-Bayview Apartments Limited Partnership, a Washington limited partnership, whose mailing address is 719 Q Avenue, Anacortes, WA 98221 as Grantor ("Grantor"); Island Title Company, whose mailing address is 719 Q Avenue, Anacortes, WA 98221 as Trustee ("Trustee"); and the Washington State Department of Community, Trade, and Economic Development, Office of Community Development, as Beneficiary ("Beneficiary"), whose address is 906 Columbia Street, S.W., P.O. Box 48350, Olympia, Washington 98504-8350.

1. Grant. Grantor hereby irrevocably grants, bargains, sells and conveys to Trustee in trust, with power of sale, the following described property in Skagit County, Washington:

That certain leasehold estate (hereinafter called "leasehold estate"), together with and including all right, title and interest of Grantor therein, which said leasehold estate embraces and covers the real property hereinafter described, situated, lying in the City of Anacortes, County of Skagit, State of Washington, and is more particularly described as: The leasehold estate created by that certain Lease Agreement (hereinafter called " Lease") dated the 15<sup>th</sup> of September, 2002, executed by and between the Housing Authority of the City of Anacortes (the "Authority"), as grantor, and Grantor, as grantee, for a term of approximately 99 years beginning on the 15<sup>th</sup> day of September, 2002, and ending on December 31, 2101, a Memorandum of which Lease was recorded on the 27<sup>th</sup> day of September, 2002, as Instrument No. ~~\*\*\*~~, in the Office of the County Auditor of Skagit County, State of Washington, and covers the following described property:

~~\*\*\*~~ 200209270196

See Attached Exhibit "A"

TOGETHER WITH all right, title and interest of Grantor in and to all options to purchase, options of first refusal and renewal options with respect to the Lease or said property or any portion thereof or any interest therein and in and to

TOGETHER WITH all interest, estate or other claims, both in law or equity, which Grantor now has or may hereafter acquire in said property.

1.1. The Lease shall not be modified or changed in any way without the written consent of Beneficiary.

1.2. Beneficiary shall be immediately furnished with all Notices of Default under the Lease served by the Authority on Grantor.

1.3. In the event Grantor shall fail to make payment due on the Lease or to perform any term or covenant as provided therein, in addition to any such default constituting a default under this Deed of Trust, the Lease shall not be modified or changed in any way without the written consent of Trustee, and Beneficiary may, at its option, make the defaulted payments or perform the term or covenant and add the same to the amount due under this Deed of Trust without waiving any of its rights under this Deed of Trust and the Note which it secures.

1.4. If both the grantor's and the grantee's estates under the Lease shall at any time become vested in one owner, this Deed of Trust and the lien created hereby shall not be destroyed or terminated by the application of the doctrine of merger, and in such event, Beneficiary shall continue to have and to enjoy all of the rights, title, interest and privileges of Beneficiary as to the separate estates. In addition, foreclosure of said property shall not destroy or terminate the Lease by application of the doctrine of merger or as a matter of law or as a result of foreclosure unless Beneficiary or any purchaser at foreclosure sale shall so elect. In the event that Grantor shall, at any time prior to the payment in full of all indebtedness secured by this Deed of Trust, acquire fee simple title to said property, such fee simple title shall not merge with the leasehold estate encumbered by this Deed of Trust, but such fee simple title shall immediately, without further action on the part of the Grantor, become subject to the lien hereof. In the event of such acquisition by Grantor, Grantor agrees to execute and deliver to Beneficiary such further instruments, conveyances and assurances as Beneficiary may reasonably require in order to further confirm and assure that the fee simple title so acquired by Grantor is subject to the terms, provisions and lien of this Deed of trust. The provisions of this paragraph shall not apply in the event Beneficiary acquires the fee of said property, except if Beneficiary shall so elect.

2. Obligations Secured. This deed is given for the purpose of securing payment in the amount of One Million Dollars (\$1,000,000.00) payable by the Authority to the Beneficiary evidenced by a Promissory Note between the Authority and the Beneficiary dated \_\_\_\_\_, 2002 and Housing Finance Unit Contract Number 02-49300-101 between the Authority and Beneficiary, as now or hereafter amended, securing performance of each term and condition of said Contract and Promissory Note, which Contract and Promissory Note have been assigned to and assumed by Grantor, together with all future advances.

3. Lien Priority. This Deed of Trust shall be in a second lien priority position against the Property.

4. Protection of Security. To protect the security of this Deed of Trust, Grantor covenants and agrees:

4.1. To keep the Property in good condition and repair; to permit no waste thereof; to complete any building, structure or improvement thereon which may be damaged or destroyed; and to comply with all laws, ordinances, conditions and restrictions affecting the property.

4.2. 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.

4.3. To keep all buildings now or hereafter on the Property continuously insured against loss by fire or other hazards in an amount not less than the replacement cost of the Property. The amount collected under any insurance policy may be applied upon any indebtedness hereby secured in such order as the Beneficiary shall determine. Such application by the Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, and subject to the rights of the Beneficiary or beneficiaries of any senior deed of trust, all rights of Grantor in insurance policies then in force shall pass to the purchaser at the foreclosure sale.



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4.4. 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 proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

4.5. 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 and Trustee's and attorney's fees actually incurred, as provided by statute.

4.6. Should Grantor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the Property, Beneficiary may pay the same, and the amount so paid shall be added to and become a part of the debt secured by this Deed of Trust.

5. General Conditions. The parties hereto agree that:

5.1. 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 this obligation secured hereby, shall be paid to Beneficiary to be applied to said obligation.

5.2. 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.

5.3. 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 obligations secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.

5.4. Power of Sale. Pursuant to Chapter 61.24 of the Revised Codes of Washington and upon default by Grantor without timely cure and after written notice of thirty (30) days 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. In such event and upon written notice of Beneficiary, the property shall be sold, in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. Any person may bid at the Trustee's sale. Subject to the rights of the beneficiary or beneficiaries of any senior deed of trust, the proceeds of the sale shall be applied as follows: (1) to the expense of the sale, including a reasonable Trustee's fee and attorney's fee; (2) to the obligation secured by this Deed of Trust; (3) the surplus, if any, shall be distributed to the person or persons entitled thereto.

5.5. A 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 the execution of this Deed of Trust, and such as Grantor 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 a bona fide purchaser for value.

5.6. 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.

5.7. Beneficiary may at any time appoint or discharge the Trustee.

5.8. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto and their successors and assigns. The terms "Grantor," "Trustee," and "Beneficiary" include their successors and assigns.

6. Acceleration. If without Beneficiary's prior written consent, all or any part of the Property or any interest in it is sold, conveyed, transferred, encumbered, or the Property is not used as required by the Low Income Housing Covenant Agreement between Beneficiary and Grantor, Beneficiary may, at its option, require immediate payment in full of all sums secured by this Deed of Trust. However, this option shall not be exercised by Beneficiary if exercise is prohibited by federal law as of the date of this Deed of Trust. If



Grantor notice of acceleration. The notice shall provide a period of not less than thirty (30) days from the date the notice is delivered or mailed within which Grantor must pay all sums secured by this Deed of Trust. If Grantor fails to pay these sums prior to the expiration of this period, Beneficiary may invoke any remedies permitted by this Deed of Trust without further notice or demand on Grantor.

IN WITNESS HEREOF, AHA-Bayview Limited Partnership has executed this Leasehold Deed of Trust on the 26<sup>th</sup> day of September, 2002.

*Leasehold Deed of Trust*

SKAGIT COUNTY WASHINGTON  
Real Estate Excise Tax  
PAID

SEP 27 2002

Amount Paid \$0  
Skagit County Treasurer  
By: *man* Deputy

AHA-Bayview Apartments Limited Partnership, a Washington limited partnership, by Housing Authority of the City of Anacortes a Washington housing authority, general partner

By: *Theresa McCallum*

Print Name: TERESA McCALLUM

Title: GENERAL PARTNER

The undersigned, as grantor under the Lease, hereby acknowledges and agrees to the provisions of Section 1.4 of this Deed of Trust.

Housing Authority of the City of Anacortes, a Washington housing authority

By: *Theresa McCallum*

Print Name: TERESA McCALLUM

Title: EXECUTIVE DIRECTOR

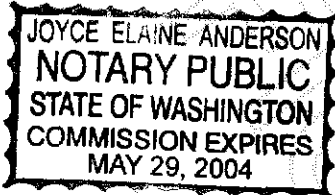


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STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF SKAGIT )

On this day personally appeared before me, Theresa McCallum, known to be the General Partner, of Housing Authority of the City of Anacortes, a Washington housing authority, to me known to be general partner of AHA-Bayview Apartments Limited Partnership, a Washington limited partnership, to be the free and voluntary act and deed of such housing authority, on behalf of such partnership for the uses and purposes mentioned in the instrument and on oath stated that s/he was authorized to execute the same.



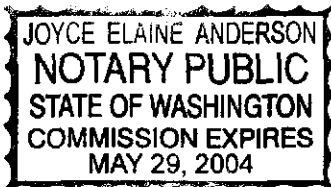
DATED: 9/26/2002

Notary Public Joyce Elaine Anderson  
My appointment expires: 5-29-2004  
residing in the county of SKAGIT

Signature: Joyce Elaine Anderson

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF SKAGIT )

On this day personally appeared before me, Theresa McCallum, known to be the EXECUTIVE DIRECTOR, of Housing Authority of the City of Anacortes, a Washington housing authority, the housing authority that executed the within instrument and acknowledged the said instrument to be the free and voluntary act and deed of said housing authority for the uses and purposes therein mentioned and on oath stated that s/he was authorized to execute the same.



DATED: 9/26/02

Notary Public Joyce Elaine Anderson  
My appointment expires: 5-29-2004  
residing in the county of SKAGIT

Signature: Joyce Elaine Anderson



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**REQUEST FOR FULL RECONVEYANCE**

**TO BE USED ONLY WHEN ALL OBLIGATIONS HAVE BEEN PAID AND ALL DUTIES PERFORMED UNDER THIS DEED OF TRUST.**

TO: TRUSTEE:

The undersigned is the party entitled to the performance, benefits, duties, and payments under the Housing Finance Unit Contract 02-49300-101 between the Authority and Beneficiary, the obligations of the Authority having been assigned to Grantor, which contract is secured by this Deed of Trust and other legal documents.

The obligations thus secured have been fully paid, duties performed and satisfied, and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel evidence of indebtedness secured by said Deed of Trust delivered to you with said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you hereunder.

\_\_\_\_\_

Dated

\_\_\_\_\_

Name

\_\_\_\_\_

Title



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**EXHIBIT "A"**

A parcel of land located in the City of Anacortes, County of Skagit, State of Washington, more particularly described as follows:

Beginning at the intersection of the North line of 30th Street and the West line of "R" Avenue as platted in Whites First Addition to the City of Anacortes;  
thence Northerly along the West line of "R" Avenue 512 feet to the point of intersection with the South line of 28th Street;  
thence West along said South line of 28th Street, a distance of 230 feet;  
thence South and parallel with the West line of R Avenue, a distance of 396 feet to the point of intersection with the North line of the alley in Block 5, Whites First Addition to the City of Anacortes;  
thence East 130 feet along the North line of the alley in said Block 5 to the point of intersection with the West line, produced North, of Lot 21, Block 5, Whites First Addition to the City of Anacortes;  
thence South 116 feet along the West line of said Lot 21 to the point of intersection with the North line of 30th Street;  
thence East 100 feet along said North line of 30th Street to the point of beginning; and situate in the Southwest Quarter of Section 19, Township 35 North, Range 2 East of the Willamette Meridian and the Northwest Quarter of Section 30, Township 35 North, Range 2 East of the Willamette Meridian;

Situated in Skagit County, Washington.

- END OF EXHIBIT "A" -

  
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