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Skagit County Auditor

5/19/2006 Page

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6 11:28AM

After Recording return to:

Sandia Laboratory Federal Credit Union  
PO Box 23040  
Albuquerque, NM 87192

120904-PE  
LAND TITLE OF SKAGIT COUNTY

**LINE OF CREDIT DEED OF TRUST**

**THIS DEED OF TRUST CONTAINS A DUE-ON-SALE PROVISION AND SECURES INDEBTEDNESS UNDER A CREDIT AGREEMENT WHICH PROVIDES FOR A REVOLVING LINE OF CREDIT AND MAY CONTAIN A VARIABLE RATE OF INTEREST. THE MAXIMUM AMOUNT TO BE ADVANCED PURSUANT TO THE CREDIT AGREEMENT IS \$130,000.00.**

**THIS Deed of Trust is made 5/15/06, between Alta M. Crutcher, as Grantor ("Grantor" or "Grantor"), whose address is 17313 Colony Road, Bow, WA 98232, Land Title Company of Skagit County as Trustee ("Trustee"), a person or entity qualified to be a Trustee under RCW Chapter 61 as Trustee, and Sandia Laboratory Federal Credit Union as Beneficiary ("Beneficiary" or "Beneficiary"), a credit union organized and existing under the laws of the United States whose address is PO Box 23040, Albuquerque, New Mexico 87192.**

**IN CONSIDERATION of the indebtedness herein recited and the trust herein created; TO SECURE to Beneficiary:**

(1) The repayment of all indebtedness due and to become due under the terms and conditions of Home Equity Line of Credit Agreement and Truth-in-Lending Disclosures made by Grantor and dated the same day as this Deed of Trust, and all modifications, amendments, extensions and renewals thereof ("Credit Agreement"). Beneficiary has agreed to make advances to Grantor under the terms of the Credit Agreement, which advances will be of a revolving nature and may be made, repaid, and remade from time to time. Grantor and Beneficiary contemplate a series of advances to be secured by this Deed of Trust. The total outstanding principal balance owing at any one time under the Credit Agreement (not including finance charges thereon at a rate which may vary from time to time, and any other charges and collection costs which may be owing from time to time under the Credit Agreement) shall not exceed One Hundred Thirty Thousand dollars and Zero cents (\$130,000.00). That sum is referred to herein as the Maximum Principal Balance and referred to in the Credit Agreement as the Credit Limit. The term of the Draw Period of the Credit Agreement, exclusive of any option to renew or extend such term of maturity date, is ten years; however for purposes of recording the date of maturity may be up to May 30, 2026.

(2) The payment of all other sums advanced in accordance herewith to protect the security of this Deed of Trust, with finance charges thereon at a rate which may vary as described in the Credit Agreement, including the Beneficiary's attorney's fees and collection costs.

(3) The performance of the covenants and agreements of Grantor herein contained; Grantor irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in the County of ~~King~~ State of Washington:

**Skagit**

Lot 1 of Skagit County Short Plat 97-0004, approved September 22, 1997, recorded October 1, 1997, in Volume 13 of Short Plats, page 49, under Auditor's file No. 9710010095, being a portion of the Northwest 1/4 of the Southeast 1/4 of Section 25, Township 36 North, Range 3 East, W.M. Situate in the County of Skagit, State of Washington

Tax Account No. 360325-4-004-0400; Property I.D. No. P112797

which has the address of 17313 Colony Road, Bow, WA 98232 ("Property Address"); which real property is not used principally for agricultural or farming purposes.

TOGETHER with all the improvements now or hereafter erected on the property and all easements, rights, appurtenances and fixtures, all of which shall be deemed to be and remain a part of the property covered by this Deed of Trust; and all of the foregoing, together with said property (or the leasehold estate if this Deed of Trust is on a leasehold) are hereinafter referred to as the "Property".

Grantor covenants that Grantor is lawfully seised of the estate hereby conveyed and has the right to grant and convey the Property, and that the Property is unencumbered, except for encumbrances of record. Grantor covenants that Grantor warrants and will defend generally the title to the Property against all claims and demands, subject to encumbrances of record.

Grantor and Beneficiary covenant and agree as follows:

1. **Payment of Principal, Finance Charges and Other Charges.** Grantor shall promptly pay when due all amounts borrowed under the Credit Agreement, all finance charges and applicable other charges and collection costs as provided in the Credit Agreement.
2. **Taxes and Liens.** Grantor agrees to keep the property free from construction or other liens and to pay all taxes, assessments and other charges that may be levied or assessed upon or against the property before any part of such taxes, assessments and other charges become past due or delinquent and promptly deliver receipts to beneficiary. If the grantor fails to make payment of any taxes, assessments, insurance premiums, liens or other charges payable by grantor, either by direct payment or by providing beneficiary with funds with which to make such payment, beneficiary may, at its option, make payment, and the amount so paid, with interest at the rate set forth in the note secured by this Deed of Trust, together with the obligations described in the following subparagraphs of this Deed of Trust, shall be added to and become a part of the debt secured by this Deed of Trust without waiver of any rights arising from breach of any of the covenants of this Deed of Trust. For such payments, with interest, the property, as well as the grantor, shall be bound to the same extent that they are bound for the payment of the obligation described in this Deed of Trust, and all such payments shall be immediately due and payable without notice. Nonpayment shall, at the option of the beneficiary, render all sums secured by this Deed of Trust immediately due and payable and constitute a breach of this Deed of Trust.
3. **Application of Payments.** Unless applicable law provides otherwise, all payments received by Beneficiary under the Credit Agreement and paragraphs 1 and 2 hereof shall be applied by Beneficiary first in payment of amounts payable to Beneficiary by Grantor under paragraph 2 hereof, second, (in the order Beneficiary chooses) to any finance charges, other charges and collection costs owing, and third to the principal balance under the Credit Agreement.
4. **Prior Mortgages and Deed of Trusts; Charges; Liens.** Grantor shall perform all of Grantor's obligations under any mortgage, Deed of Trust or other security agreement with a lien which has priority over this Deed of Trust, including Grantor's covenants to make payments when due.
5. **Hazard Insurance.** Grantor shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage," floods, and such other hazards as Beneficiary may require and in such amounts and for such periods as Beneficiary may require. Unless Beneficiary in writing requires otherwise, the policy shall provide insurance on a replacement cost basis in an amount not less than that necessary to comply with any coinsurance percentage stipulated in the hazard insurance policy, and the amount of coverage shall be no less than the Maximum Principal Balance plus the full amount of any lien which has priority over this Deed of Trust.

The insurance carrier providing the insurance shall be chosen by Grantor subject to approval by Beneficiary; provided that such approval shall not be unreasonably withheld. All insurance policies and renewals



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thereof shall be in a form acceptable to Beneficiary and shall include a standard mortgage clause in favor of and in a form acceptable to Beneficiary. Beneficiary shall have the right to hold the policies and renewals thereof, subject to the terms of any mortgage, Deed of Trust or other security agreement with a lien which has priority over this Deed of Trust.

In the event of loss, Grantor shall give prompt notice to the insurance carrier and Beneficiary. Beneficiary may make proof of loss if not made promptly by Grantor. All insurance proceeds are hereby assigned to Beneficiary and shall be paid to Beneficiary to the extent of all sums secured by this Deed of Trust, subject to the terms of any mortgage, Deed of Trust or security agreement with a lien which has priority over this Deed of Trust. Unless Beneficiary and Grantor otherwise agree in writing, insurance proceeds shall be applied to restore or repair the Property, if it is economically feasible to do so.

If the Property is abandoned by Grantor, or if Grantor fails to respond to Beneficiary within 30 days from the date notice is mailed by Beneficiary to Grantor that the insurance carrier offers to settle a claim for insurance benefits, Beneficiary is authorized to Collect and apply the insurance proceeds at Beneficiary's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

**6. Preservation and Maintenance of Property.** Grantor covenants to protect, preserve and maintain the property in good condition and repair; not to remove or demolish any building or improvement; not to commit or permit any waste of the property; to complete or restore promptly and in good and habitable condition any building or improvement which may be constructed, damaged or destroyed, and pay when due all costs incurred; to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the property; if the beneficiary so requests, to join in executing such financing statements pursuant to the Uniform Commercial Code as the Beneficiary may require and to pay for filing financial statements in the proper public office or offices, as well as the cost of all lien searches made by filing officers or searching agencies as may be deemed desirable by the beneficiary. If this Deed of Trust is on a unit in a condominium or a planned unit development, Grantor shall perform all of Grantor's obligations under the declaration or covenants creating or governing the condominium or planned unit development, the bylaw and regulations of the condominium or planned unit development, and the constituent documents.

**7. Protection of Beneficiary's Security.** If Grantor fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Beneficiary's interest in the Property, then Beneficiary, at Beneficiary's option may make such appearances, disburse such sums, including reasonable attorneys' fees, and take such action as is necessary to protect Beneficiary's interest. Any amounts disbursed by Beneficiary pursuant to this paragraph 7, with finance charges thereon, at the rate provided in the Credit Agreement, shall become additional indebtedness of Grantor secured by this Deed of Trust. Unless Grantor and Beneficiary agree to other terms of payment, such amounts shall be payable upon notice from Beneficiary to Grantor requesting payment thereof. Nothing contained in this paragraph 7 shall require Beneficiary to incur any expense or take any action hereunder. Any action taken by Beneficiary under this paragraph shall not cure any breach Grantor may have committed of any covenant or agreement under this Deed of Trust. Grantor agrees that Beneficiary is subrogated to all of the rights and remedies of any prior lienor, to the extent of any payment by Beneficiary to such lienor.

Upon any default or abandonment of the property by Grantor, 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 secured, enter upon and take possession of the property or any part of it and, in its own name sue or otherwise collect the rents, issues and profits, including those past due and unpaid, and apply the proceeds, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured by this Deed of Trust, and in such order as Beneficiary may determine.

**8. Inspection.** Beneficiary may make or cause to be made reasonable entries upon and inspections of the Property, provided that Beneficiary shall give Grantor notice prior to any such inspection specifying reasonable cause therefor related to Beneficiary's interest in the Property.

**9. Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with



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any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Beneficiary, to the extent of any indebtedness under the Credit Agreement, subject to the terms of any mortgage, Deed of Trust or other security agreement with a lien which has priority over this Deed of Trust.

10. Grantor Not Released; Forbearance by Beneficiary Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Beneficiary to any successor in interest of Grantor shall not operate to release, in any manner, the liability of the original Grantor and Grantor's successors in interest. Beneficiary shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Grantor and Grantor's successors in interest. 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.

11. Successors and Assigns Bound; Joint and Several Liability; Consigners. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Beneficiary and Grantor, subject to the provisions of paragraph 21 hereof. All covenants and agreements of Grantor shall be joint and several. Any Grantor who co-signs this Deed of Trust, but does not execute the Credit Agreement, (a) is co-signing this Deed of Trust only to grant and convey that Grantor's interest in the Property to Trustee under the terms of this Deed of Trust, (b) is not personally liable under the Credit Agreement or under this Deed of Trust, and (c) agrees that Beneficiary and any other Grantor hereunder may agree to extend, modify, forbear, or make any other accommodations or amendments with regard to the terms of this Deed of Trust or the Credit Agreement, without that Grantor's consent and without releasing that Grantor or modifying this Deed of Trust as to that Grantor's interest in the Property. Nothing in this Paragraph 11 shall be construed to mean that Beneficiary is obligated to consent to any transfer of interest in the Property.

12. Notices. Except for any notice required under applicable law to be given in another manner, (a) any notice to Grantor provided for in this Deed of Trust shall be given by delivering it or by mailing such notice by first class or certified mail addressed to Grantor at the Property Address, and (b) any notice to Beneficiary shall be given by certified mail to Beneficiary's address stated herein or to such other address as Beneficiary may designate by notice to Grantor as provided herein. Any notice provided for in this Deed of Trust shall be deemed to have been given to Grantor when mailed and to Beneficiary received.

13. Governing Law; Severability. The state and local laws applicable to this Deed of Trust shall be the laws of the jurisdiction in which the Property is located. The foregoing sentence shall not limit the applicability of Federal law to this Deed of Trust. In the event that any provision or clause of this Deed of Trust or the Credit Agreement conflicts with applicable law, such conflict shall not affect other provisions of this Deed of Trust or the Credit Agreement which can be given effect without the conflicting provision, and to this end the provisions of this Deed of Trust and the Credit Agreement are declared to be severable. As used herein, "costs," "expenses" and "attorneys' fees" include all sums to the extent not prohibited by applicable law or limited herein.

14. Prior Mortgage or Deed of Trust; Modification; Future Advance. Grantor shall not enter into any agreement with the holder of any mortgage, Deed of Trust or other security agreement which has priority over this Deed of Trust by which that security agreement is modified, amended, extended, or renewed, without the prior written consent of the Beneficiary. Grantor shall neither request nor accept any future advance under a prior mortgage, Deed of Trust, or other security agreement without the prior written consent of Beneficiary.

15. Grantor's Copy. Grantor shall be furnished a copy of the Credit Agreement and a conformed copy of this Deed of Trust at the time of execution or after recordation hereof.

16. Rehabilitation Loan Agreement. Grantor shall fulfill all of Grantor's obligations under any home



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rehabilitation improvement, repair, or other loan agreement which Grantor may enter into with Beneficiary. Beneficiary, at Beneficiary's option, may require Grantor to execute and deliver to Beneficiary, in a form acceptable to Beneficiary, an assignment of any rights, claims or defenses which Grantor may have against parties who supply labor, materials or services in connection with improvements made to the Property.

17. Waiver of Homestead Exemption. To the extent permitted by law, Grantor hereby waives the benefit of the homestead exemption as to all sums secured by this Deed of Trust.

18. Waiver of Statutes of Limitation. Grantor hereby waives, to the full extent permitted by law, statutes of limitation as a defense to any demand or obligation secured by this Deed of Trust.

19. Merger. There shall be no merger of the interest or estate created by this Deed of Trust with any other interest or estate in the Property at any time held by or for the benefit of Beneficiary in any capacity, without the written consent of Beneficiary.

20. Notice of Transfer of the Property; Advances after Transfer. Grantor shall give notice to Beneficiary, as provided in paragraph 12 hereof, prior to any sale or transfer of all or part of the Property or any rights in the Property. Any person to whom all or part of the Property or any right in the Property is sold or transferred also shall be obligated to give notice to Beneficiary, as provided in paragraph 12 hereof, promptly after such transfer.

Even if Grantor transfers the Property, Grantor will continue to be obligated under the Credit Agreement and this Deed of Trust unless Beneficiary releases Grantor in writing. As a condition to Beneficiary's consent to any proposed transfer or as a condition to the release of Grantor, Beneficiary may require that the person to whom the Property is transferred sign an assumption agreement satisfactory to Beneficiary and Beneficiary may impose an assumption fee. The assumption agreement will not entitle the person signing it to receive advances under the Credit Agreement. Nothing in this paragraph shall be construed to require Beneficiary to consent to any sale, transfer or encumbrance of the Property.

21. Transfer of the Property. Subject to applicable law, Beneficiary shall have the right to accelerate, that is, to demand immediate payment in full of all sums secured by this Deed of Trust, if Grantor, without the written consent of Beneficiary, enters into an agreement to sell, transfer or encumber all or part of the Property or any rights in the Property. Beneficiary is not under any obligation to consent to any sale, transfer or encumbrance of any interest in the Property. The sale, transfer or encumbrance of the Property shall be a default and Beneficiary may, without notice or demand on Grantor, invoke any remedies permitted by paragraph 22.

22. Default; Termination and Acceleration; Remedies. Each of the following events shall constitute an event of default ("event of default") under this Deed of Trust: (1) Grantor commits fraud or makes a material misrepresentation in connection with this Deed of Trust or the Credit Agreement; (2) Grantor does not meet the repayment terms or other terms of the Credit Agreement; (3) Grantor fails to comply with or is in default of any of the terms of this Deed of Trust; or (4) Grantor's action or inaction adversely affects the Beneficiary's rights in the Property secured by this Deed of Trust. If an event of default occurs, then upon written request of the 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 the Trustee may bid at the 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 deposited with the clerk of the court of the county of sale. 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 the execution of this Deed of Trust, and such as Grantor 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 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 encumbrancers for value. Such person or persons shall pay any recordation costs. 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



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to be foreclosed as a mortgage or may pursue any other right or remedy, either at law or in equity, which the Beneficiary may have.

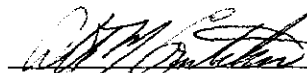
23. Reconveyance. This Deed of Trust secures a revolving line of credit and advances may be made, and remade from time to time, under the terms of the Credit Agreement. When Grantor (1) has paid all sums secured by the Deed of Trust and (2) has requested that the revolving line of credit be canceled, Beneficiary shall request Trustee to reconvey the Property and shall surrender this Deed of Trust and the Credit Agreement. Trustee shall reconvey the Property without warranty to the person or persons legally entitled thereto. To the extent permitted by law, Beneficiary may charge Grantor a fee for such reconveyance and require Grantor to pay costs or recordation, if any.

24. Substitute Trustee. In accordance with applicable law, Beneficiary may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee herein and applicable law.

25. Use of Property. The Property is not currently used for agricultural, timber or grazing purposes.

26. Attorney's Fees. As used in this Deed of Trust and in the Credit Agreement, attorney's fees shall include attorneys' fees on appeal or incurred in bankruptcy proceedings.

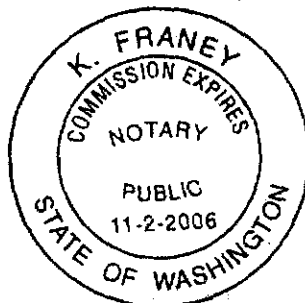
IN WITNESS WHEREOF, Grantor has executed this Deed of Trust.

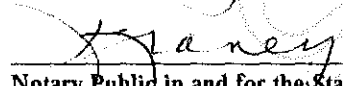
  
Alta M. Crutcher

STATE OF WASHINGTON )  
County of Skagit ) ss.

On this day personally appeared before me Alta M. Crutcher to me known to be the individual described in and who executed the within and forgoing instrument, and acknowledged that she signed the same as her free and voluntary act and deed, for the uses and purposes therein mentioned.

Signed and sworn to before me this 15th day of May, 2006.



  
Notary Public in and for the State of Washington  
My Appointment Expires 11-02-06



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