When Recorded Return to:
William Taylor
10469 Sterling Road
Sedro Woolley, WA 98284

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LAND TITLE OF SKAGIT COUNTY
114004-PE

Deed of Trust

Grantor(s):	Havre Professional Building, LLC
Grantee (Trustee):	Land Title Company
Grantee (Beneficiary	William Taylor & Edna L. Taylor
Legal Description:	State Street Addition to Sedro S 139 feet L18
Assessor's Tax Parcel Number:	4173-000-018-0003 P77270
Reference (Auditor File Numbers of Documents assigned, released or amended:	N/A

THIS DEED OF TRUST, made as of November 1, 2004, among **Havre Professional Building, LLC**, a Washington Limited Liability Company, as Grantor, whose address is 175639 Skyridge, Mount Vernon, WA 98274; **Land Title Company**, a corporation, as Trustee, whose address is 111 E. George Hopper Road, Burlington, WA 98233; and **William Taylor & Edna L. Taylor**, husband and wife, as Beneficiary, whose address is 10469 Sterling Road, Sedro Woolley, WA 98284:

WITNESSETH: Grantor hereby irrevocably grants, bargains, sells, and conveys to Trustee in Trust, with power of sale, the following described real property in the City of Sedro Woolley, County of Skagit, State of Washington.

Attached as Schedule "A-1"

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Email Elliott@EWJLaw.com

UNOFFICIAL DOCUMENT

which property (the "Real Property" or the "Property") is not used principally for agricultural or farming purposes

1.. **Property Included**. The Property includes without limitation all easements, agreements, tenements, reversions, rights, remainders, development rights and transferable development rights, licenses, privileges, irrigation and water rights, water stock, timber, crops, oil and gas rights, royalties, minerals and mineral rights, transferable entitlements and development rights, hereditaments and appurtenances belonging or in any way appertaining thereto, together with all the estate and rights of Grantor-Trustor in and to land lying in streets and roads adjoining the real property.

1.1 **Improvements**. All buildings, structures, improvements, fixtures, and articles of property now or at any time hereafter situated upon the Real Property or any part thereof, and all apparatus, appliances, furnaces, boilers, machinery, engines, motors, compressors, dynamos, elevators, fittings, piping, connections, conduits, ducts, equipment, furnishings, and other personal property, except personal property owned by tenants occupying the Property, of every kind and description now or hereafter affixed or attached to each such building, structure, improvement, equipment, or fixture, or otherwise situated upon the Real Property, including without limitation heating, cooling, lighting, plumbing, ventilation, air conditioning, refrigeration, cleaning, fire alarm, security and access control systems, and equipment, together with any and all alterations, repairs, replacements thereof, accessions and additions thereto, and any increases therein, added and substituted parts, equipment, accessories, supplies, and improvements, and all proceeds thereof, whether made by Grantor-Trustor or any successor in interest.

1.2 **Rents and Leases**. All rents, issues, income, royalties, receipts, revenues, proceeds, and profits of the Property, subject to the right, power, and authority herein conferred to Beneficiary or reserved to Grantor-Trustor to collect and apply the same, all existing and future leases of the Property, including without limitation any extensions, renewals, and subleases, all agreements for use and occupancy of the Property, and all guaranties of tenants' performances under the foregoing, together with the immediate and continuing right to collect and receive all of the rents, issues, income, royalties, receipts, revenues, proceeds, profits, and other income of any nature now or hereafter due, including without limitation security deposits and any income of any nature coming due during any redemption period under the foregoing, all proceeds payable under any policy of insurance covering loss of rents or destruction or damage to the Property, all proceeds derived from the termination or rejection of any lease in a bankruptcy or other insolvency proceeding, and all proceeds from any rights and claims of any kind that Grantor-Trustor may have against any tenant under any lease.

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1.3 **Contracts**. All permits, licenses, and franchises with respect to the Property; all plans, specifications, drawings, contracts, warranties, and agreements required or used in connection with the ownership or operation of the Property; all compensation, awards, damages, rights of action, and proceeds, including without limitation the proceeds of any policies of insurance, arising out of or relating to a taking or damaging of the Property by reason of any public or private improvement, condemnation proceeding, or fire, earthquake, or other casualty; and return premiums or other payments upon any insurance at any time provided for the benefit of Beneficiary and refunds or rebates of taxes or assessments on the Property.

1.4 **Proceeds**. All additions, accessions, replacements, substitutions, proceeds, and products of the foregoing.

This Deed of Trust is for the purpose of securing performance of each agreement of Grantor herein contained, and payment of the sum of Two Hundred Fifty Thousand Dollars and No Cents ($250,000.00), with interest, in accordance with the terms of a promissory note of even date herewith payable to Beneficiary or order, and made by Grantor, 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. **General Protection**. 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; and to comply with all laws, ordinances, regulations, covenants, conditions, and restrictions affecting the Property.

2. **Payment of Taxes and Liens**. To pay before delinquent all lawful taxes and assessments upon the Property and to keep the Property free and clear of all other charges, liens, or encumbrances impairing the security of this Deed of Trust. Upon request, Grantor-Trustor shall provide to Beneficiary official receipts showing payment in full of the aforesaid.

3. **Insurance**

3.1 **Casualty Insurance**. Grantor-Trustor shall provide and maintain, through a domestic or foreign company qualified to do business in the state in which the Property is located, insurance, including such endorsements as Beneficiary may request or require, against loss by fire (extended coverage), earthquake, flood, vandalism, malicious mischief, loss of rents and other hazards, casualties, and contingencies as may be reasonably required

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from time to time by Beneficiary in such amounts and for such periods as may be reasonably required by Beneficiary, with Beneficiary named as loss payee as Beneficiary's interest may appear, and shall deliver all policies to Beneficiary, which delivery shall constitute an assignment to Beneficiary of all return premiums.

3.2 **Liability Insurance**. Comprehensive public liability insurance on an "occurrence basis" insuring against claims for bodily injury, death, or property damage occurring in, on, or about the Property and adjoining streets, sidewalks, and passageways arising out of or in any way connected with the use, occupancy, possession, ownership, or condition (whether or not now existing) of the same. The limits of such coverage shall be no less than $1,000,000.00 per occurrence. Such policy shall insure performance of Grantor-Trustor's indemnity obligations hereunder and shall name Beneficiary as an additional insured, providing coverage for Beneficiary regardless of whether the asserted claim is also asserted against Beneficiary.

3.3 **Worker's Compensation**. Grantor-Trustor shall maintain worker's compensation insurance as required by state law.

3.4 **General Requirements and Use of Proceeds**. All insurance shall be carried in companies approved by Beneficiary; shall be subject to the approval of Beneficiary as to amount, content, form, and expiration date; shall contain a non-contributory standard mortgagee clause and lender's loss payable endorsement or the equivalent thereof in favor of Beneficiary; and shall provide that the proceeds thereof shall be payable to Beneficiary to the extent of Beneficiary's interest. All policies required hereunder shall be written for not less than one year with premiums prepaid and shall contain no co-insurance provisions, and shall contain a waiver of subrogation provision, a provision naming Beneficiary as an additional insured or loss payee, as appropriate, a primary insurance provision without right of contribution from Beneficiary, and a cross-liability provision. In the event of loss or change in ownership or occupancy, Grantor-Trustor shall give immediate notice thereof to Beneficiary. Grantor-Trustor hereby authorizes Beneficiary, at Beneficiary's option, to collect, adjust, and compromise any losses under any of the insurance aforesaid. The amount collected under any such insurance policy may be applied by Beneficiary upon the indebtedness and obligations secured hereby and in such order as Beneficiary may determine or, at the option of Beneficiary, the entire amount so collected, or any part thereof, may be released to Grantor-Trustor. Such application or release shall not cure or waive any default, or notice of default hereunder, or invalidate any act done pursuant to such notice. Nothing herein contained shall excuse Grantor-Trustor from repairing or maintaining the Property or restoring all damage or destruction to the same regardless of the existence, payment, or adequacy of insurance proceeds.

4. **Defense of Security**. To defend any action or proceeding purporting to affect the security

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hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of title search and attorneys' 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. **Costs and Fees**. To pay all costs, fees, and expenses in connection with this Deed of Trust, including the expenses of Trustee incurred in enforcing the obligations secured hereby and Trustee's and attorneys' fees actually incurred, as provided by statute.

6. **Security Agreement**. To the extent any portion of the Property is, or is construed to be, personal property, this Deed of Trust shall constitute a security agreement between Grantor-Trustor, as debtor, and Beneficiary, as secured party, under the Uniform Commercial Code of the state in which the Property is located and any other applicable law. The grant of a security interest hereunder shall not be construed to derogate from or impair the lien or provisions of or rights of Beneficiary under this Deed of Trust with respect to any of the Property hereunder which is real property. Grantor-Trustor grants a security interest to Beneficiary in any of the Property or rents that are personal property and also grants a security interest in the following property now owned or hereafter acquired by Grantor-Trustor (the "Collateral"):

6.1 **Personal Property**. All furniture, furnishings, appliances, machinery, equipment, and other personal property, except personal property owned by tenants occupying the Property, of any kind now or hereafter located on the Property, used or intended to be used on the Property wherever actually located, and all rights of Grantor-Trustor as lessee of any personal property described above.

6.2 **Awards**. All unearned premiums under insurance policies now or hereafter obtained by Grantor-Trustor, all proceeds of the conversion, voluntary or involuntary, of any of the Property or the Collateral into cash or other liquidated claims, all refunds or rebates of taxes or assessments on the Property or Collateral, all rights of action in respect of the Property or Collateral, and all judgments, damages, awards, settlements, and compensation (including interest thereon) heretofore or hereafter made to the present and all subsequent owners of the Property or Collateral and any other property or rights conveyed or encumbered hereby for any injury to or decrease in the value thereof for any reason, or by any governmental or other lawful authority for the taking by eminent domain, condemnation, or otherwise of all or any part thereof.

6.3 **Plans**. All plans, specifications, contracts, agreements, and purchase orders pertaining or incidental to the design or construction of any improvements, Grantor-Trustor's rights under any payment, performance, or other bond in connection with construction of improvements, and all construction materials, supplies, and equipment delivered to the Property or intended to be used in connection with the construction of improvements

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6.4 **Contracts**. All contracts and rights pertaining to or affecting the Property, including without limitation all options or contracts to acquire other property for use in connection with the operation or development of the Property, deposits, bank accounts, contract rights, accounts, general intangibles, trademarks, trade names and symbols, permits, licenses, franchises, and certificates.

6.5 **Loan Commitments**. All commitments or agreements, now or hereafter in existence, intended by the obligor thereof to provide Grantor-Trustor with proceeds to satisfy the Note or improve the Property and the right to receive all proceeds due under such commitments or agreements including refundable deposits and fees.

6.6 **Books and Records**. All books, records, surveys, reports, and other documents related to the Property or Collateral.

6.7 **Inventory**. All inventory pertaining to or affecting the Property.

6.8 **Proceeds**. All additions, accessions, replacements, substitutions, proceeds, and products of the foregoing.

7. **Beneficiary's Right to Protect Security**. Should Grantor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances, or other charges against the Property hereinabove described, Beneficiary may, at Beneficiary's sole option, pay the same, and the amount so paid, with Beneficiary's costs and expenses together with interest at the rate set forth in the note secured hereby, shall be added to and become a part of the debt secured by this Deed of Trust.

8. **Assignment of Rents**. As additional security, Grantor-Trustor hereby gives to and confers upon Beneficiary the right, power, and authority, during the continuance of this Deed of Trust, to collect the rents, issues, and profits of the Property, reserving unto Grantor-Trustor the right, prior to any default by Grantor-Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues, and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said Property or any part thereof; in Beneficiary's own name sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid; and apply the same, less costs and expenses of operation and collection, including actual attorneys' fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. Failure or discontinuance of Beneficiary at any time, or from time to time, to collect any such amounts shall not in any manner affect the subsequent enforcement by Beneficiary of the right, power, and authority to collect the same. The entering upon and taking possession of said Property, the collection of such rents, issues, and profits, and the application thereof as aforesaid shall not cure or waive any default or notice of default hereunder or invalidate

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any act done pursuant to such notice. Grantor-Trustor shall not collect rent from any tenant for any reason more than one month in advance of the accrual thereof unless approved in writing by Beneficiary. Nothing contained herein, nor the exercise of the right by Beneficiary to collect, shall be or be construed to be an affirmation by Beneficiary of any tenancy, lease, or option, nor an assumption of liability under, nor a subordination of the lien or charge of this Deed of Trust to any such tenancy, lease, or option. Grantor-Trustor shall not enter into any leases of the Property or any portion thereof, except on the terms and conditions first approved by Beneficiary in writing.

9. **Subordination of the Leases**. At any time, and from time to time, without liability therefor, upon written request by Beneficiary and presentation for endorsement of this Deed of Trust and the Note secured hereby, Trustee may execute a subordination agreement whereby this Deed of Trust shall become subject and subordinate, in whole or in part (but not with respect to the priority of entitlement to insurance proceeds or any award in condemnation) to any and all leases of all or any part of the Property, upon recording thereof in the county in which the Property is situated.

10. **Eminent Domain**. 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 thereof as may be necessary to satisfy fully the obligation secured hereby, shall be paid to Beneficiary to be applied to said obligation.

11. **No Waiver**. 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.

12. **Reconveyance upon Satisfaction**. 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 Grantor and Beneficiary, or upon satisfaction of the obligations secured and written request for reconveyance made by Beneficiary or the person entitled thereto.

13. **Inspection of Property**. Grantor-Trustor shall allow Beneficiary and Beneficiary's representatives to inspect the Property and the Collateral at any reasonable time and from time to time.

14. **Late Charge**. Late charges may accrue as provided for in the Note.

15. **Default**. 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 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 in which the Property is located, 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

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expense of sale, including a reasonable Trustee's fee and attorneys' fee; (2) to the obligations secured by this Deed of Trust; and (3) the surplus, if any, to the parties entitled thereto.

16. **Title at Trustee's Sale**. Trustee shall deliver its deed, without warranty, to the purchaser at the sale, which deed shall convey to the purchaser the interest in the Property which Grantor had or had the power to convey at the time of Grantor's 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 bona fide purchasers and encumbrancers for value.

17. **Non-exclusivity of Remedy**. No remedy granted herein is intended to be exclusive of any other remedy provided herein or in law or equity, but each shall be cumulative. Each such remedy may be exercised singly, collectively, or seriatim, and as often as may be deemed expedient by Trustee or Beneficiary. If there exists additional security for the performance of the obligations secured hereby, Beneficiary, at Beneficiary's sole option and without limiting or affecting any rights or remedies hereunder, may exercise any of the rights or remedies hereunder, may exercise any of the rights and remedies to which Beneficiary may be entitled hereunder either concurrently with whatever or other rights Beneficiary may have in connection with such other security or in such order as Beneficiary may determine. In addition, Beneficiary shall have the following remedies:

17.1 **Foreclosure as a Mortgage**. Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.

17.2 **Possession and Receiver**. Trustee or Beneficiary personally or by its agents or attorneys, or through a duly appointed receiver, may enter into and upon all or any part of the Property, and each and every part thereof, and may exclude Grantor-Trustor and Grantor-Trustor's agents wholly therefrom; and, having and holding the same, may use, operate, manage, improve, and control the Property and conduct the business thereof; and Trustee or Beneficiary shall be entitled to collect and receive all earnings, revenues, rents, issues, profits, and income of the Property and every part thereof, whether or not Beneficiary, Trustee, or a receiver is in possession of the Property. Beneficiary shall be entitled to the appointment of a receiver as a matter of right, whether or not the apparent value of the Property exceeds the indebtedness secured hereby, and any receiver appointed may serve without bond. Employment by Beneficiary shall not disqualify a person from serving as a receiver. The exercise of any right under this Section 14 shall not be deemed an election of remedies or a "pending action" so as to preclude the exercise of any other right or remedy. Upon taking possession of all or any part of the Property, the receiver may:

17.2.1 Use, operate, manage, control, and conduct the business of the Property and make expenditures for all maintenance and improvements as in the receiver's

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judgment are proper;

17.2.2 Collect all rents, revenues, income, issues, and profits from the Property and apply such sums to the expenses of use, operation, and management; and

17.2.3 Complete any construction in progress and in that connection pay bills, borrow funds, employ contractors, and make any changes in plans or specifications as the receiver deems appropriate.

If the revenues produced by the Property are insufficient to pay expenses, the receiver may borrow, from Beneficiary or otherwise, such sums as the receiver deems necessary for the purposes stated herein and repayment of such sums shall be secured by the lien hereof. The amounts borrowed from or advanced by Beneficiary shall bear interest at the rate set forth in the Note from the date of expenditure until repaid, and such amounts and interest shall be an indebtedness of Grantor-Trustor secured hereby.

17.3 **Uniform Commercial Code**. Beneficiary shall have all of the remedies of a secured party under the Uniform Commercial Code of the state in which the Property is located and any other applicable law. To the extent permitted by law, Grantor-Trustor expressly waives any notice of sale or other disposition and any other right or remedy of Beneficiary existing after an event of default hereunder, and to the extent any such notice is required and cannot be waived, Grantor-Trustor agrees that as it relates to this Section 14, only if such notice is marked, postage prepaid, to Grantor-Trustor at the above address at least five days before the time of the sale or disposition, such notice shall be deemed reasonable and shall fully satisfy any requirement for giving of said notice.

18. **Sale, Transfer or Encumbrance of Property**. If Grantor-Trustor or any successor in interest to the Property should, without the prior written consent of Beneficiary, which consent shall not be unreasonably withheld, sell, convey, transfer, encumber, or alienate the Property, any part thereof, or any interest therein or be divested of Grantor-Trustor's title or any interest therein in any manner, whether voluntary or involuntary, or if in the case Grantor-Trustor, Grantor-Trustor's successors or assigns is a corporation or partnership and Grantor-Trustor's principal shareholders or partners, or any one of them should, without the prior written consent of Beneficiary, which consent shall not be unreasonably withheld, sell, convey, transfer, encumber, pledge, or alienate a substantial portion of their shares in the corporation or interest in the partnership, either voluntarily or involuntarily, then in recognition of the reliance by Beneficiary on the ownership and management of the Property by Grantor-Trustor which is a material inducement to Beneficiary to extend credit to Grantor-Trustor and in recognition of the increased risk to Beneficiary upon the conveyance of the Property, shares, or interest, as the case may be, by Grantor-Trustor, Grantor-Trustor's principal shareholders or partners, Beneficiary, at Beneficiary's sole option, shall have the right to declare all sums secured hereby forthwith due and payable, or at Beneficiary's sole option, Beneficiary may

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increase the interest rate of the Note by an amount then to be determined by Beneficiary to compensate Beneficiary for Beneficiary's increased risk. The following shall not be deemed to constitute a sale, transfer, or encumbrance for purposes hereof: (a) creation of a purchase money security interest in items which may become affixed or attached to the Property; (b) a transfer by devise, descent, or operation of law upon the death of a joint tenant, if any; and (c) the grant of any leasehold interest of not more than five years, including any extension or renewal options, which does not involve or contain any purchase rights, options, or obligations in either the instrument granting the leasehold interest or any other agreement. If the interest rate on the Note is increased pursuant to this Section 13, any amortizing payments required on the Note shall automatically be increased by an amount sufficient to cover the increased interest charges arising as a result hereof. In addition, prior to the passage of title to or control of or an interest in the Property, Grantor-Trustor shall give not less than 30 days' prior written notice to Beneficiary of any such sale, transfer, or encumbrance and deliver such information concerning the financial capability and experience of the party acquiring such title, control, or interest, as Beneficiary may in Beneficiary's discretion require. Waiver of any right granted to Beneficiary herein as to one transaction, event, or occurrence shall not be deemed to be a waiver of right as to any subsequent transaction, event, or occurrence.

19. **Condemnation**. Grantor-Trustor, immediately upon obtaining knowledge of any contemplated condemnation of the Property or any portion thereof, or of the institution of any proceeding for the condemnation of the Property or any portion thereof, shall notify Beneficiary of the pendency thereof. Grantor-Trustor hereby assigns, transfers, and sets over unto Beneficiary all compensation, rights of action, the entire proceeds of any award, and any claim for damages for any of the Property taken or damaged under the power of eminent domain or by condemnation or by sale in lieu thereof, excluding the portion of any award made to tenants in accordance with the leases thereof. Beneficiary may, at Beneficiary's option, commence, appear in, and prosecute, in Beneficiary's own name, any action or proceeding, or make any compromise or settlement, in connection with such condemnation, taking under the power of eminent domain, or sale in lieu thereof. After deducting therefrom all of Beneficiary's expenses, including attorneys' fees, the net proceeds of the award which have been paid to Beneficiary shall be applied to the payment of the indebtedness secured hereby, or, at the election of Beneficiary, in Beneficiary's sole and absolute discretion, may be made available to Grantor-Trustor for restoration or rebuilding of the Property if such restoration is feasible in such a way as to restore the Property to the same use and at least the condition and quality as the Property existed prior to the condemnation, the value of which shall exceed the sum of the then unpaid balance of the debt secured hereby. To the extent that such proceeds are paid to Beneficiary but are either not made available to Grantor-Trustor under the preceding sentence, or are not used by Grantor-Trustor for such purpose within 180 days, such proceeds shall be applied to the indebtedness and obligations secured hereby in such manner as Beneficiary may determine. Grantor-Trustor agrees to execute such further assignments of any compensation, award, damages, rights of action, and proceeds, as Beneficiary may require.

20. **Successor Trustee**. In the event of the death, incapacity, disability, or resignation of Trustee,

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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 party unless such action or proceeding is brought by Trustee.

21. **Applicability to Successors**. 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, successors and assigns. The term Beneficiary shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiary herein.

22. **Execution of Further Instruments**. Within 15 days of written request, Grantor-Trustor shall execute, acknowledge, and deliver to Beneficiary a security agreement or other similar security instrument, in form satisfactory to Beneficiary, covering all property of any kind whatsoever owned by Grantor-Trustor which, in the reasonable opinion of Beneficiary, is essential to the operation of the Property described herein and concerning which there may be any doubt whether the title to same has been conveyed by and included within this Deed of Trust under the laws of the state in which the Property is located, and will further execute, acknowledge, and deliver any financing statement, affidavit, continuation statement, or certificate or other document as Beneficiary may reasonably request in order to perfect, preserve, maintain, continue, and extend the security interest thereunder and the priority of such security instrument. Grantor-Trustor further agrees to pay to Beneficiary on demand all reasonable costs and expenses incurred by Beneficiary in connection with the preparation, execution, and filing of any such document.

23. **Environmental Laws**. For the purposes hereof, the phrase "Hazardous Materials" shall mean and include any oil, hazardous substance, pollutant, contaminant, hazardous waste, hazardous material, dangerous waste, extremely hazardous waste, toxic waste, asbestos, or air pollution, as any such term or similar term as now or hereafter defined, used or understood in or under any federal, state, county, city, or other governmental statute, rule, ordinance, order, or regulation which relates in any way to the protection of the environment ("Environmental Laws"). Grantor-Trustor warrants and covenants to the best of Grantor-Trustor's knowledge as follows: There are no Hazardous Materials in, upon, or buried on or beneath the Real Property or the improvements thereof, nor have any Hazardous Materials been emitted or released therefrom in violation of any Environmental Laws. In no event shall Grantor-Trustor bring onto, store upon, bury, use upon, emit, or release from, nor allow to be brought onto, stored upon, buried, used upon, emitted, or released from the Real Property or the improvements thereon, any Hazardous Materials in violation of any Environmental Laws. There are no underground storage tanks located on the Real Property, including any storage tanks which contain or previously contained any Hazardous Materials. Grantor-Trustor shall not cause or permit any such tanks to be installed. Grantor-Trustor shall indemnify and hold Beneficiary, Beneficiary's officers, directors, agents, and the Property harmless from any claim, cost, damage,

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expense, including attorneys' fees, monitoring costs, response costs, and penalties with respect to any breach or alleged breach of these warranties and covenants. These warranties and covenants shall survive the exercise of any remedies by Beneficiary, including without limitation foreclosure or obtaining title in lieu of foreclosure.

24. **Attorneys' Fees**. If any litigation is instituted to enforce or interpret any provision hereof, or to foreclose this Deed of Trust, the prevailing party shall be entitled to collect, in addition to all other amounts and relief, its court costs, title search costs, and reasonable attorneys' fees incurred both at and in preparation for trial and any appeal or review, such amount to be set by the court before which the matter is heard. If Beneficiary is the prevailing party, such costs and attorneys' fees shall be secured by this Deed of Trust. In addition, Beneficiary and Trustee shall be entitled to attorneys' fees and all other amounts including title search and insurance costs, recording, long distance telephone, copying, postage, service, inspection and publication costs if Beneficiary or Trustee shall refer this Deed of Trust to an attorney for enforcement, whether or not suit or action is instituted.

25. **Governing Law**. This Deed of Trust shall be governed by and construed in accordance with the laws of the state of Washington.

26. **Marshaling of Assets**. Beneficiary may take or release other securities, release any party primarily or secondarily liable for any indebtedness secured hereby, grant extensions, renewals, and indulgences with respect to such indebtedness, and enforce or apply any other security or proceeds to the indebtedness secured hereby either simultaneously or in any order Beneficiary may so choose. In the event of a sale under this Deed of Trust, the Property, real, personal, and mixed, may be sold in one parcel.

27. **Notices**. All notices to be given hereunder shall be deemed to have been given when given in writing by depositing the same in the United States mail, postage prepaid, registered or certified mail, and addressed to the party at the respective mailing address as herein set forth, and shall be deemed effective 24 hours thereafter unless otherwise specified herein. It is understood that each party may change the address to which notices may be sent by giving written notice of such change to the other party hereto in the manner herein provided.

28. **Severance**. Nothing contained herein nor any transaction related thereto shall be construed or shall so operate either presently or prospectively to require Grantor-Trustor or permit Trustee to do any act contrary to law; and if any clause or provision shall otherwise so operate, then such offensive clause or provision shall be null and void as though not herein contained, and the remainder of this Deed of Trust shall remain operative and in full force and effect.

29. **Time**. Time is of the essence of this Deed of Trust and each and all of its provisions in which performance is a factor.

Elliott W. Johnson Inc. P.S.
711 South First Street
at Vernon, WA 98273
336-6502 Fax 336-5616
Elliott@EWJLaw.com

200411010005
Skagit County Auditor
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WITNESS the hand of Grantor on the day and year first above written.

GRANTOR:

Havre Professional Building, LLC

By: David Hedger

By: Jean Hedger

State of Washington)
) ss.
County of Skagit)

I certify that I know or have satisfactory evidence that David Hedger & Jean Hedger appeared before me and certified stated that they were authorized to execute the instrument and acknowledged it as the sole members of Havre Professional Building, LLC, a Washington Limited Liability Company to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 10-29-04.

ANNELIESE MARIA FARRELL
APPOINTMENT EXPIRES
NOTARY
PUBLIC
JUNE 28, 2008
STATE OF WASHINGTON

Notary Public
My appointment expires: 6/28/08

UNOFFICIAL DOCUMENT

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11/1/2004 Page 13 of 14 8:44AM

Escrow No.: 114004-PE

EXHIBIT "A"

LEGAL DESCRIPTION

The South 139 feet of Lot 18,"STATE STREET ADDITION TO SEDRO, SKAGIT CO., WASH.," as per plat recorded in Volume 3 of Plats, page 61, records of Skagit County, Washington.

Situate in the City of Sedro-Woolley, County of Skagit, State of Washington.

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