



200505120122
Skagit County Auditor

5/12/2005 Page 1 of 7 3:35PM

Filed for Record at Request of:

Elizabeth & Mark Mauden
P.O. Box 356
Clear Lake, WA 98235

LAND TITLE OF SKAGIT COUNTY

115651-PE

SECOND DEED OF TRUST

First Deed of Trust recorded 5/12/05 Auditors Recording # 200505120119
Grantor: Eric Erb
Grantees: Elizabeth & Mark Mauden and College Way T.T., Inc.
Trustee: Stewart Title Insurance Co.
Legal Description (abbreviated): Tracts A and B, Short Plat No. MV-8-80, Ptn of S17 T34N R4EWM,
Additional on Schedule "A-1"
Assessor's Tax Parcel Nos: 340417-3-006-0005 (P25986) and 340417-3-006-0203 (P25988)

THIS DEED OF TRUST, made this 11th day of May, 2005, by and between Eric Erb, Grantor, whose address is 26479 - 72nd Ave. N.W., Stanwood, WA 98292, Stewart Title Insurance Co. Trustee, whose address (mailing and street) is 2721 Wetmore Ave., Everett, WA 98201; and Elizabeth A. Mauden and Mark L. Mauden, wife and husband, and College Way T.T., Inc., a Washington corporation, jointly, Beneficiary, whose address is P.O. Box 356, Clear Lake, WA 98235.

WITNESSETH:

Grantor hereby bargains, sells and conveys to Trustee in Trust, with power of sale, the following described real property in Skagit County, Washington:

See Schedule "A-1" attached

which real property is not used principally for agricultural or farming purposes, together with all tenements, hereditaments, and appurtenances now or hereafter thereunto belonging or in any way 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 FOUR HUNDRED AND SIXTY THOUSAND DOLLARS (\$460,000) with interest, in accordance with the terms of two Promissory Notes 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 the 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 hazards in an amount not less than the replacement value or the amount of both of the Promissory Notes owed to Beneficiary, whichever is less. The amount collected under any insurance policy and not used by any senior lienholder may be applied upon any indebtedness hereby secured in such order as the beneficiary shall determine, provided, however, that if Grantor has not defaulted and failed to cure within the applicable Cure Period, that any such proceeds may first be used by Maker to repair or reconstruct the damage to the improvements for which the proceeds were paid. 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. Grantor covenants that Grantor is lawfully seized of the estate hereby conveyed and has right to grant and convey the property and that the property is unencumbered except for the first priority deed of trust owing to First Heritage Bank. Grantor agrees 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.



6. If Grantor fails to perform the covenants and agreements contained in this Deed of Trust or the Note entered contemporaneously herewith, or if any action or proceeding is commenced which materially affects the Beneficiary's interest in the property, including, but not limited to, eminent domain, insolvency, code enforcement, arrangements or proceedings involving a bankruptcy, or if Grantor fails to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the property hereinabove described, then, Beneficiary, at Beneficiary's option, may make such appearances, disburse such sums and take such action as is necessary to protect Beneficiary's interest, including, but not limited to, disbursement of a reasonable attorney's fees and the entry upon the property to make repairs.

Any amounts disbursed by Beneficiary pursuant to this paragraph with interest thereon at twelve percent (12%) per annum, shall become additional indebtedness of Grantor secured by this Deed of Trust, and shall be immediately due and owing. Nothing contained in this Section shall require Beneficiary to incur any expense or take any action hereunder.

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

2. Any forbearance by Beneficiary in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

3. The Trustee shall reconvey all or any part of the property conveyed 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 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 purchasers 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. Beneficiary shall have all remedies afforded at law or in equity.

7. In the event of the death, incapacity or 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 a 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, successors and assigns. The term Beneficiary shall mean the holder and owner of the Note secured hereby, whether or not named as Beneficiary herein.

9. The Grantor hereby absolutely, unconditionally and immediately conveys, transfers and assigns unto Beneficiary, their successors and assigns, all the rights, interest, and privileges which Grantor, as Lessor, has and may have in the rentals or leases of the Property (including all rental arrangements including month to month tenancies or lease agreements, written or oral, all of which will be hereafter referred to as the "Leases") and including all proceeds payable under any policy of insurance covering loss of rents resulting from untenability caused by destruction or damage to the premises, now existing or hereafter made and affecting the Property. In the event of default by the Grantor in the payment of any indebtedness secured hereby or the performance of any other agreement, obligation or condition in this deed of trust, not cured by Grantor within the applicable Cure Period, the beneficiary shall be entitled to collect and retain the rents, issues and profits from said property or any part thereof, either with or without taking possession.

10. Beneficiary hereby grants to Grantor a license to collect, until such time as a default occurs under the terms of said Note and Deed of Trust and Grantor fails to cure such default within the applicable Cure Period, said deposits, rents, income, and profits from the aforementioned leases and to retain, use, and enjoy the same; provided, however, that even before default occurs no rent shall be collected or accepted more than two (2) months in advance without the prior written consent of the Beneficiary. Anything to the contrary notwithstanding, Grantor hereby assigns to Beneficiary any award made hereafter to it in any court procedure involving any of the lessees in any bankruptcy, insolvency, or reorganization proceedings in any state or federal court; and any and all payments made by lessees in lieu of rent.

TRANSFER OF PROPERTY; ASSUMPTION:

1) Beneficiary may declare all sums secured by this deed of trust to be immediately due and

DEED OF TRUST (SHORT FORM)
JHC\10053\1405479.V01 (8_VB01!.DOC) R-014



200505120122
Skagit County Auditor

payable if all or any part of the property or any interest therein is sold or transferred by grantors without beneficiary's prior written consent, except for conveyance to a limited liability company or corporation in which Grantor is the sole owner.

- 2) Beneficiary shall waive the option to accelerate if, prior to sale or transfer, the beneficiary and the person to whom the property is to be sold or transferred reach an agreement, in writing, that the credit of such person is satisfactory to beneficiary and the interest payable on the sum secured by this deed of trust shall be at such rate as beneficiary requests. Beneficiary will not unreasonably withhold consent.
- 3) Any consent to transfer by beneficiary will not relieve grantors from liability on the debt secured by this deed of trust or the terms of this deed of trust.
- 4) Beneficiary shall be entitled to charge a fee as a condition to such consent, such fee to be equal to the reasonable costs incurred by the beneficiary by way of securing credit reports, financial statements, legal advice, and other costs reasonably and properly associated with the granting of such consent.
- 5) If grantor, or any successor in interest to grantor is a corporation, limited liability company or association, the sale or assignment of any stock, membership units or interest in such corporation, limited liability company or association (for other than security purposes) in the aggregate in excess of forty-five percent (45%) in any two-year period, shall be deemed a transfer of the property.

Eric Erb

STATE OF WASHINGTON)
) ss.
COUNTY OF ~~SNOHOMISH~~ SKAGIT

On this 11TH day MAY, 2005, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Eric Erb to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged to me that he signed the same as his free and voluntary act and deed for the uses and purposes therein mentioned.

SUBSCRIBED AND SWORN TO before me by Eric Erb on this 11TH day of MAY, 2005.



PRINTED NAME: KAREN ASHLEY

NOTARY PUBLIC

in and for the State of Washington.

My commission expires: 9/11/06

DEED OF TRUST (MORTGAGE) (FORM)
JHCM10053\1405479.V01 (8_VB01.DOC) R-014



200505120122
Skagit County Auditor

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 evidences of indebtedness secured by said Deed of Trust delivered to you herewith, together with the said Deed of Trust, and to convey, without warranty, to the parties designated by the term of said Deed of Trust, all the estate now held by you thereunder.

DATED: _____

Mail reconveyance to: _____



200505120122

Skagit County Auditor

Escrow No.: 115651-PE

EXHIBIT "A"

LEGAL DESCRIPTION

PARCEL "A":

Tract "A", Short Plat No. MV-8-80, approved July 7, 1980, recorded July 8, 1980, under Auditor's File No. 8007080001 in Book 4 of Short Plats, pages 135 and 136, records of Skagit County, being a portion of the North ½ of the Northwest ¼ of the Southwest ¼ of Section 17, Township 34 North, Range 4 East, W.M.

Situate in the County of Skagit, State of Washington.

PARCEL "B":

Tract "B", Short Plat No. MV-8-80, approved July 7, 1980, recorded July 8, 1980, under Auditor's File No. 8007080001 in Book 4 of Short Plats, pages 135 and 136, records of Skagit County, being a portion of the North ½ of the Northwest ¼ of the Southwest ¼ of Section 17, Township 34 North, Range 4 East, W.M.

TOGETHER WITH a non-exclusive easement for ingress, egress and utilities over and across the Easterly 23 feet of Tract "A" of said Short Plat No. MV-8-80 as delineated on the face of said Short Plat.

Situate in the County of Skagit, State of Washington.



200505120122
Skagit County Auditor

5/12/2005 Page

7 of

7 3:35PM