

AFTER RECORDING RETURN DOCUMENT TO:

City of Anacortes  
P.O. Box 547  
Anacortes, WA 98221-0547



200503020054  
Skagit County Auditor

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Filed for Record at Request of:  
Land Title Company of Skagit County  
Escrow Number:

↑ Reserved for Recording Purposes Only ↑

**DEED OF TRUST**

(For use in the State of Washington only)

**THIS DEED OF TRUST**, made this the 20<sup>th</sup> day of January 2005 **AMONG** Wilson Hotel Housing LLC, the **GRANTOR**, whose address is 719 Q. Avenue Anacortes, Washington 98221, and Pacific Northwest Title Company of Washington, as **TRUSTEE**, whose address is 215 Columbia Street Seattle, Washington 98104, and City of Anacortes, **BENEFICIARY**, whose address is P.O. Box 547 Anacortes, Washington 98221-0547, **WITNESSETH:**  
Grantor hereby bargains, sells and conveys to Trustee in Trust, with power of sale, the following described real property in Whatcom County, Washington:

**Legal Description:**

Lots 1, 2, 3, and 4, Block 37, "MAP OF THE CITY OF ANACORTES, SKAGIT COUNTY, WASHINGTON," as per plat recorded in Volume 2 of Plats, page 4, records of Skagit County, Washington, EXCEPT the West 20 feet of said Lot 4.

Situate in the City of Anacortes, County of Skagit, State of Washington.

Assessor's Property Tax Parcel/Account Number(s): P55087

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 or

referenced herein, in the Loan Agreement between Grantor and Beneficiary dated as of the date hereof relating to the loan of these funds, and payment of the sum of TWO HUNDRED SEVENTY THOUSAND NO/100S Dollars (\$270,000.00) 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. To keep the property in good condition and repair; to permit no waste thereon; 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. 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 in an amount not less than the greater of (a) the total debt secured by this Deed of Trust, or (b) one hundred percent (100%) of the replacement value of the property. All policies shall be held by the Beneficiary, and be issued by such companies as the Beneficiary may approve and have loss payable first to the Beneficiary, as its interest may appear, and then to the Grantor. Except as otherwise provided in the Loan Agreement entered into between Grantor and Beneficiary on or about the date hereof (the "Loan Agreement") 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, all rights of the Grantor in insurance policies then in force shall pass to the purchaser at the foreclosure sale.
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 and Trustee's and attorney's fees actually incurred, as provided by statute.



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6. Should Grantor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the property hereinabove described, Beneficiary may pay the same, and the amount so paid, with interest at the rate set forth in the note secured hereby, shall be added to and become a part of the debt secured in this Deed of Trust.

**IT IS MUTUALLY AGREED THAT:**

1. Except as otherwise provided in the Loan Agreement, 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 attorney's fee; (2) to satisfaction of 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 the 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

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**REQUEST FOR FULL RECONVEYANCE**

*Do not record. To be used only when note has been paid.*

**TO: TRUSTEE.**

The undersigned is the legal owner and holder of the note and all other indebtedness secured by the within Deed of Trust. Said note, together with all other indebtedness secured by said Deed of Trust, has been fully paid 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 said note above mentioned, and all other evidence of indebtedness secured by said Deed of Trust delivered to you herewith, together with the 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 thereunder.

Dated this the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

*Do not lose or destroy this Deed of Trust OR THE NOTE which it secures. Both must be delivered to the Trustee for cancellation before reconveyance will be made.*

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EXHIBIT A

ADDENDUM TO DEED OF TRUST DATED JANUARY 20, 2005  
CITY OF ANACORTES, GRANTEE  
WILSON HOTEL HOUSING LLC GRANTOR

Covenant

The Wilson Hotel Housing LLC is the owner in fee of the property known as Wilson Hotel in Anacortes, Washington and legally described as follows:

Lots 1, 2, 3, and 4, Block 37, "MAP OF THE CITY OF ANACORTES, SKAGIT COUNTY, WASHINGTON," as per plat recorded in Volume 2 of Plats, page 4, records of Skagit County, Washington, EXCEPT the West 20 feet of said Lot 4.

Situate in the City of Anacortes, County of Skagit, State of Washington.

This property was made available to the Grantor with the aid of funds from the Community Development Block Grant Program of the Grantee for residential purpose and for the express purpose of promoting low-income and very low income housing, with "low-income" designating households whose income is 80% or less of the Skagit County median income as adjusted for family size. Grantor covenants that the present or any future occupant of twenty five (25) units of the property shall meet the foregoing definition of "low-income" household at their initial occupation of the premises.

In the event that Grantor, or Grantor's successor-in-interest, (1) fails to maintain or use the existing residential portion of the property as residential, or (2) the present or any future occupant of twenty five (25) units of the property does not meet the foregoing definition of "low-income" household at their initial occupation of the premises, Borrower shall take all legal steps necessary to terminate the tenancies of such occupants as expeditiously as possible. Failure to commence such steps within 30 days following Borrower becoming aware of the fact that the tenants were over income at the time of initial occupancy shall constitute an Event of Default hereunder and under the terms of the Loan Agreement and the entire unpaid principal, together with accrued interest and late charges, if any, shall be immediately due and payable, at the option of the Grantee, without notice to the Grantor. The mere vacancy of the premise while owned by the Grantor shall not trigger the foregoing condition. In the event legal action is required to enforce the foregoing condition, the prevailing party shall be entitled to an award of reasonable attorneys fees and all the cost of action and title searches.

In addition, the Grantor further covenants that the funds for the property were made available to the Grantor from the federal Community Development Block Grant Program for the purpose of acquiring a historic building listed on the National Historic Register for the development of residential units within that building. Any construction work on the property must meet the Secretary of Interior's Standards for Rehabilitation and shall be reviewed and approved by the State of Washington Office of Archeology and Historic Preservation.



Funding is contingent upon the Grantor complying with all portions of Section 106 of the National Historic Preservation Act (as amended) and accompanying regulations, 36 CFR 800.1 et seq. The Grantor covenants that, prior to any construction beginning on the building, review and approval of the project will be obtained from State of Washington Office of Archeology and Historic Preservation and that any construction, conversion or rehabilitation will comply with all portions of Section 106 of the National Historic Preservation Act (as amended) and accompanying regulations, 36 CFR 800.1 et seq.

Wilson Hotel Housing LLC,  
a Washington limited liability company  
By: The Housing Authority of the City of Anacortes,  
managing member

By Theresa McCall  
Its Executive Director

STATE OF WASHINGTON, }  
COUNTY OF SKAGIT } ss.

I certify that I know or have satisfactory evidence that Theresa McCallum is the person who appeared before me, and said person acknowledged that she signed this instrument as the Executive Director of the Housing Authority of the City of Anacortes, known to me to be the managing member of the Wilson Hotel Housing LLC, on oath stated that she was authorized to execute the instrument on behalf of the Housing Authority as the managing member of such limited liability company to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated: 1-20-05

Marcia Lynn Taylor  
Signature of Notary Public

MARCIA LYNN TAYLOR  
Name Printed

NOTARY  
Title

My Appointment Expires: 12-2006



**Skagit County Auditor**