

Order No. 87100

Account No. 73061

WHEN RECORDED MAIL TO:

PENINSULA COMMUNITY  
FEDERAL CREDIT UNION  
PO Box 2150  
521 W. Railroad Avenue  
Shelton, WA 98584



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SPACE ABOVE THIS LINE FOR RECORDERS USE

HOME VALUE LINE

Deed Of Trust

**NOTICE: THIS DOCUMENT CONTAINS PROVISIONS FOR A VARIABLE ANNUAL PERCENTAGE RATE. THIS DOCUMENT SECURES OBLIGATIONS INCLUDING THE REPAYMENT OF OBLIGATORY FUTURE ADVANCES.**

THIS DEED OF TRUST, Made 01/20/2006, between MICHAEL F ELSTON, WHO ACQUIRED TITLE AS MICHAEL A ELSTON AND PAMELA J ELSTON, HUSBAND AND WIFE

FIRST AMERICAN TITLE CO.

87100

Herein called TRUSTOR, whose address is: 2624 RAINBOLT PLACE  
Mount Vernon WA 98274

FIRST AMERICAN TITLE, a Washington State corporation, herein called TRUSTEE, and PENINSULA COMMUNITY FEDERAL CREDIT UNION, herein called BENEFICIARY, WITNESSETH: That Trustor grants to Trustee in Trust, with Power of Sale, that property in the County of Skagit, State of Washington, described as:  
FULL LEGAL DESCRIPTION LOCATED ON PAGE 4. ABBREVIATED LEGAL DESCRIPTION: LOT 57 AND PTN. LOT 56, "LITTLE MOUNTAIN ADDITION". TAX ACCOUNT NO. 4566-000-057-0006 (P100668)

Together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits.

The Agreement and this Deed of Trust are, at the option of the Beneficiary, subject to acceleration upon sale, conveyance, alienation, or assignment, as permitted by law.

For the Purpose of Securing:

(1) All of the obligations of Trustor under that certain agreement entitled "Open-End Variable Rate Agreement and Federal Disclosure Statement for Loans Secured by Real Estate" between the Trustor and Beneficiary and dated (hereinafter referred to as "Agreement"), as said Agreement may be modified or the obligations secured thereby may be extended, renewed, or replaced by other evidences of indebtedness from time to time. The Agreement provides for the payment of all sums of money with interest, at a rate or rates tied to an index and is, therefore, subject to change from time to time, and other charges which may be paid out or advanced by, or otherwise due to Trustee or Beneficiary under the provisions of the Agreement and this Deed of Trust. The amount secured hereby as of the date of this Deed of Trust is the Trustor's credit limit of \$50,000.00 (here in after Referred to as the "credit limit"). This amount may be increased by the Beneficiary upon the Trustor's request and may be decreased by the Beneficiary upon notice to the other parties to the Agreement.

(2) Payment, with interest thereon of any and all present or future indebtedness or obligations of Trustor (or any of them or any successor in interest to Trustor to the property) to Beneficiary, whether created directly or acquired by assignment, whether fixed or contingent, whether due or not, whether otherwise secured or not, or whether existing at the execution of this Deed of Trust or arising thereafter.

(3) Payment of such additional sums, with interest thereon, as may hereafter be advanced to Trustor, or his successors or assigns, when evidenced by an Agreement reciting that they are secured by this Deed of Trust, and all extensions, modifications and renewals of such additional advances.

(4) Payment, performance and discharge of every obligation, covenant and agreement of Trustor whether contained or incorporated by reference in this Deed of Trust, or contained in any document now or hereafter executed by Trustor in connection with the loan evidenced by the Agreement.

Variable Rate Loan. The Agreement secured by this Deed of Trust contains provisions which may result in increases in the Annual Percentage Rate or in the periodic installments. Reference is hereby made to the Agreement and to the Home Value Line Rider attached to this Deed of Trust for provisions relating to such increases.

Agreement to Lend. Subject to the terms of the Agreement, Beneficiary is obligated to advance to Trustor an amount not to exceed Trustor's credit limit and Beneficiary is establishing for Trustor a Home Value Line Account in the amount of Trustor's credit limit. Trustor's credit limit is the maximum amount of unpaid balance to which Trustor will be entitled. Trustor's repayment during the term of the Agreement of all or a portion of the then unpaid balance will result in a corresponding increase in credit then available to Trustor under the Agreement. SEE ATTACHED HOME VALUE LINE RIDER TO DEED OF TRUST MADE A PART HEREOF.

To Protect the Security of this Deed of Trust, Trustor Agrees:

To all the terms and provisions contained in said subdivisions A and B, (identical in all counties, and printed on the reverse side hereof) which are by the within reference thereto incorporated herein and made a part of this Deed of Trust for all purposes as fully as if set forth at length herein, and Beneficiary may charge for a statement regarding

the obligation secured hereby, provided the charge therefore does not exceed the maximum allowed by law. Further, when used in said subdivisions A and B the terms note or notes shall mean agreement.

Michael F Elston

Signature of Trustor

Pamela J Elston

Signature of Trustor

STATE OF WASHINGTON  
COUNTY OF Skagit

ss.

On January 23, 2006

BEFORE ME, THE UNDERSIGNED, A notary Public in and for said State, personally appeared MICHAEL F ELSTON AND PAMELA J ELSTON personally know to me (or proved to me on the basis of satisfactory evidence) to be the person (s) whose name (s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same.

WITNESS my hand and official seal.

Pam Larson  
Notary Signature



#### ADDITIONAL TERMS AND PROVISIONS

A. To protect the security of this Deed of Trust. Trustor agrees:

(1) To keep said property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefore; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be necessary, the specific enumerations herein not excluding the general.

(2) To provide, maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or adoption of Beneficiary the entire amount so collected or any part thereof may be released to 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.

(3) To appear in and 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 evidence of the title and attorney's fees in a reasonable sum in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed.

(4) To pay; at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto: all costs, fees and expenses of this Trust.

(5) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure and at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby and any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

B. It is mutually agreed:

(1) That any award of damages in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

(2) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure to pay.

(3) That at any time or from time to time, without liability therefore and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured thereby, Trustee may, reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

(4) That upon written request of beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The Grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

(5) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by 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 his 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 reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. 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 any act done pursuant to such notice.

(6) That upon default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement thereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby. After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at a public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor,



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Trustee, or Beneficiary as hereinafter defined, may purchase at such sale. After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of; all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

(7) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page or, instrument number, where this Deed is recorded and the name and address of the new Trustee.

(8) That this Deed applies to, insures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successor and assigns. The term Beneficiary shall mean the owner and holder, including pledges, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

(9) That Trustee accepts this Trust when this Deed, duly executed and acknowledged is made a public record as provided by law, Trustee is not obligated to notify any party hereto or pending sale under any other Deed of Trust or any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

***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.***

MZ





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Lot 57, "PLAT OF LITTLE MOUNTAIN ADDITION", as per plat recorded in Volume 15 of Plats, pages 1 through 5, inclusive, records of Skagit County, Washington;

TOGETHER WITH that portion of Lot 56 of said plat, lying Easterly of the following described line:

BEGINNING at the most Northerly corner of said Lot 56; thence South 20 degrees 37'10" East a distance of 107.39 feet to the Southerly line of said Lot 56 and the TERMINUS of this line description.

MAE

RJE



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P.O. Box 2150  
HOME VALUE LINE  
521 W. Railroad Avenue  
Shelton, WA 98584

**NOTICE: THIS DOCUMENT CONTAINS PROVISIONS FOR A VARIABLE ANNUAL PERCENTAGE RATE**

In this Rider to Deed of Trust the words, "I", "Me" and "My" mean each and all of those who sign the Open-End Variable Rate Note and Federal Disclosure Statement for Loan Secured by Real Estate (herein "Agreement"). The words "You", "Your" and "Yours" mean PENINSULA COMMUNITY FEDERAL CREDIT UNION. The Note and Home Value Line Agreement is referred to as the "Agreement".

**PROMISE TO PAY:** I promise to pay all sums advanced from time to time under this Agreement, plus FINANCE CHARGES at the rate set forth in monthly payments as described below.

**FINANCE CHARGE:**

- (a) I will be charged a FINANCE CHARGE upon any unpaid balance on the Account. The FINANCE CHARGE on each new advance begins on the date of the advance. The FINANCE CHARGE is calculated using the "daily balance" method. The account balance is multiplied by the applicable daily periodic rate for the number of days the balance remains unpaid. The balance used to compute the FINANCE CHARGE is the balance in the Account each day after payments and credits have been subtracted and new advances and other debits have been added to the Account.
- (b) The FINANCE CHARGE is computed using a variable interest rate. My initial interest rate used to calculate the FINANCE CHARGE is the ANNUAL PERCENTAGE RATE OF 7.000%, corresponding to a daily periodic rate of 0.0191781%. Thereafter my interest rate may change during the term of the loan based on any corresponding increase or decrease in the Index.
- (c) My interest rate will be changed to correspond to changes in the Index. My Index is the most recently published "Prime Rate" for corporate loans at large U.S. Money Center Commercial Banks as it appears in the most recent edition of the *Wall Street Journal* under the heading "Money Rates" on March 1, June 1, September 1, December 1 of each year. In the event the Index ceases to be published, changes in the ANNUAL PERCENTAGE RATE will be related to a comparable index. Changes in the ANNUAL PERCENTAGE RATE will be based on changes in the Index.
- (d) My new interest rate (ANNUAL PERCENTAGE RATE) is determined by adding 0.000% (percentage points) (your margin) to the daily index.
- (e) ANNUAL PERCENTAGE RATE changes will be made by comparing the Index in effect as of the last adjustment date (herein "Old Index") to the Index in effect as of the current adjustment date (herein "New Index"). The difference between these Indexes shall be added to my ANNUAL PERCENTAGE RATE if the New Index is higher than the Old Index, or subtracted from my ANNUAL PERCENTAGE RATE if the New Index is lower than the Old Index. The credit union may waive an increase in the ANNUAL PERCENTAGE RATE when such an increase can be made, but such a waiver shall not be construed as a waiver of the right of the credit union to increase the ANNUAL PERCENTAGE RATE on a future date when entitled to do so. The Old Index as of the date of this agreement is 6.500%.
- (f) My ANNUAL PERCENTAGE RATE will not change more than once every three months on April 1, July 1, October 1 and January 1 of each year. These dates shall be known as "Change Dates". The Index in effect on March 1 shall be used to calculate the ANNUAL PERCENTAGE RATE change effective April 1 of the same year. The Index in effect on June 1 shall be used to calculate the ANNUAL PERCENTAGE RATE change effective July 1 of the same year. The Index in effect on September 1 shall be used to calculate the ANNUAL PERCENTAGE RATE change effective October 1 of the same year. The Index in effect December 1 shall be used to calculate the ANNUAL PERCENTAGE RATE change effective January 1 of the following year.
- (g) There are no limitations on any increase in the interest rate except that in no event will my maximum interest rate (the cap) exceed the maximum rate allowed Federally Chartered Credit Unions, currently 18%. In the event changes in the Index result in a rate above the cap, then my interest rate will not change above the cap, while the maximum rate is in effect. There are no limitations on any decrease in the interest rate except that in no event will my minimum interest rate (the floor) decrease below 5%. In the event changes in the Index result in a rate below the floor, then my interest rate will not change below the floor, while the minimum rate is in effect.

**CHANGES IN TERMS:** I understand that you may amend, modify, add to or delete from this Agreement any of its terms and conditions which constitute insignificant changes or result in changes that are beneficial to me, in accordance with existing



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regulations, by mailing a notice of the change to me at my last known address. I also acknowledge and understand that material changes to this Agreement may be made by the mutual written consent of you and I.

This rider contains only those terms of the Agreement relating to ANNUAL PERCENTAGE RATE changes. See the Note and Deed of Trust for complete terms.

Michael J Elston  
Signature

1-23-06  
Date

Ramela J Elston  
Signature

1-23-06  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date



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