



200509270244

Skagit County Auditor

9/27/2005 Page

1 of

13

3:17PM

AFTER RECORDING RETURN TO:
D. B. Johnson Construction, Inc.
1801 Grove St., Unit B
Marysville, WA 98270

Document Title:

Mitigation/Infrastructure Cost Recovery Contract – Sedro Woolley No. 124

Grantors:

D. B. Johnson Construction, Inc., Owner
and all future owners, assigns, heirs and successors in interest

Grantees:

Local Infrastructure Recovery, LLC

Legal Description:

LOTS 1 THROUGH 51, INCLUSIVE OF THE PLAT OF SAUK MOUNTAIN VIEW
ESTATES – NORTH – PHASE 1 – WILDFLOWER, ACCORDING TO THE PLAT
THEREOF, AS RECORDED MAY 9, 2003, UNDER AUDITOR’S FILE NO.
200305090001, RECORDS OF SKAGIT COUNTY, WASHINGTON

SITUATE IN SKAGIT COUNTY, WASHINGTON

Assessor’s Property Tax Parcel/Account Numbers:

P120306	P120329	P120337	P120307	P120356
P120308	P120330	P120338	P120309	P120310
P120311	P120331	P120339	P120312	P120313
P120314	P120332	P120340	P120315	P120316
P120317	P120333	P120341	P120318	P120319
P120320	P120334	P120342	P120321	P120322
P120323	P120335	P120343	P120324	P120325
P120326	P120336	P120344	P120327	P120328
P120345	P120346	P120347	P120348	P120349
P120350	P120351	P120352	P120353	P120354
P120355				

**MITIGATION/INFRASTRUCTURE COST RECOVERY CONTRACT
SEDRO WOOLLEY NO. 124**

During the planning, approval, and construction of the Plat of Sauk Mountain View Estates – North – Phase I - Wildflower and the planning, approval and construction of the houses on the Properties described in Exhibit A the following fees were collected (or will be collected in the future) by or for the entities shown.

<u>FEE NAME</u>	<u>AMOUNT</u>	<u>AGENCY RECEIVING FUNDS</u>
Street Impact Fee	\$2,820.00 per Lot	City of Sedro Woolley
School Impact Fee (including admin fee)	\$2,045.00 per Lot	Sedro Woolley School District
Park Impact Fee	\$ 250.00 per Lot	City of Sedro Woolley
Police Mitigation Fee	\$ 250.00 per Lot	City of Sedro Woolley
McGargile Road Traffic Fee	\$1,500.00 per Lot	City of Sedro Woolley
Sewer General Facilities Fee	\$7,266.00 per Lot	City of Sedro Woolley

The above fees total \$14,131.00 per lot of which 44% or \$6,217.64 per lot shall be the basis for this Recovery Contract.

These fees are generally collected by the agency involved in an attempt to offset the cost of construction of new public facilities, such as schools, parks or infrastructure which benefit citizens and/or properties for several years into the future. These fees have been paid (or will be paid) by the Originator of this Recovery Contract either directly to the agency or to another party that has received credit for infrastructure provided to the agency in the past, or indirectly in the negotiated acquisition price of the property, where the prior owner or developer of the property paid the fee to the agency or otherwise earned or was entitled to receive credit equal to the amount of the fee.

In an effort to match the cost of these fees (or a part of these fees) to the present and future Property Owners with the long term nature of the benefit of these items to the present and future Property Owners, the Originator has entered into a contract with LIR LLC (Facilitator). The contract permits Facilitator to collect from the Owners of the properties listed in Exhibit A monthly payments over a period of thirty years (with payments to begin October 31, 2012 according to the payment schedule in Section 7) in an attempt to spread out these costs over the years of the Recovery Contract. The Originator will receive certain benefits stipulated in that contract.

Neither Originator nor Facilitator shall be responsible for how or when any of the public agencies spent or spends any money collected. Due to the numerous infrastructure costs to Originator, whether paid in the form of a fee or for construction or indirectly in the acquisition cost of land, any refund of a fee or a part of a fee by a governmental agency, a utility provider or other public agency to Originator or any other entity shall not constitute a cause for any change in the terms of this Recovery Contract.



*** TABLE OF CONTENTS ***

SECTION 1 – DEFINITIONS.....3
SECTION 2 – RECOVERY AMOUNT.....3
SECTION 3 – RUNS WITH THE LAND.....3
SECTION 4 – NOTICE TO ESCROW COMPANIES AND CLOSING AGENTS.....3
SECTION 5 – ORIGINATION DATE.....4
SECTION 6 – INTEREST RATE.....4
SECTION 7 – PAYMENT SCHEDULE.....4
SECTION 8 – LATE FEES AND LATE PAYMENT INTEREST RATE.....5
SECTION 9 – FURTHER SUBDIVISION OR SEPARATION OF OWNERSHIP.....6
SECTION 10 – LIMITED SUBORDINATION.....6
SECTION 11 – ACCELERATION; REMEDIES.....6
SECTION 12 – FORECLOSURE BY MORTGAGEE.....7
SECTION 13 – COLLECTION FROM ASSOCIATION OF OWNERS.....7
SECTION 14 – LOT OWNER’S RIGHT TO REINSTATE AFTER ACCELERATION.....8
SECTION 15 – CONTRACT ADMINISTRATION FEES.....8
SECTION 16 – PROTECTION OF FACILITATOR’S INTEREST IN THE PROPERTY.....8
SECTION 17 – COSTS OF COLLECTION.....9
SECTION 18 – FORBEARANCE BY FACILITATOR IS NOT A WAIVER.....9
SECTION 19 – IMPAIRMENT OF FACILITATOR’S INTEREST IN PROPERTY.....10
SECTION 20 – GOVERNING LAW; SEVERABILITY; RULES OF CONSTRUCTION.....10
SECTION 21 – NOTICES.....10
SECTION 22 – ASSIGNABLE.....11
SECTION 23 – SATISFACTION.....11
SECTION 24 – INTEGRATION.....11
SECTION 25 – INDIVIDUAL PROPERTY/OWNERS.....11



Section 1 – DEFINITIONS. Words used in multiple sections of this document are defined below. Certain rules regarding the usage of words used in this document are also provided in Section 20.

Recovery Contract means this document which is dated September 20, 2005.

Originator of this Recovery Contract means the owner of the property listed in Exhibit A as of the date of recording of this Recovery Contract.

Facilitator is Local Infrastructure Recovery LLC, a Washington Limited Liability Company.

Property is any one of the properties specifically listed or described in Exhibit A.

Owner is the record owner of any of the properties specifically listed in Exhibit A. If a property is sold on a contract, the contract purchaser shall be considered the Owner.

Mortgage shall refer to any loan secured by a deed of trust, real estate contract, or any other form of security instrument recorded against a Property.

Mortgagee shall refer to the secured party under a deed of trust, or any other form of security instrument recorded against a Property. For the purposes of this Recovery Contract, the term Mortgagee includes the vendor under a real estate contract.

Section 2 – RECOVERY AMOUNT. At the time of origination of this contract, each Property shall be subject to a total of \$6,217.64 due and payable by the Owner of each Property to Facilitator according to the terms of this Recovery Contract and the payment schedule.

Section 3 – RUNS WITH THE LAND. The Property shall be held, transferred, sold, conveyed, and leased subject to all terms of this Recovery Contract, until such time as Facilitator records a release or satisfaction of the amount due with the recording office of the county where the property is located. The provisions hereinafter set forth shall run with the title to each Property and shall be binding on all parties having any right, title or interest in the Property or any portion thereof, and their respective heirs, successors and assigns.

The Facilitator has a lien on the Property for any and all unpaid amounts due under this Recovery Contract. No written notice is necessary to perfect the Facilitator's lien. Recording of this Recovery Contract constitutes record notice and perfection of the lien for the amounts due.

Section 4 – NOTICE TO ESCROW COMPANIES AND CLOSING AGENTS. At the time that any Mortgage is paid in full and replaced with another Mortgage by an Owner (refinance) and at the time of a sale or transfer of a Property, all amounts currently due and past due according to the terms of this Recovery Contract shall be paid to Facilitator. Escrow



companies, closing agents or others entrusted with the collection of and disbursement of funds in the completion of such transactions are hereby authorized by Owners to inquire of Facilitator regarding such amounts and to pay those amounts as required by this Recovery Contract.

Section 5 – ORIGINATION DATE. The origination date for this contract shall be defined to be October 1, 2005. This date shall be the first date that interest shall accrue on amounts due under this recovery contract.

Section 6 – INTEREST RATE. Interest shall accrue on the recovery amount according to the following schedule. At all times during the contract, interest shall be compounded monthly.

Dates	Interest Rate
October 1, 2005 through September 30, 2008	4.875%
October 1, 2008 through September 30, 2015	5.875%
October 1, 2015 through September 30, 2022	7.875%
October 1, 2022 through September 30, 2042	8.875%

Section 7 – PAYMENT SCHEDULE. Payments in the amount of \$44.75 per month shall be due and payable beginning on October 31, 2012 and continuing until August 31, 2042. On September 30, 2042 any balance remaining shall become due and payable.

Alternately, Facilitator shall have the sole option to collect payments on an annual basis. An annual payment schedule will mean that payments in the amount of \$537.00 per year shall be due and payable beginning on October 31, 2012 and continuing until October 31, 2041. On September 30, 2042 any balance remaining shall become due and payable. Facilitator shall further have the right to change from payments on a monthly basis to an annual basis or vice versa with a minimum of sixty days notice to Owner.

Payments received shall be applied first to any late fees or other fees due and then to interest accrued and then to principal. There is no penalty for prepayment of any amount due. (See Section 15)

Owners are hereby advised that the balance owed on this contract will **increase**, even if all payments are made as scheduled and that the scheduled payments do not cover all accrued interest under the contract. The following table assumes that all payments are made as scheduled on a monthly payment schedule. At the end of the payment term in 2042, the remaining balance due to the facilitator will be \$33,566.22, assuming all payments are made exactly as scheduled on a monthly payment schedule. Late payments and other fees accrue interest at a higher rate of interest. Owners and potential future owners are advised to contact Facilitator for up to date information as to the current status of the account of any Property.



PAYMENT SCHEDULE AND PROJECTED BALANCE BY YEAR

	Date	Monthly Payment	Annual Accrued Interest	Annual Total of Payments	Principal Paid (Annual Total)	Recovery Amount (Balance)	
Beginning Balance	10/1/2005					\$ 6,217.64	
Year 1	9/30/2006	NO PAYMENT PERIOD	\$ 309.11	NO PAYMENT PERIOD		\$ 6,526.75	4.875% INTEREST RATE PERIOD
Year 2	9/30/2007		\$ 325.38		\$ 6,852.13		
Year 3	9/30/2008		\$ 341.93		\$ 7,194.06		
Year 4	9/30/2009		\$ 433.65		\$ 7,627.71	5.875% INTEREST RATE PERIOD	
Year 5	9/30/2010		\$ 460.39		\$ 8,088.10		
Year 6	9/30/2011		\$ 488.18		\$ 8,576.28		
Year 7	9/30/2012		\$ 518.14		\$ 9,094.42		
Year 8	9/30/2013	\$44.75	\$ 533.70	\$537.00	\$3.30	\$ 9,091.12	
Year 9	9/30/2014	\$44.75	\$ 534.02	\$537.00	\$2.98	\$ 9,088.14	
Year 10	9/30/2015	\$44.75	\$ 533.84	\$537.00	\$3.16	\$ 9,084.98	
Year 11	9/30/2016	\$44.75	\$ 722.74	\$537.00	\$0.00	\$ 9,270.72	7.875% INTEREST RATE PERIOD
Year 12	9/30/2017	\$44.75	\$ 736.47	\$537.00	\$0.00	\$ 9,470.19	
Year 13	9/30/2018	\$44.75	\$ 753.47	\$537.00	\$0.00	\$ 9,686.66	
Year 14	9/30/2019	\$44.75	\$ 771.15	\$537.00	\$0.00	\$ 9,920.81	
Year 15	9/30/2020	\$44.75	\$ 791.23	\$537.00	\$0.00	\$10,175.04	
Year 16	9/30/2021	\$44.75	\$ 810.24	\$537.00	\$0.00	\$10,448.28	
Year 17	9/30/2022	\$44.75	\$ 833.34	\$537.00	\$0.00	\$10,744.62	
Year 18	9/30/2023	\$44.75	\$ 970.95	\$537.00	\$0.00	\$11,178.57	8.875% INTEREST RATE PERIOD
Year 19	9/30/2024	\$44.75	\$ 1,012.07	\$537.00	\$0.00	\$11,653.64	
Year 20	9/30/2025	\$44.75	\$ 1,053.96	\$537.00	\$0.00	\$12,170.60	
Year 21	9/30/2026	\$44.75	\$ 1,102.78	\$537.00	\$0.00	\$12,736.38	
Year 22	9/30/2027	\$44.75	\$ 1,155.09	\$537.00	\$0.00	\$13,354.47	
Year 23	9/30/2028	\$44.75	\$ 1,213.42	\$537.00	\$0.00	\$14,030.89	
Year 24	9/30/2029	\$44.75	\$ 1,273.53	\$537.00	\$0.00	\$14,767.42	
Year 25	9/30/2030	\$44.75	\$ 1,342.86	\$537.00	\$0.00	\$15,573.27	
Year 26	9/30/2031	\$44.75	\$ 1,417.36	\$537.00	\$0.00	\$16,453.63	
Year 27	9/30/2032	\$44.75	\$ 1,500.22	\$537.00	\$0.00	\$17,416.85	
Year 28	9/30/2033	\$44.75	\$ 1,586.26	\$537.00	\$0.00	\$18,466.11	
Year 29	9/30/2034	\$44.75	\$ 1,684.80	\$537.00	\$0.00	\$19,613.91	
Year 30	9/30/2035	\$44.75	\$ 1,790.92	\$537.00	\$0.00	\$20,867.83	
Year 31	9/30/2036	\$44.75	\$ 1,908.70	\$537.00	\$0.00	\$22,239.53	
Year 32	9/30/2037	\$44.75	\$ 2,031.69	\$537.00	\$0.00	\$23,734.22	
Year 33	9/30/2038	\$44.75	\$ 2,171.84	\$537.00	\$0.00	\$25,369.06	
Year 34	9/30/2039	\$44.75	\$ 2,322.98	\$537.00	\$0.00	\$27,155.04	
Year 35	9/30/2040	\$44.75	\$ 2,490.52	\$537.00	\$0.00	\$29,108.56	
Year 36	9/30/2041	\$44.75	\$ 2,666.13	\$537.00	\$0.00	\$31,237.69	
Year 37	9/30/2042	\$44.75	\$ 2,865.54	\$537.00	\$0.00	\$33,566.22	
Totals			\$43,458.58	\$16,110.00	\$9.44		

Section 8 – LATE FEES AND LATE PAYMENT INTEREST RATE. If a payment is not received by Facilitator within ten (10) days after its due date, a late fee equal to 15% of the amount due shall automatically and immediately become due and payable. Collection or failure to collect the late charge shall not limit Facilitator’s rights under this Recovery Contract.

The interest rate on all payments more than ten (10) days late (including any fees or other amounts assessed) shall be at 12% per annum or the highest legal rate allowed by law if



lower. Late fees and interest at the late payment interest rate will be added to other amounts owed, even though Facilitator may choose not to send monthly statements to Owner.

Section 9 – FURTHER SUBDIVISION OR SEPARATION OF OWNERSHIP. If any one or more of the properties becomes subject to some form of separate ownership, such as by subdivision or the recording of a condominium, the recorded documents for such separation of ownership shall provide a fixed percentage of the amounts due under this Recovery Contract to be paid by the separate owners. Facilitator may agree to “split” the amounts due on one property into separate accounts at its sole discretion.

Section 10 – LIMITED SUBORDINATION. In consideration of benefits to Facilitator from Owner, receipt and sufficiency of which is hereby acknowledged, and to induce Mortgagee to advance funds under its Mortgage and all agreements in connection therewith, the Facilitator does hereby subordinate the lien of this Recovery Contract to the lien of Mortgagee, and all advances or charges made or accruing there under including any extension or renewal thereof, subject to the terms in Sections 11 and 12 below.

Facilitator recognizes that Mortgagee has no obligation to advance any funds under its mortgage or see to the application of Mortgagee’s mortgage funds, and any application or use of such funds for the purposes other than those provided for in such mortgage, note or agreements shall not defeat the subordination herein made in whole or in part, but subject to Section 4 of this Recovery Contract.

The heirs, administrators, assigns, and successors in interest of the Facilitator shall be bound by this limited subordination.

Section 11 – ACCELERATION; REMEDIES. If the Property is security for a Mortgage, Facilitator agrees to allow thirty-six (36) months from the date of the initial default before beginning a judicial or non-judicial action to foreclose. However, if Facilitator can obtain written permission from all Mortgagees of a Property, the thirty six month period can be shortened.

In the event of default, Facilitator shall have the following options:

- A. Facilitator shall have the option to give notice to the Owner of acceleration following the Owner’s breach of any covenant or agreement in this Recovery Contract. The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Owner, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in a lawsuit to collect the sums owing under this Contract. In the event that such lawsuit is commenced, Facilitator shall have the right to foreclose the property in the manner of foreclosing a lien as provided by State of Washington laws, RCW 61.12.



B. Facilitator shall have the option to consider this recovery contract in the nature of a Deed of Trust. In that event Facilitator, as beneficiary, shall be entitled to appoint a Trustee as provided in RCW 61.24.010(2) and to thereafter foreclose the property non-judicially as authorized by the Deed of Trust foreclosure statutes, specifically RCW 61.24. The Trustee shall have the power of sale as provided in that statute. It is acknowledged that the property subject to this Contract is not used principally for agricultural or farming purposes. All of the notices and the timing provisions as set forth in the Deed of Trust statute shall apply to the non-judicial foreclosure authorized in this paragraph.

Facilitator shall be entitled to collect all expenses incurred in pursuing the remedies provided in this Section 11, including but not limited to, reasonable attorney's fees, costs of foreclosure and title reports, and any and all other costs and fees as authorized by statute.

Upon written notice from a Mortgagee, Facilitator will provide, at the address provided by Mortgagee, copies of notices of any default and other notices provided to the Owner.

Facilitator may, but is not required to, record a notice of claim of lien for any and all amounts due under this Recovery Contract.

Section 12 – FORECLOSURE BY MORTGAGEE. If there is a sale at public auction as a result of a foreclosure proceeding by a Mortgagee or a deed is granted to Mortgagee in lieu of foreclosure or any other form of repossession by a Mortgagee takes place, an amount shall be due to Facilitator which is equal to the amounts currently due and past due under the terms of this Recovery Contract and any other fees or costs assessed by Facilitator in the administration of this Recovery Contract. Furthermore, any party that obtains ownership of the Property as a result of any such action or sale shall be obligated to make all future scheduled payments under this Recovery Contract.

Owner and Mortgagee hereby agree to provide to Facilitator a copy of any notice of any mortgage default that is not cured within sixty (60) days by Owner. The Mortgagee shall be required to provide Facilitator with the same notices required to be given to any other creditor that may have an interest in the property.

Owner hereby grants to Mortgagee(s) and Facilitator a Power of Attorney granting permission to both parties to provide and exchange information regarding the status of Owner's accounts, including but not limited to, balances, monthly or annual payment amounts, payment history, current and/or overdue payments, defaults, etc. among themselves and other parties with a genuine need for such information.

Section 13 – COLLECTION FROM ASSOCIATION OF OWNERS. If a homeowners association or condominium owners association or other association of some or all of the Owners exists or is formed, Facilitator shall have the right to collect payments due under this Recovery Contract from the association, which would in turn have the right to collect



payments from Owners. On an annual or monthly basis (at the sole option of facilitator), the association would provide facilitator with a statement of accounts being paid and a single aggregate payment.

Section 14 – LOT OWNER’S RIGHT TO REINSTATE AFTER ACCELERATION. If Owner meets certain conditions defined below, Owner shall have the right to have enforcement of this Recovery Contract discontinued at any time prior to the earliest of: (a) a period as applicable law might specify for the termination of Owner’s right to reinstate; or (b) entry of a judgment enforcing this Recovery Contract. Those conditions are that Owner: (a) pays Facilitator all sums which then would be due under this Recovery Contract as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Recovery Contract, including, but not limited to, reasonable attorney’s fees, property inspection and valuation fees, and other fees incurred for the purpose of protecting Facilitator’s interest in the Property and rights under this Recovery Contract; and (d) takes such action as Facilitator may reasonably require to assure that Facilitator’s interest in the Property and rights under this Recovery Contract, and Owner’s obligation to pay the sums secured by this Recovery Contract shall continue unchanged. Facilitator may require that Owner pay such reinstatement sums and expenses in one or more of the following forms, as selected by Facilitator: (a) cash; (b) money order; (c) certified check, bank check treasurer’s check or cashier’s check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality or entity. Upon reinstatement by Owner, this Recovery Contract and obligations secured hereby shall remain fully effective as if no acceleration had occurred.

Section 15 – CONTRACT ADMINISTRATION FEES. Facilitator has the right to collect reasonable fees in addition to the monthly payments from Owner for the administration under this recovery contract. Facilitator shall also have the right to hire a collection agent. The cost for collection agent’s services shall be added to the monthly or annual payment amount and paid by Owner. The following list of services provides some examples of those which Facilitator or a collection agent may charge Owner for: annual statements, payoff statements or updates to payoff statements, interim statements, account history statements, faxing or other transmission method, documents required or requested when ownership is transferred, copies of documents, processing of certain methods of payment by Owners, processing of checks or other payment methods with insufficient funds, account closure fee, and other services provided by Facilitator. For more information regarding the current fee schedule, please contact Facilitator.

If any contract administration fee is not paid within thirty days of its assessment, it shall be added to any other late payments due and accrue interest at the late payment interest rate as stated in Section 8.

Section 16 – PROTECTION OF FACILITATOR’S INTEREST IN THE PROPERTY. If (a) Owner fails to perform the covenants and agreements contained in this Recovery Contract, or (b) there is a legal proceeding that might significantly affect Facilitator’s interest



in the Property and/or rights under this Recovery Contract (such as a proceeding in bankruptcy, probate, for condemnation or forfeitures, for enforcement of a lien which may attain priority over this Recovery Contract or to enforce laws or regulations) or (c) Owner has abandoned the Property, then Facilitator may do and pay for whatever is reasonable or appropriate to protect Facilitator's interest in the Property and rights under this Recovery Contract, including protecting and/or assessing the value of the Property and securing and/or repairing the Property. Facilitator's actions can include, but are not limited to: (a) paying any sums secured by a lien which has priority over this Recovery Contract; (b) appearing in court; and (c) paying reasonable attorney's fees to protect its interest in the Property and/or rights under this Recovery Contract, including its secured position in a bankruptcy proceeding.

Securing the Property includes, but is not limited to, entering the Property to make repairs, change locks, replace or board up doors and windows, drain water from pipes, eliminate building or other code violations or dangerous conditions, and have utilities turned on or off. Although Facilitator may take action under this Section 16 Facilitator does not have to do so and is not under any duty or obligation to do so. It is agreed that Facilitator incurs no liability for not taking any or all actions authorized under this Section 16

Any amounts disbursed by Facilitator under this Section 16 shall become an additional amount immediately due under this Recovery Contract. These amounts shall bear interest at the late payment interest rate (as defined in Section 8) from the date of disbursement and shall be payable, with such interest, upon notice from Facilitator to Owner requesting payment.

Section 17 – COSTS OF COLLECTION. Owner shall be required to pay: (a) all costs and expenses, including without limitation attorneys' fees, in the event that Facilitator consults an attorney regarding a default by Owner even though suit is not instituted; (b) attorneys' fees and all other costs, expenses and fees incurred by Facilitator, including costs on appeal, in the event that suit is instituted on this recovery contract; (c) all costs and expenses, including, without limitation, attorneys' fees incurred by Facilitator in connection with any bankruptcy, forfeiture, insolvency or reorganization proceeding or receivership in which owner is involved, including, without limitation, those incurred in making appearances in any such proceeding or in seeking relief from any stay or injunction issued in or arising out of any such proceeding.

Section 18 – FORBEARANCE BY FACILITATOR IS NOT A WAIVER. Extension of the time for payment or modification of amortization of the sums secured by this Recovery Contract granted by Facilitator to any Owner shall not operate to release the liability of the Owner. Facilitator shall not be required to commence proceedings against Owner or to refuse to extend time for payment or otherwise modify amortization of the sums secured by this Recovery Contract by reason of any demand made by the Owner. Any forbearance by Facilitator in exercising any right or remedy including, without limitation, Facilitator's acceptance of payments from third persons, or in amounts less than the amount then due, shall not be a waiver of or preclude the exercise of any right or remedy. Facilitator reserves the right at its sole discretion to extend payment dates.



Section 19 – IMPAIRMENT OF FACILITATOR’S INTEREST IN PROPERTY.

Owner shall be in default if any action or proceeding, whether civil or criminal, is begun that, in Facilitator’s judgment, could result in forfeiture of the Property or other material impairment of Facilitator’s interest in the Property or rights under this Recovery Contract. Owner can cure such a default and, if acceleration has occurred, reinstate as provided in Section 14 by causing the action or proceeding to be dismissed with a ruling that, in Facilitator’s judgment, precludes forfeiture of the Property or other material award or claim for damages that are attributable to the impairment of Facilitator’s interest in the Property.

Section 20 – GOVERNING LAW; SEVERABILITY; RULES OF CONSTRUCTION.

The law of the jurisdiction in which the Property is located shall govern this Recovery Contract. All rights and obligations contained in the Recovery Contract are subject to any requirements and limitations of applicable law. Applicable law might explicitly or implicitly allow the parties to agree by contract or it might be silent, but such silence shall not be construed as a prohibition against agreement by contract. In the event that any provision or clause of this Recovery Contract conflicts with applicable law, such conflict shall not affect other provisions of this Recovery Contract which shall remain in full force and effect.

As used in this Recovery Contract: (a) words of the masculine gender shall mean and include corresponding neuter words or words of the feminine gender; (b) words in the singular shall mean and include the plural and vice versa; and (c) the word “may” gives sole discretion without any obligation to take any action.

Section 21 – NOTICES. All notices given by Owner or Facilitator in connection with this Recovery Contract must be in writing. Any notice to Owner in connection with this Recovery Contract shall be deemed to have been given to Owner when mailed by first class mail or when actually delivered to Owner’s notice address if sent by other means. The notice address shall be the property address, unless Owner has designated a substitute notice address by notice to Facilitator. Owner shall promptly notify Facilitator of Owner’s change of address. If Facilitator specifies a procedure for reporting Owner’s change of address, then Owner shall only report a change of address through that specified procedure. There may be only one designated notice address for each Owner under this Recovery Contract at any one time. Any notice to Facilitator shall be given by delivering it or by mailing it by first class mail to Facilitator at Local Infrastructure Recover LLC, PO Box 1416, Marysville, WA 98270, unless Facilitator has designated another address by notice to Owner or by recording such notice with the county recording office. Any notice in connection with this Recovery Contract shall not be deemed to have been given to Facilitator until actually received by Facilitator.

An Owner intending to sell, transfer, or otherwise convey a Property shall deliver a written notice to Facilitator, at least two weeks before closing, specifying the Property being sold: the name and address of the purchaser, of the closing agent, and of the title insurance company insuring the purchaser’s interest; and the estimated closing date. The Facilitator shall have the right to notify the purchaser, the title insurance company, and the closing agent of the



amounts currently due and past due under this Recovery Contract, whether or not such information is requested.

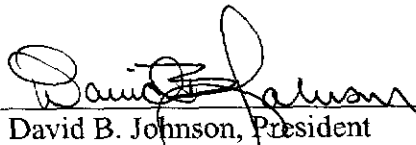
Section 22 – ASSIGNABLE. All rights and responsibilities of Facilitator under this Recovery Contract are assignable by Facilitator. If such an assignment is made, Facilitator and its Assignee shall be required to separately notify Owner of the change.

Section 23 – SATISFACTION. Upon receipt of all recovery sums due under this Recovery Contract for any Property, Facilitator shall cause to be recorded a "Partial Release or Satisfaction of Contract," which shall be considered notice that the contract has been fulfilled and the Property is no longer subject to the terms of this Recovery Contract.

Section 24– INTEGRATION. This Recovery Contract constitutes the entire understanding between the parties. No modification of this Recovery Contract, other than those provided for within, shall be effective unless agreed to in writing and signed by Facilitator and Owner. Any such modification shall take effect upon being recorded with the recording office at the county where the Property is located.

Section 25 – INDIVIDUAL PROPERTY/OWNERS. This contract applies to each Property and Owner individually. If any part of this contract or the entire contract is determined to be unenforceable or is rescinded as to any one Property or Owner for any reason, that result shall not be conclusively deemed to apply to any other individual Property or Owner unless such result is acknowledged in writing by Facilitator.

Originator: D. B. Johnson Construction, Inc.



David B. Johnson, President

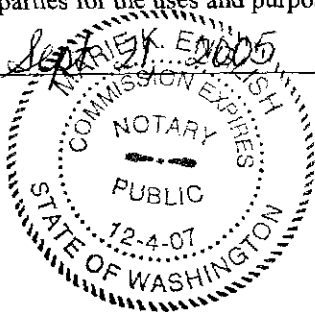
9/21/05

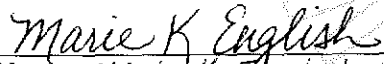
Date

State of Washington)
)
County of Snohomish)

I certify that I know or have satisfactory evidence that David B. Johnson is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the President of D. B. Johnson Construction, Inc. to be the free and voluntary act of such parties for the uses and purposes mentioned in the instrument.

Dated: Sept 21, 2005





Name: Marie K English
Notary Public in and for the State of
Washington residing at Marysville
My appointment expires: Dec 4, 2007



EXHIBIT A

List of Properties

LOTS 1 THROUGH 51, INCLUSIVE OF THE PLAT OF SAUK MOUNTAIN VIEW
ESTATES – NORTH – PHASE 1 – WILDFLOWER, ACCORDING TO THE PLAT
THEREOF, AS RECORDED MAY 9, 2003, UNDER AUDITOR'S FILE NO.
200305090001, RECORDS OF SKAGIT COUNTY, WASHINGTON

SITUATE IN SKAGIT COUNTY, WASHINGTON



200509270244
Skagit County Auditor