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Skagit County Auditor

4/20/2005 Page

1 of

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WHEN RECORDED RETURN TO
Jim Denton
1301 Fifth Avenue, Suite 2600
Seattle, WA 98101

CHICAGO TITLE IMV0622 ✓
ACCOMODATION RECORDING

Chicago Title Company has placed
this document for recording as a
customer courtesy and accepts no
liability for its accuracy or validity

Reference Numbers of related documents: None

Title of Document: Deed of Trust

Grantor: Diversified Holdings, LLC

Beneficiary: Louis Bernstein and Barbara Bernstein, husband and wife

Abbreviated Legal: Ptn GL 1, 12-34-4

Additional Legal Description on page 2 of document

Tax Parcel Number: 340412-0-013-0007 (P24564)
340412-0-029-0009)P24582)
340412-0-006-0006 (P24555)

DEED OF TRUST

THIS DEED OF TRUST, made this 29 day of March, 2005, between **Diversified Holdings, LLC, A Washington limited liability company, Grantor**, whose address is P.O. Box 688, Conway, Washington 98238, **Chicago Title Company - Island Division, a Washington corporation, Trustee**, whose address is 425 Commercial Street, P.O. Box 638, Mt. Vernon, Washington 98053, and **Louis Bernstein and Barbara Bernstein, husband and wife, Beneficiary**, whose address is 11202 204th Avenue NE, Redmond, Washington 98053.

WITNESSETH:

Grantor hereby bargains, sells and conveys to Trustee in Trust, with power of sale,

the following described real property in Skagit County, Washington:

Property number P24564:

A tract of land in Government Lot 1 of Section 12, Township 34 North, Range 4 East of the Willamette Meridian, described as follows:

Beginning at the Northwest corner of said Government Lot 1;
thence South on the West line of said Government Lot 1 a distance of 222.1 feet;
thence East parallel with the North line of said Government Lot 1 to the West line of the county road to the point of beginning of this particular tract;
thence in a Northeasterly direction following the West line of the county road a distance of 58 feet;
thence West a distance of 133 feet;
thence South a distance of 55 feet;
thence East a distance of 131 feet to the point of beginning.

Property number P24582

That portion of Government Lot 1 of Section 12, Township 34 North, Range 4 East of the Willamette Meridian, described as follows:

Beginning at the intersection of the South line of the county road along the North line of said Section 12 and the Westerly line of the State Road No. 1-A;
thence Southerly along said state road to a point which is 167.1 feet South (measured at right angles) of the North line of Lot 1;
thence West a distance of 100 feet;
thence Northeasterly on a line parallel with the Westerly line of State Road 1-A to a point on the South line of the county road a distance West of the point of beginning;
thence East a distance of 100 feet to the point of beginning.

Property number P24555:

That portion of the South 353.4 feet of the North 575.0 feet of Government Lot 1, Section 12, Township 34 North, Range 4 East of the Willamette Meridian, lying West of the Northern Pacific right-of-way; EXCEPT the North 0.5 feet thereof; ALSO EXCEPT that portion thereof lying within State Highway SR-9.

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, and payment of the sum of One Hundred Sixty Eight Thousand and No/100 Dollars (\$168,000.00) with interest, in accordance with the terms of a promissory note dated October 17, 2001, payable to Beneficiary or order, and made by David Bernstein, 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 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. 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 total debt secured by this Deed of Trust. All policies shall be held by the Beneficiary, and be in 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. 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 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.

6. Should Grantor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the property herein above 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. 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 David J. Bernstein in the payment of any indebtedness secured hereby or upon default by Grantor 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 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 encumbrancer 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 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 a party unless such action or proceeding is brought by the Trustee.

8. 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 and assigns. The term Beneficiary shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiary herein.

9. On sale or transfer of (i) all or any part of the property, or any interest therein, or (ii) on sale or transfer of the beneficial interest in Grantor (if Grantor is not a natural person or persons but is a corporation, partnership, trust or other legal entity), Beneficiary may, at Beneficiary's option, declare all of the sums due secured by this Deed of Trust to be immediately due and payable, and Beneficiary may invoke any remedies permitted by law, this Deed of Trust or the Note secured hereby. Failure to exercise this option shall not constitute a waiver of the right to exercise the same at any time there is a sale or transfer.

10. This Deed of Trust is intended to be a security agreement pursuant to the Uniform Commercial Code for any of the items specified above as part of the property which, under applicable law, may be subject to a security interest pursuant to the Uniform Commercial Code, and Grantor hereby grants Beneficiary a security interest in said items. Grantor agrees that Beneficiary may file this Deed of Trust, or a reproduction thereof, in the real estate records or other appropriate index, as a financing statement for any of the items specified above as part of the Property. Any reproduction of this Deed of Trust or of any other security agreement or financing statement shall be sufficient as a financing statement. In addition, Grantor agrees to execute and deliver to Beneficiary, upon Beneficiary's request, any financing statements, as well as extensions, renewals and amendments thereof, and reproductions of this Deed of Trust in such form as Beneficiary may require to perfect a security interest with respect to said items. Grantor shall pay all costs of filing such financing statements and any extensions, renewals, amendments and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements Beneficiary may reasonably require. Without the prior written consent of Beneficiary, Grantor shall not create or suffer to be created pursuant to the Uniform Commercial Code any other security interest in said items, including the covenants to pay when due all sums secured by this Deed of Trust, Beneficiary shall have the remedies of a secured party under the Uniform Commercial Code and, at Beneficiary's option, may also invoke the remedies provided in this Deed of Trust as to such items. In exercising any of said remedies, Beneficiary may proceed against the items of real property and any items of personal property specified above as part of the property separately or together and in any order whatsoever, without in any way affecting the availability of Beneficiary's remedies under the Uniform Commercial Code or of the remedies provided in this Deed of Trust.

11. For good and sufficient consideration, Grantor hereby absolutely and



unconditionally assigns and transfers to Beneficiary all the rents and revenues of the property, including those now due, past due, or to become due by virtue of any lease or other agreement for the occupancy or use of all or any part of the property, regardless of to whom the rents and revenues of the property are payable. Grantor hereby authorizes Beneficiary or Beneficiary's agents to collect the aforesaid rents and revenues and hereby directs each tenant of the property to pay such rents to Beneficiary or Beneficiary's agents; provided however, that prior to written notice given by Beneficiary to Grantor of the breach by Grantor of any covenant or agreement of Grantor in this Deed of Trust, Grantor shall collect and receive all rents and revenues of the property as trustee for the benefit of Beneficiary and Grantor, to apply the rents and revenues so collected to the sums secured by this Deed of Trust with the balance, so long as no such breach has occurred, to the account of Grantor, it being intended by Grantor and Beneficiary that this assignment of rents constitutes an absolute assignment and not an assignment for additional security only. Upon delivery of written notice by Beneficiary to Grantor of the breach by Grantor of any covenant or agreement of Grantor in this Deed of Trust, and without the necessity of Beneficiary entering upon and taking and maintaining full control of the property in person, by agent or by a court-appointed receiver, Beneficiary shall immediately be entitled to possession of all rents and revenues of the property as the same become due and payable, including but not limited to rents then due and unpaid, and all such rents shall immediately upon delivery of such notice be held by Grantor as trustee for the benefit of Beneficiary only; provided, however, that the written notice by Beneficiary to Grantor of the breach by Grantor shall contain a statement that Beneficiary exercises its rights to such rents. Grantor agrees that commencing upon delivery of such written notice of Grantor's breach by Beneficiary to Grantor, each tenant of the property shall make such rents payable to and pay such rents to Beneficiary or Beneficiary's agents on Beneficiary's written demand to each tenant therefore, delivered to each tenant personally, by mail or by delivering such demand to each rental unit, without any liability on the part of said tenant to inquire further as to the existence of a default by Grantor.

Grantor covenants that Grantor will not hereafter collect or accept payment of any rents of the Property more than one month prior to the due dates of such rents. Grantor further covenants that Grantor will execute and deliver to Beneficiary such further assignments of rents and revenues of the Property as Beneficiary may from time to time request.

Upon Grantor's breach of any covenant or agreement of Grantor in this Deed of Trust, Beneficiary may in person, by agent or by a court-appointed receiver, regardless of the adequacy of Beneficiary's security, enter upon and take and maintain full control of the Property in order to perform all acts necessary and appropriate for the operation and maintenance thereof including, but not limited to, the execution, cancellation or modification of leases, the collection of all rents and revenues of the property, the making or repairs to the property and the execution or termination of contracts providing for the management or maintenance of the property, all on such terms as are deemed best to protect the security of this Deed of Trust. In the event Beneficiary elects to seek the appointment of a receiver for the property upon Grantor's breach of any covenant or agreement of Grantor in this Deed of Trust, Grantor hereby expressly consents to the



appointment of such receiver. Beneficiary or the receiver shall be entitled to receive a reasonable fee for so managing the property.

All rents and revenues collected subsequent to delivery of written notice by Beneficiary to Grantor of the breach by Grantor of any covenant or agreement of Grantor in this Deed of Trust shall be applied first to the costs, if any, of taking control of and managing the property and collecting the rents, including, but not limited to, attorney's fees, receiver's fees, premiums on receiver's bonds, costs of repairs to the property, premiums on insurance policies, taxes assessments and other charges on the property, and the costs of discharging any obligation or liability of Grantor as lessor or landlord of the property and then to the sums secured by this Deed of Trust. Beneficiary or the receiver shall have access to the books and records used in the operation and maintenance of the property and shall be liable to account only for those rents actually received. Beneficiary shall not be liable to Grantor, anyone claiming under or through Grantor or anyone having an interest in the property by reason of anything done or left undone by Beneficiary under this paragraph.

If the rents of the property are not sufficient to meet the costs, if any, of taking control of and managing the property and collecting the rents, any funds expended by Beneficiary for such purposes shall become indebtedness of Grantor to Beneficiary secured by this Deed of Trust. Unless Beneficiary and Grantor agree in writing to other terms of payment, such amounts shall be payable upon notice from Beneficiary to Grantor requesting payment thereof and shall bear interest from the date of disbursement at the Default Rate specified in the Note secured hereby unless payment of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate which may be collected from Grantor under applicable law.

Any entering upon and taking and maintaining of control of the property by Beneficiary or the receiver and any application of rents as provided herein shall not cure or waive any default hereunder or invalidate any other right or remedy of Beneficiary under applicable law or provided herein. This assignment of rents of the property shall terminate at such time as this Deed of Trust ceases to secure indebtedness held by Beneficiary.

**ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY,
EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT
OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.**

Diversified Holdings, LLC, a Washington
limited liability company,

by: 

David J. Bernstein, Member

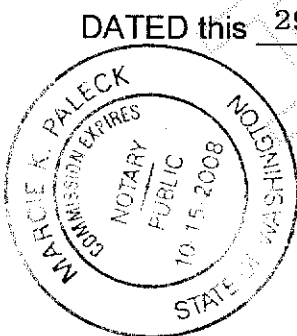


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Skagit County Auditor

STATE OF WASHINGTON)
)ss.
COUNTY OF Skagit)

I hereby certify that I know or have satisfactory evidence that David J. Bernstein, the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he is authorized to execute the instrument and acknowledged it as the Member of Diversified Holdings, LLC, to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument..



DATED this 29th day of March, 200⁵.

Marcie K. Paleck
Print Name: Marcie K. Paleck
NOTARY PUBLIC in and for the State
of Washington residing at Mount Vernon
My commission expires October 15, 2008

REQUEST FOR FULL RECONVEYANCE

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 evidences 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 _____ day of _____, _____.

Beneficiary

Beneficiary

