

After Recording Return To:  
SIERRA PACIFIC MORTGAGE COMPANY, INC.  
50 IRON POINT CIRCLE, STE 200  
FOLSOM, CA 95630



200610190086

Skagit County Auditor

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LAND TITLE OF SKAGIT COUNTY

1213305

[Space Above This Line For Recording Data]

Loan No.: 0000425994

Assessor's Parcel or Account Number: 4892-000-030-0000/P124563

Abbreviated Legal Description: [Include lot, block and plat or section, township and range]  
LOT 30, SKAGIT HIGHLANDS DIV. 3

Full legal description located on page 2.

Trustee: LAND TITLE COMPANY

**DEED OF TRUST**  
(Line of Credit Trust Deed)

MIN: 1000703-0000425994-8

THIS DEED OF TRUST, dated OCTOBER 18, 2006, is between  
VALERIY V. POLOVINKO AND INNA I. POLOVINKO, HUSBAND AND WIFE

Residing at 521 RUBY PEAK AVENUE, MOUNT VERNON, WA 98273

the person or persons signing as "Grantor(s)" below and hereinafter referred to as "we" or "us" and

as trustee and hereinafter referred to as the "Trustee," with an address at 111 E GEORGE HOPPER  
ROAD, BURLINGTON, WA 98233

LAND TITLE OF SKAGIT COUNTY  
for the benefit of "Mortgage Electronic Registration Systems, Inc. ("MERS") (solely as nominee for  
SIERRA PACIFIC MORTGAGE COMPANY, INC.  
(hereinafter "you" or "Lender") and Lender's successors and assigns), " with an address at P.O. Box 2026,  
Flint, MI 48501-2026, tel. (888) 679-MERS, referred to as the "Beneficiary."

HELOC - WA Deed of Trust with MERS

FE-4331(WA) (0210)

DRAW.MERS.WA.HELOC.DT.1.WPF (OPSSHARE\HELOCS\DEEDS\WA\_4331.DT)

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Borrower understands and agrees that MERS holds only legal title to the interests granted by Borrower in this Deed of Trust; but, if necessary to comply with law or custom, MERS, (as nominee for Lender and Lender's successors and assigns), has the right: to exercise any or all of those interests, including, but not limited to, the right to foreclose and sell the Premises; and to take any action required of Lender including, but not limited to, releasing or canceling this Deed of Trust.

**PREMISES:** In consideration of the loan hereinafter described, we hereby mortgage, grant and convey to the Trustee the premises located at:

521 RUBY PEAK AVENUE  
MOUNT VERNON  
(Municipality)  
County: SKAGIT

, Washington  
(State)

98273  
(ZIP)

(Street)  
(the "Premises").

and further described as:

LOT 30, "PLAT OF SKAGIT HIGHLANDS DIVISION 3," AS PER PLAT RECORDED UNDER  
AUDITOR'S FILE NO. 200605150163, RECORDS OF SKAGIT COUNTY, WASHINGTON.  
SITUATE IN THE CITY OF MOUNT VERNON, COUNTY OF SKAGIT, STATE OF WASHINGTON.

The Premises includes all buildings and other improvements now or in the future on the Premises and all rights and interests which derive from our ownership, use or possession of the Premises and all appurtenances thereto. The Premises are not used principally for agricultural or farming purposes.

**TERM:** The maximum term of the Note is 25 years, including any renewals or extensions thereof.

**LOAN:** The Deed of Trust will secure your loan in the principal amount of \$ 26,860.00 or  
so much thereof as may be advanced and readvanced from time to time to  
VALERIY V. POLOVINKO  
INNA I. POLOVINKO

the Borrower(s) under the Home Equity Credit Line Agreement And Disclosure Statement (the "Note") dated OCTOBER 18, 2006, plus interest and costs, late charges and all other charges related to the loan, all of which sums are repayable according to the Note. This Deed of Trust will also secure the performance of all of the promises and agreements made by us and each Borrower and Co-signer in the Note, all of our promises and agreements in this Deed of Trust, any extensions, renewals, amendments, supplements and other modifications of the Note, and any amounts advanced by you under the terms of the section of the Deed of Trust entitled "Our Authority To You." Loans under the Note may be made, repaid and remade from time to time in accordance with the terms of the Note and subject to the Credit Limit set forth in the Note.

**OWNERSHIP:** We are the sole owner(s) of the Premises. We have the legal right to mortgage, grant and convey the Premises to the Trustee.

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**BORROWER'S IMPORTANT OBLIGATIONS:**

(a) **PAYMENT AND PERFORMANCE:** We will pay to you all amounts secured by this Deed of Trust as they become due, and shall strictly perform our obligations.

(b) **TAXES:** We will pay all real estate taxes, assessments, water charges and sewer rents relating to the Premises when they become due. We will not claim any credit on, or make deduction from, the loan under the Note because we pay these taxes and charges. We will provide you with proof of payment upon request.

(c) **MAINTENANCE:** We will maintain the building(s) on the Premises in good condition. We will not make major changes in the building(s) except for normal repairs. We will not tear down any of the building(s) on the Premises without first getting your consent. We will not conduct or permit any nuisance or waste on or to the Premises. We will not use the Premises illegally. If this Deed of Trust is on a unit in a condominium or a planned unit development, we shall perform all of our obligations under the declaration or covenants creating or governing the condominium or planned unit development, the by-laws and regulations of the condominium or planned unit development and constituent documents.

(d) **INSURANCE:** We will keep the building(s) on the Premises insured at all times against loss by fire, flood and any other hazards you may specify. We may choose the insurance company, but our choice subject to your reasonable approval. The policies must be for at least the amounts and the time periods that you specify. We will deliver to you upon your request the policies or other proof of the insurance. The policies must name you as "mortgagee" and "loss-payee" so that you will receive payment on all insurance claims, to the extent of your interest under this Deed of Trust, before we do. The insurance policies must also provide that you be given not less than 10 days prior written notice of any cancellation or reduction in coverage, for any reason. Upon request, we shall deliver the policies, certificates or other evidence of insurance to you. In the event of loss or damage to the Premises, we will immediately notify you in writing and file a proof of loss with the insurer. You may file a proof of loss on our behalf if we fail or refuse to so.

(e) **CONDEMNATION:** We assign to you the proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Premises, or part thereof, or for conveyance in lieu of condemnation, all of which shall be paid to you, subject to the terms of any Prior Deed of Trust.

(f) **GOVERNMENTAL REQUIREMENTS:** We will comply with all laws, ordinances and regulations applicable to the use or occupancy of the Premises.

(g) **SECURITY INTEREST:** We will join with you in signing and filing documents and, at our expense, in doing whatever you believe is necessary to perfect and continue the perfection of your lien and security interest in the Premises.

(h) **OUR AUTHORITY TO YOU:** If we fail to perform our obligations under this Deed of Trust, you may, if you choose, perform our obligations and pay such costs and expenses. You will add the amounts you advance to the sums owing on the Note, on which you will charge interest at the interest rate set forth in the Note. If, for example, we fail to honor our promises to maintain insurance in effect, or to pay filing fees, taxes or other costs necessary to keep the Premises in good condition and repair or to perform any of our other agreements with you, you may, if you choose, advance any sums to satisfy any of our agreements with you and charge us interest on such advances at the interest rate set forth in the Note. This Deed of Trust secures all such advances. Your payments on our behalf will not cure our failure to perform our promises in this Deed of Trust. Any replacement insurance that you obtain to cover loss or damages to the Premises may be limited to the amount owing on the Note plus the amount of any Prior Deeds of Trust.

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(i) **PRIOR DEED OF TRUST:** If the provisions of this paragraph are completed, this Deed of Trust is subject and subordinate to a prior deed of trust dated \_\_\_\_\_ and given by us for the benefit of \_\_\_\_\_

as beneficiary, in the original amount of \$ \_\_\_\_\_ (the "Prior Deed of Trust"). We shall not increase, amend or modify the Prior Deed of Trust without your prior written consent and shall upon receipt of any written notice from the holder of the Prior Deed of Trust promptly deliver a copy of such notice to you. We shall pay and perform all of our obligations under the Prior Deed of Trust as and when required under the Prior Deed of Trust.

(j) **HAZARDOUS SUBSTANCES:** We shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Premises. We shall not do, nor allow anyone else to do, anything affecting the Premises that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Premises of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Premises. As used in this paragraph, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph, "Environmental Law" means federal laws and laws of the jurisdiction where the Premises are located that relate to health, safety or environmental protection.

(k) **SALE OF PREMISES:** We will not sell, transfer ownership of, mortgage or otherwise dispose of our interest in the Premises, in whole or in part, or permit any other lien or claim against the Premises without your prior written consent.

(l) **INSPECTION:** We will permit you to inspect the Premises at any reasonable time.

**NO LOSS OF RIGHTS:** The Note and this Deed of Trust may be negotiated or assigned by you without releasing us or the Premises. You may add or release any person or property obligated under the Note and this Deed of Trust without losing your rights in the Premises.

**DEFAULT:** Except as may be prohibited by applicable law, and subject to any advance notice and cure period if required by applicable law, if any event or condition described in Paragraph 12.A. of the Note occurs, the Trustee may foreclose upon this Deed of Trust by notice and sale or you may foreclose judicially, in either case in accordance with and to the extent provided by law. You may bid at any public sale on all or any portion of the property. In addition, you or the Trustee may, in accordance with applicable law, (i) enter on and take possession of the Premises; (ii) collect the rental payments, including over-due rental payments, directly from tenants; (iii) manage the Premises; and (iv) sign, cancel and change leases. We agree that the interest rate set forth in the note will continue before and after a default, entry of a judgment and foreclosure or public sale. In addition, you shall be entitled to collect all reasonable fees and costs actually incurred by you in proceeding to foreclosure or to public sale, including, but not limited to, trustee's fees, reasonable attorneys' fees (whether or not there is a judicial proceeding) and costs of documentary evidence, abstracts and title reports.

**ASSIGNMENT OF RENTS; APPOINTMENTS OF RECEIVER:** As additional security, we assign to you the rents of the Premises. You or a receiver appointed by the courts shall be entitled to enter upon, take possession of and manage the Premises and collect the rents of the Premises including those past due.

**WAIVERS:** To the extent permitted by applicable law, we waive and release any error or defects in proceedings to enforce this Deed of Trust and hereby waive the benefit of any present or future laws providing for stay of execution, extension of time, exemption from attachment, levy and sale and homestead exemption.

**HELOC - WA Deed of Trust with MERS**  
**FE-4331(WA) (0210)**  
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**BINDING EFFECT:** Each of us shall be fully responsible for all of the promises and agreements in this Deed of Trust. Until the Note has been paid in full and your obligation to make further advances under the Note has been terminated, the provisions of this Deed of Trust will be binding on us, our legal representatives, our heirs and all future owners of the Premises. This Deed of Trust is for your benefit and for the benefit of anyone to whom you may assign it. Upon payment in full of all amounts owing to you under the Note and this Deed of Trust, and provided any obligation to make further advances under the Note has terminated, this Deed of Trust and your rights in the Premises shall end.

**NOTICE:** Except for any notice required under applicable law to be given in another manner, (a) any notice to us provided for in this Deed of Trust shall be given by delivering it or by mailing such notice by regular first class mail addressed to us at the last address appearing on your records or at such other address as we may designate by notice to you provided herein, and (b) any notice to you shall be given by certified mail, return receipt requested, to your address at 50 IRON POINT CIRCLE, STE 200, FOLSOM, CA 95630

or to such other address as you may designate by notice to us. Any notice provided for in this Deed of Trust shall be deemed to have been given to us or you when given in the manner designated herein.

**RELEASE:** Upon payment of all sum secured by this Deed of Trust and provided your obligation to make further advances under the Note has terminated, the Trustee shall discharge this Deed of Trust without charge to us, except that we shall pay any fees for recording of a reconveyance of this Deed of Trust.

**SEVERABILITY:** If any provision in this Deed of Trust is held invalid or unenforceable, the remaining provisions shall continue in full force and effect.

**GENERAL:** You or the Trustee can waive or delay enforcing any of your rights under this Deed of Trust without losing them. Any waiver by you of any provisions of this Deed of Trust will not be a waiver of that or any other provision on any other occasion.

**SUBSTITUTE TRUSTEE:** Beneficiary may, from time to time, appoint a successor trustee by an instrument executed and acknowledged by Beneficiary and recorded in the county in which this Deed of Trust is recorded, and upon such recordation the successor trustee shall become vested with the same powers, rights, duties and authority of the Trustee within the same effect as if originally made Trustee hereunder.

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

**MERGER:** There shall be no merger of the interest or estate created by this Deed of Trust with any other estate or interest in the Premises at any time held by you or for you benefit without your written consent.



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**HELOC - WA Deed of Trust with MERS**

**FE-4331(WA) (0210)**

DRAW.MERS.WA.HELOC.DT.5.WPF (OPSSHARE\HELOCS\DEEDS\WA\_4331.DT)

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THIS DEED OF TRUST has been signed by each of us under seal on the date first above written.

Grantor: VALERIY V. POLOVINKO (Seal)

Grantor: INNA I. POLOVINKO (Seal)

Grantor: \_\_\_\_\_ (Seal)

Grantor: \_\_\_\_\_ (Seal)

Grantor: \_\_\_\_\_ (Seal)

Grantor: \_\_\_\_\_ (Seal)

Loan No: 0000425994

STATE OF WASHINGTON

County, ss: KING

On this day personally appeared before me Valeriy Polovinko and Inna Polovinko  
to me known to be the individual S described in and who executed the within and foregoing instrument,  
and acknowledged that they signed the same as their free and voluntary act and deed,  
for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 18 day of October, 2006.

[Signature]  
Notary Public in and for the State of Washington, residing at

My Appointment Expires on 5/29/05

This Instrument Was Prepared By:



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HELOC - WA Deed of Trust with MERS

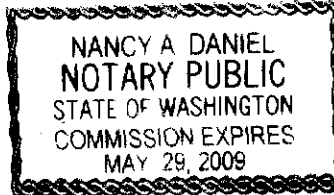
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State of Washington )  
County of King ) SS:



I certify that I know or have satisfactory evidence that  
Valeriy V. Polovinko and Inna I Polovinko  
is/are the person(s) who appeared before me, and said person(s) acknowledged that he/she/they  
signed this instrument and acknowledge it to be his/her/their free and voluntary act for the  
uses and purposes mentioned in this instrument.

Dated: October 18, 2006

Nancy A. Daniel  
Notary Public in and for the State of Washington

Residing at: Issaquah

My appointment expires: 5/29/09



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## PLANNED UNIT DEVELOPMENT RIDER

THIS PLANNED UNIT DEVELOPMENT RIDER is made this 18<sup>th</sup> day of OCTOBER, 2006, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (the "Security Instrument") of the same date, given by the undersigned (the "Borrower") to secure Borrower's Note to SIERRA PACIFIC MORTGAGE COMPANY, INC., A CALIFORNIA CORPORATION (the "Lender") of the same date and covering the Property described in the Security Instrument and located at: 521 RUBY PEAK AVENUE MOUNT VERNON, WA 98273 [Property Address]

The Property includes, but is not limited to, a parcel of land improved with a dwelling, together with other such parcels and certain common areas and facilities, as described in COVENANTS, CONDITIONS, AND RESTRICTIONS (the "Declaration"). The Property is a part of a planned unit development known as

SKAGIT HIGHLANDS  
[Name of Planned Unit Development]

(the "PUD"). The Property also includes Borrower's interest in the homeowners association or equivalent entity owning or managing the common areas and facilities of the PUD (the "Owners Association") and the uses, benefits and proceeds of Borrower's interest.

**PUD COVENANTS.** In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

- A. **PUD Obligations.** Borrower shall perform all of Borrower's obligations under the PUD's Constituent Documents. The "Constituent Documents" are the: (i) Declaration; (ii) articles of incorporation, trust instrument or any equivalent document which creates the Owners Association; and (iii) any by-laws or other rules or regulations of the Owners Association. Borrower shall promptly pay, when due, all dues and assessments imposed pursuant to the Constituent Documents.
- B. **Hazard Insurance.** So long as the Owners Association maintains, with a generally accepted insurance carrier, a "master" or "blanket" policy insuring the Property which is satisfactory to Lender and which provides insurance coverage in the amounts (including deductible levels), for the periods, and against loss by fire, hazards included within the term "extended coverage," and any other hazards, including, but not limited to, earthquakes and floods, for which Lender requires insurance, then: (i) Lender waives the provision in Uniform Covenant 2 for the monthly payment

MULTISTATE PUD RIDER - Single Family/Second Mortgage  
FE-4256 (0207)

DRAW.MX.HELOC.PUD.RIDER.1.WPF (OPSShare\HELOCS\RIDERS\mx\_F4256.pud)

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to Lender of the yearly premium installments for hazard insurance on the Property; and (ii) Borrower's obligation under Uniform Covenant 5 to maintain hazard insurance coverage on the Property is deemed satisfied to the extent that the required coverage is provided by the Owners Association policy.

What Lender requires as a condition of this waiver can change during the term of the loan.

Borrower shall give Lender prompt notice of any lapse in required hazard insurance coverage provided by the master or blanket policy.

In the event of a distribution of hazard insurance proceeds in lieu of restoration or repair following a loss to the Property, or to common areas and facilities of the PUD, any proceeds payable to Borrower are hereby assigned and shall be paid to Lender. Lender shall apply the proceeds to the sums secured by the Security Instrument, with the excess, if any, paid to Borrower.

- C. **Public Liability Insurance.** Borrower shall take such actions as may be reasonable to insure that the Owners Association maintains a public liability insurance policy acceptable in form, amount, and extent of coverage to Lender.
- D. **Condemnation.** The proceeds of any award or claim for damages, direct or consequential, payable to borrower in connection with any condemnation or other taking of all or any part of the Property or the common areas and facilities of the PUD, or for any conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender. Such proceeds shall be applied by Lender to the sums secured by the Security Instrument as provided in Uniform Covenant 9.
- E. **Lender's Prior Consent.** Borrower shall not, except after notice to Lender and with Lender's prior written consent, either partition or subdivide the Property or consent to: (i) the abandonment or termination of the PUD, except for abandonment or termination required by law in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain; (ii) any amendment to any provision of the "Constituent Documents" if the provision is for the express benefit of Lender; (iii) termination of professional management and assumption of self-management of the Owners Association; or (iv) any action which would have the effect of rendering the public liability insurance coverage maintained by the Owners Association unacceptable to Lender.
- F. **Remedies.** If Borrower does not pay PUD dues and assessments when due, then Lender may pay them. Any amounts disbursed by Lender under this paragraph F shall become additional debt of Borrower secured by the Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

MULTISTATE PUD RIDER - Single Family/Second Mortgage  
FE-4256 (0207)

DRAW.MX.HELOC.PUD.RIDER.2.WPF (OPSSHARE\HELOCS\RIDERS\mx\_F4256.pud)

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BY SIGNING BELOW, Borrower accepts and agrees to the terms and provisions contained in this PUD Rider.

Borrower VALERIY V. POLOVINKO

Borrower INNA I. POLOVINKO

Borrower \_\_\_\_\_

Borrower \_\_\_\_\_

Borrower \_\_\_\_\_

Borrower \_\_\_\_\_

[Sign Original Only]

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MULTISTATE PUD RIDER - Single Family/Second Mortgage

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