

WHEN RECORDED RETURN TO:

Rainier Pacific Bank
Real Estate Loan Department
P.O. Box 11628
Tacoma, Washington 98411



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LINE OF CREDIT TRUST DEED

Grantor(s): SHANNON M. DEMOSS, an married person

Grantee(s): RAINIER PACIFIC (BENEFICIARY)
Chicago Title (TRUSTEE)

Legal Description:

Lots 17 and 18, Block 34, " AMENDED PLAT OF BURLINGTON ", according to plat thereof recorded in Volume 3 of Plats, page 17, records of Skagit County, Washington.

Situated in Skagit County, Washington.

CHICAGO TITLE CO.
1C41279 ✓

Assessor's Property Tax Parcel or Account No.: 4076-034-018-0000

Reference Numbers of Documents Assigned or Released:

DATED: 01/17/2007

AMONG: Shannon M Demoss ("Trustor," hereinafter "Grantor,")
whose address is 1023 E Fairhaven Ave, Burlington, WA, 98233

AND: Rainier Pacific, Beneficiary ("Lending Institution")
whose address is PO BOX 11628 Tacoma, WA 98411

AND: Chicago Title ("Trustee").

Grantor conveys to Trustee for the benefit of Lending Institution as Beneficiary all of Grantor's right, title, and interest in and to the real property described above (the "Real Property"), together with all existing or subsequently erected or affixed improvements or fixtures. This Deed of Trust is the sole collateral for the Agreement.

Grantor presently assigns to Lending Institution (also known as Beneficiary) all of Grantor's right, title, and interest in and to all rents, , revenues, income, issues, and profits (the "Income") from the Real Property described above.

Grantor grants Lending Institution a Uniform Commercial Code security interest in the Income and in all equipment, fixtures, and other articles of personal property owned by Grantor, and all substitutions for, any of such property; and together with all proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition (the "Personal Property"). The Real Property and the Personal Property, now or hereafter attached or affixed to the Real Property; together with all accessions, parts, and additions to, and all replacements are collectively referred to as the "Property."

(Check if Applies)

There is a mobile home on the Real Property, which is covered by this security instrument, and which is and shall remain: (Please check which is applicable)

Personal Property
 Real Property

Grantor has borrowed from Lending Institution, has guaranteed to Lending Institution, or otherwise has agreed to provide the Property as collateral for a debt to Lending Institution in the principal amount of \$ 34,000.00. This amount is repayable with interest in accordance with the terms of the Home Equity Line of Credit Agreement given to evidence the debt dated 01/17/2007, which due not later than 30 years from the date of the Agreement, unless otherwise indicated on the Agreement or loan advance voucher or limited by applicable law.

DEFINITIONS

The term "Indebtedness" as used in this Deed of Trust means all principal and interest payable under the Home Equity Credit Account Agreement and any amounts advanced or expended by Bank to discharge obligations of Grantor or expenses incurred by Trustee or Lending Institution to enforce obligations of Grantor under this Trust Deed, together with interest on such amounts as provided in this Trust Deed.

The credit agreement including any loan advance voucher describing the repayment terms of the Indebtedness, and any notes, agreements, or documents given to renew, extend or substitute for the credit agreement originally issued is referred to as "the Agreement." The rate of interest on the Agreement is subject to indexing, adjustment, renewal, or renegotiation.

The term "Borrower" is used in the Deed of Trust for the convenience of the parties, and use of that term shall not affect the liability of any such Borrower on the Agreement or create any legal or equitable interest in the Property in Borrower by reason of this Deed of Trust. Any Borrower who cosigns this Deed of Trust, but does not execute the Agreement: (a) is cosigning this Deed of Trust only to grant and convey that Borrower's interest in the Property to Trustee under the terms of this Deed of Trust; (b) is not personally liable under the Agreement except as otherwise provided by law or contract; and (c) agrees that Lending Institution and any other borrower hereunder may agree to extend, modify, forebear, release any collateral, or make any other accommodations or amendments with regard to the terms of this Deed of Trust or the Agreement, without notice to that Borrower, without that Borrower's consent and without releasing that Borrower or modifying this Deed of Trust as to that Borrower's interest in the Property.

This Trust Deed secures an Equity Line of Credit Account or Home Equity Account under the Agreement. The term "Equity Line of Credit" is a revolving line of credit account which obligates Lending Institution to make advances to Grantor in the maximum principal amount at any one time as set forth above until the Agreement is terminated or suspended or if advances are made up to the maximum credit limit, and Grantor complies with the terms of the Agreement. Funds may be advanced by Lending Institution, repaid by Grantor, and subsequently readvanced by Lending Institution in accordance with the Agreement. Notwithstanding the amount outstanding at any particular time, this Trust Deed secures the total indebtedness under the Agreement. The "Home Equity Account" permits Borrower to request additional advances after the initial advance subject to the Lending Institution's credit and security verification. The unpaid balance of the account under the Agreement will remain in full force and effect notwithstanding a zero outstanding balance on the line from time to time. The term of the Agreement is thirty (30) years.

This Deed of Trust including the assignment of income and the security interest is given to secure payment of the indebtedness and performance of all Grantor's obligations under this Deed of Trust and the Agreement and is given and accepted under the following terms:

RIGHTS AND OBLIGATIONS OF BORROWER. Borrower/Grantor has various rights and obligations under this Deed of Trust. These rights and responsibilities are set forth in the following paragraphs: 1.1. Payments and Performance; 2. Possession and Maintenance of Property; 3. Taxes and Liens; 4. Property Damage Insurance; 5. Expenditure by Lending Institution; 7. Condemnation; 8.2. Remedies; 10.1. Consent by Lending Institution; 10.2. Effect of Consent; 11. Security Agreement; Financing Statements; 14. Actions Upon Termination; 14.5 Attorneys Fees and



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Expenses; 16.2. Unit Ownership Power of Attorney; 16.3. Annual Reports; 16.5. Joint and Several Liability; 16.8. Waiver of Homestead Exemption; and 17.3. No Modifications.

1.1. **Payment And Performance.** Grantor shall pay to Lending Institution all amounts secured by this Trust Deed as they become due, and shall strictly perform all of Grantor's obligations under the Agreement and Trust Deed.

2. **POSSESSION AND MAINTENANCE OF THE PROPERTY.**

- 2.1. **Possession and Use.** Until in default, Grantor may remain in possession and control of and operate and manage the Property and collect the Income from the Property.
- 2.2. **Duty to Maintain.** Grantor shall maintain the Property in first class condition and promptly perform all repairs and maintenance necessary to preserve its value.
- 2.3. **Nuisance, Waste.** Grantor shall not cause, conduct or permit any nuisance nor commit or suffer any strip or waste on or to the Property or any portion thereof. Specifically without limitation, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), soil, gravel or rock products without the prior written consent of Lending Institution.
- 2.4. **Removal of Improvements.** Grantor shall not demolish or remove any improvements from the Real Property without the prior written consent of Lending Institution. Lending Institution shall consent if Grantor makes arrangements satisfactory to Lending Institution to replace any improvement which Grantor proposes to remove with one of at least equal value. "Improvements" shall include all existing and future buildings, structures, and parking facilities.
- 2.5. **Lending Institution's Right to Enter.** Lending Institution and its agents and representatives may enter upon the Property at all reasonable times to attend to Lending Institution's interest and to inspect the Property.
- 2.6. **Compliance with Governmental Requirements.** Grantor shall promptly comply with all laws, ordinances, and regulations of all governmental authorities applicable to the use or occupancy of the Property. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lending Institution in writing prior to doing so and so long as Lending Institution's interests in the Property are not jeopardized. Lending Institution may require Grantor to post adequate security reasonably satisfactory to Lending Institution, to protect Lending Institution's interest.
- 2.7. **Duty to Protect.** In addition to the acts set forth above in this section, Grantor shall do all other acts that from the character and use of the Property are reasonably necessary to protect and preserve the Property.
- 2.8. **Construction Loan.** If some or all of the proceeds of the loan creating the Indebtedness are to be used to construct or complete construction of any Improvement on the Property, the Improvement shall be completed within six months from the date of this Deed of Trust and Grantor shall pay in full all costs and expenses in connection with the work.
- 2.9. **Hazardous Substances.** Grantor represents and warrants that the Property never will be so long as this Trust Deed remains a lien on the Property, used for the generation, manufacture, storage, treatment, disposal, release or threatened release of any hazardous substance, as those terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act ("SARA"), applicable state laws, or regulations adopted pursuant to any of the foregoing. Grantor authorizes Lending Institution and its agents to enter upon the Real Property to make such inspections and tests as Lending Institution may deem appropriate to determine compliance of the Property with this paragraph. Any inspections or tests made by Lending Institution shall be for Lending Institution's purposes only and shall not be construed to create any responsibility or liability on the part of Lending Institution to Grantor or to any other person. Grantor agrees to indemnify and hold Credit Union harmless against any and all claims and losses resulting from a breach of this paragraph of the Trust Deed. This obligation to indemnify shall survive the payment of the Indebtedness and the satisfaction of this Trust Deed.

3. **TAXES AND LIENS.**

- 3.1. **Payment.** Grantor shall pay when due before they become delinquent all taxes, special taxes, assessments, charges (including water and sewer), fines and impositions levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of all liens having priority over or equal to the interest of Lending Institution under this Trust Deed, except for the lien of taxes and assessments current but not yet due, except as otherwise provided in this Trust Deed.



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- 3.2. Right to Contest.** Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay so long as Lending Institution's interest in the Property is not jeopardized. If the a lien arises or is filed as a result of nonpayment, Grantor shall within 15 days after the lien arises or, if a lien is filed, within 15 days after Grantor has notice of the filing, secure the discharge of the lien or deposit with Lending Institution cash or a sufficient corporate surety bond or other security satisfactory to Lending Institution in an amount sufficient to discharge the lien plus any costs, attorneys' fees, or other charges that could accrue as a result of a foreclosure or sale under the lien.
- 3.3. Evidence of Payment.** Grantor shall upon demand furnish to Lending Institution evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lending Institution at any time a written statement of the taxes and assessments against the Property.
- 3.4. Notice of Construction.** Grantor shall notify Lending Institution at least 15 days before any work is commenced, any services are furnished, or any materials are supplied to the Property if a construction lien could be asserted on account of the work, services, or materials, and the cost exceeds \$5,000 (if the Property is used for nonresidential or commercial purposes) or \$1,000 (if the Property is used as a residence). Grantor will on request furnish to Lending Institution advance assurances satisfactory to Lending Institution that Grantor can and will pay the cost of such Improvements.
- 3.5. Tax Reserves.** Subject to any limitations set by applicable law, Lending Institution may require Borrower to maintain with Lending Institution reserves for payment of taxes and assessments, which reserves shall be created by advance payment or monthly payments of a sum estimated by Lending Institution to be sufficient to produce, at least 15 days before due, amounts at least equal to the taxes and assessments to be paid. If 15 days before payment is due the reserve funds are insufficient, Borrower shall upon demand pay any deficiency to Lending Institution. The reserve funds shall be held by Lending Institution as a general deposit from Borrower and shall constitute a non-interest bearing debt from Lending Institution to Borrower, which Lending Institution may satisfy by payment of the taxes and assessments required to be paid by Borrower as they become due. Lending Institution does not hold the reserve funds in trust for Borrower, and Lending Institution is not the agent of Borrower for payment of the taxes and assessments required to be paid by Borrower.

4. PROPERTY DAMAGE INSURANCE.

- 4.1. Maintenance of Insurance.** Grantor shall procure and maintain policies of fire insurance with standard all-risk extended coverage endorsements on a replacement basis for the full insurable value covering all Improvements on the Real Property in an amount not less than the total unpaid balance on the Agreement, and with a standard mortgagee clause in favor of Lending Institution. Policies shall be written in form, amounts, coverages and basis reasonably acceptable to Lending Institution and issued by a company or companies reasonably acceptable to Lending Institution. Grantor, upon request of Lending Institution, will deliver to Lending Institution from time to time the policies or certificates of insurance in form satisfactory to Lending Institution, including stipulations that coverages will not be canceled or diminished without at least ten (10) days prior written notice to Lending Institution.
- 4.2. Application of Proceeds.** Grantor shall promptly notify Lending Institution of any loss or damage to the Property. Lending Institution may make proof of loss if Grantor fails to do so within 15 days of the casualty. Lending Institution may, at its election, apply the proceeds to the reduction of the Indebtedness or the restoration and repair of the Property. If Lending Institution elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed Improvements in a manner satisfactory to Lending Institution. Lending Institution shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default hereunder. Any proceeds which have not been paid out within 180 days after their receipt and which Lending Institution has not committed to the repair or restoration of the Property shall be used to prepay first accrued interest and then principal of the Indebtedness. If Lending Institution holds any proceeds after payment in full of the Indebtedness, such proceeds shall be paid to Grantor.
- 4.3. Unexpired Insurance at Sale.** Any unexpired insurance shall inure to the benefit of, and pass to, the purchaser of the Property covered by this Trust Deed at any trustee's or other sale held under the provisions of this Trust Deed, or at any foreclosure sale of such Property.
- 4.4. Compliance with Prior Indebtedness.** During the period in which any prior Indebtedness described in Section 17 is in effect, compliance with the insurance provisions contained in the instrument evidencing such prior Indebtedness shall constitute compliance with the insurance provisions under this Deed of Trust to the extend compliance with the terms of this Deed of Trust would constitute a duplication of insurance requirements. If any



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proceeds from the insurance become payable on loss, the provisions in this Deed of Trust for division of proceeds shall apply only to that portion of the proceeds not payable to the holder of the prior Indebtedness.

4.5. Association of Unit Owners. In the event the Real Property has been submitted to unit ownership pursuant to a Unit Ownership Law, or similar law for the establishment of condominiums or cooperative ownership of Real Property, the insurance may be carried by the association of unit owners in Grantor's behalf, and the proceeds of such insurance may be paid to the association of unit owners for the purpose of repairing or reconstructing the Property. If not so used by the association, such proceeds shall be paid to Lending Institution.

4.6. Insurance Reserves. Subject to any limitations set by applicable law, Lending Institution may require Borrower to maintain with Lending Institution reserves for payment of insurance premiums, which reserves shall be created by monthly payments of a sum estimated by Lending Institution to be sufficient to produce, at least 15 days before due, amounts at least equal to the insurance premiums to be paid. If 15 days before payment is due the reserve funds are insufficient, Borrower shall upon demand pay any deficiency to Lending Institution. The reserve fund shall be held by Lending Institution as a general deposit from Borrower and shall constitute a noninterest bearing debt from Lending Institution to Borrower, which Lending Institution may satisfy by payment of the insurance premiums required to be paid by Borrower as they become due. Lending Institution does not hold the reserve funds in trust for Borrower, and Lending Institution is not the agent of Borrower for payment of the insurance premiums required to be paid by Borrower.

5. EXPENDITURES BY LENDING INSTITUTION.

If Grantor fails to comply with any provision of this Trust Deed, or if any action or proceeding is commenced that would materially affect Lending Institution's interest in the Property, Lending Institution on Grantor's behalf may, but shall not be required to pay all such expenses including but not limited to taxes, insurance and maintenance costs, and at Lending Institution's option, will be added to the Indebtedness and be payable in accordance with the Agreement. This Trust Deed also will secure payment of these amounts. The rights provided for in this paragraph shall be in addition to any other rights or any remedies to which Lending Institution may be entitled on account of the default. Any such action by Lending Institution shall not be construed as curing the default so as to bar Lending Institution from any remedy that it otherwise would have had.

6. WARRANTY; DEFENSE OF TITLE.

6.1. Title. Grantor warrants that it holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in any policy of title insurance issued in favor of or in any title opinion given to, and accepted by, Lending Institution in connection with this Trust Deed and (b) Grantor has the full right, power, and authority to execute and deliver this Trust Deed to Lending Institution.

6.2. Defense of Title. Subject to the exceptions in the paragraph above, if any, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Trustee or Lending Institution under this Trust Deed, Grantor shall defend the action at its expense. Grantor may be the nominal party in such proceeding, but Lending Institution shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver, or cause to be delivered, to Lending Institution such instruments as may be requested by it from time to time to permit such participation.

7. CONDEMNATION.

7.1. Application of Net Proceeds. If all or any part of the Property is condemned, Lending Institution shall apply the net proceeds of the award in any reasonable manner necessary to satisfy Grantor's obligations under the Agreement of this Trust Deed. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorney fees necessarily paid or incurred by Trustee or Lending Institution in connection with the condemnation. However, there shall be no obligation to pay Grantor's costs, expenses or attorney fees from such awards.

7.2. Proceedings. If any proceeding in condemnation is filed, Grantor shall promptly notify Lending Institution in writing and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lending Institution shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered, to Lending Institution such instruments as may be requested by it from time to time to permit such participation.



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8. IMPOSITION OF TAXES BY STATE.

8.1. Taxes Covered. The following shall constitute taxes to which this section applies:

- a. a specific tax upon this type of Trust Deed or upon all or any part of the Indebtedness secured by this Trust Deed;
- b. a specific tax on Borrower which Borrower is authorized or required to deduct from payments on the Indebtedness secured by this type of Trust Deed;
- c. a tax on this type of Trust Deed chargeable against the Lending Institution; and
- d. a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by a Borrower.

8.2. Remedies. If any tax to which this section applies is enacted subsequent to the date of this Trust Deed, Grantor shall either (a) pay the tax before it becomes delinquent, or (b) contest the tax as provided above in the Taxes and Liens section and deposits with Lending Institution cash or a sufficient corporate surety bond or other security satisfactory to Lending Institution.

9. POWER AND OBLIGATIONS OF TRUSTEE.

- 9.1. Power of Trustee.** In addition to all powers of Trustee arising as a matter of law, Trustee shall have the power to take the following actions with respect to the Property upon the request of Lending Institution and Grantor: (a) join in preparing and filing a map or plat of the Real Property, including the dedication of streets or other rights to the public; (b) join in granting any easement or creating any restriction on the Real Property; and (c) join in any subordination or other agreement affecting this Trust Deed or the interest of Lending Institution under this Trust Deed.
- 9.2. Obligations to Notify.** Trustee shall not be obligated to notify any other party of a pending sale under any other trust deed or lien, or of any action or proceeding in which Grantor, Lending Institution, or Trustee shall be a party, unless the action or proceeding is brought by Trustee.

10. TRANSFER BY GRANTOR.

10.1. Consent by Lending Institution. Grantor shall not sell, or transfer its interest in the Real Property or any interest or part thereof, without the Lending Institution's prior written consent. Any attempt to transfer shall entitle the Lending Institution to terminate and accelerate the Indebtedness under this Deed of Trust. A sale, assignment, or transfer means the conveyance of real property or any right, title or interest therein; whether legal or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of real property interest. Transfer also includes any change in ownership of more than twenty-five percent (25%) of the interests of Grantor. However, this option shall not be exercised by Lending Institution if exercise is prohibited by federal law or by Washington law.

If Grantor or prospective transferee applies to Lending Institution for consent to a transfer, Lending Institution may require such information concerning the prospective transferee as would normally be required from the new loan applicant.

10.2. Effect of Consent. If Lending Institution consents to one transfer, that consent shall not constitute a consent to other transfers or a waiver of this section. No transfer by Grantor shall relieve Grantor of liability for payment of the Indebtedness. Following a transfer, Lending Institution may agree to any extension of time for payment or modification of the terms of this Deed of Trust or the Agreement or waive any right or remedy under this Deed of Trust or the Agreement without relieving Grantor from liability. Grantor waives notice, presentment, and protest with respect to the Indebtedness.

11. SECURITY AGREEMENT; FINANCING STATEMENTS.

11.1. Security Agreement. This instrument shall constitute a security agreement to the extent any of the Property constitutes fixtures or other personal property, and Lending Institution shall have all of the rights of a secured party under the Uniform Commercial Code of Washington.

11.2. Security Interest. Upon request by Lending Institution, Grantor shall execute financing statements and take whatever other action is requested by Lending Institution to perfect and continue Lending Institution's security interest in the Rents and Personal Property. In addition to recording this Trust Deed in the real property records, Lending Institution may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Trust Deed as a financing Statement. Grantor shall reimburse Lending Institution



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for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall assemble the Personal Property in a manner and at a place reasonably convenient to Grantor and Lending Institution and make it available to Lending Institution within three (3) business days after receipt of written demand from Lending Institution.

11.3. Mobile Homes. If the Property includes mobile homes, motor homes, modular homes, or similar structures, such structures shall be and shall remain Personal Property or Real Property as stated above regardless of whether such structures are affixed to the Real Property, and irrespective of the classification of such structures for the purpose of tax assessments. The removal or addition of axles or wheels, or the placement upon or removal from a concrete base, shall not alter the characterization of such structures.

12. RECONVEYANCE ON FULL PERFORMANCE.

If Grantor pays all the Indebtedness, including without limitation all future advances, when due and otherwise performs all the obligations imposed upon Grantor under this Trust Deed and the Agreement, Lending Institution shall execute and deliver to Trustee a request for full reconveyance and shall execute and deliver to Grantor suitable statements of termination of any financing statement on file evidencing Lending Institution's security interest in the Rents and the Personal Property. Any reconveyance fee required by law shall be paid by Grantor, if permitted by applicable law.

13. POSSIBLE ACTIONS OF LENDING INSTITUTION. The Lending Institution may take the following actions with respect to your Agreement under the circumstances listed below:

a. Termination and Acceleration. Except as set forth in the Agreement the Lending Institution may, without further notice terminate your Agreement and require Grantor to pay the entire outstanding balance immediately, and charge Grantor certain fees if any of the following happen:

Grantor engages in any fraud or material misrepresentation in connection with the Agreement. For example, if there are false statements or omissions on Grantor's application or financial statements;

Grantor does not meet the repayment terms of the Agreement;

Grantor's actions or inactions adversely affect the collateral or Lending Institution's rights in the collateral. For example, if Grantor fails to: maintain insurance, pay taxes; transfer title to or sell the collateral, prevent the foreclosure of any items, or waste of the collateral.

b. Suspension of Credit/Reduction of Credit Limit. Lending Institution may refuse to make additional advances on the line of credit or reduce the credit limit during any period in which the following exist or occur:

Any of the circumstances listed in a., above;

The value of Grantor's dwelling securing the Indebtedness declines significantly below its appraised value for purposes of the Agreement;

Lending Institution reasonably believes that Grantor will not be able to meet the repayment requirements of the Agreement due to a material change in Grantor's financial circumstances;

Grantor is in default under any material obligations of the Agreement and Trust Deed;

The maximum annual percentage rate under the Agreement is reached;

Any government action prevents Lending Institution from imposing the annual percentage rate provided for or impairs Lending Institution's security interest such that the value of the interest is less than 120 percent of the credit line.

Lending Institution has been notified by government agency that continued advances would constitute an unsafe and unsound practice.

c. Change in Terms. The Agreement permits Lending Institution to make certain changes to the terms of the Agreement at specified times or upon the occurrence of specified events.

14. ACTIONS UPON TERMINATION.

14.1. Remedies. On occurrence of any termination and at any time thereafter, Trustee or Lending Institution may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law.

a. With respect to all or any part of the Real Property, the Trustee shall have the right to foreclose by notice and sale, and Lending Institution shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

b. With respect to all or any part of the Personal Property, Lending Institution shall have all the rights and remedies of a secured party under the Uniform Commercial Code.



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- c. Lending Institution shall have the right, without notice to Grantor, to take possession of the Property and collect the Income, including amounts past due and unpaid, and apply the net proceeds, over and above Lending Institution's costs, against the Indebtedness. In furtherance of this right, Lending Institution may require any tenant or other user to make payments of rent or use fees directly to Lending Institution. If the Income is collected by Lending Institution, then Grantor irrevocably designates Lending Institution as Grantor's attorney in fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lending Institution in response to Lending Institution's demand shall satisfy the obligation for which the payments are made, whether or not any proper grounds for the demand existed. Lending Institution may exercise its rights under this subparagraph either in person, by agent, or through a receiver.
- d. Lending Institution shall have the right to have a receiver appointed to take possession of any or all of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Income from the Property and apply the proceeds, over and above cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lending Institution's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Lending Institution shall not disqualify a person from serving as a receiver.
- e. If Grantor remains in possession of the Property after the Property is sold as provided above or Lending Institution otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at will of Lending Institution or the purchaser of the Property and shall, at Lending Institution's option, either (a) pay a reasonable rental for use of the Property, or (b) vacate the Property immediately upon the demand of Lending Institution.
- f. If the Real Property is submitted to unit ownership, Lending Institution or its designee may vote on any matter that may come before the members of the association of unit owners, pursuant to the power of attorney granted Lending Institution in Section 16.2.
- g. Trustee or Lending Institution shall have any other right or remedy provided in this Trust Deed or the Agreement or by law.

- 14.2. Sale of the Property.** To the extent permitted by applicable law, Grantor hereby waives any and all rights to have the Property marshaled. In exercising its rights and remedies, the Trustee or Lending Institution shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lending Institution shall be entitled to bid at any public sale on all or any portion of the Property.
- 14.3. Notice of Sale.** Lending Institution shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition. Any sale of Personal Property may be made in conjunction with any sale of the Real Property.
- 14.4. Waiver; Election of Remedies.** A waiver by any party of a breach of a provision of this Trust Deed shall not constitute a waiver of or prejudice the party's rights otherwise to demand strict compliance with that provision or any other provision. Election by Lending Institution to pursue any remedy provided in this Trust Deed, the Agreement, in any Related Document, or provided by law shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Trust Deed after failure of Grantor to perform shall not affect Lending Institution's right to declare a default and to exercise any of its remedies.
- 14.5. Attorney Fees; Expenses.** If Lending Institution institutes any suit or action to enforce any of the terms of this Trust Deed, Lending Institution shall be entitled to recover such sum as the court may adjudge reasonable as attorney fees at trial and on any appeal. Whether or not any court action is involved, all reasonable expenses incurred by Lending Institution which in Lending Institution's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate or default rate, whichever is higher, from the date of expenditure until repaid. Expenses covered by this paragraph include, without limitation however subject to any limits under applicable law, Lending Institution's attorney fees whether or not there is a lawsuit, including attorney fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, appraisal fees, title insurance, and fees for the Trustee, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law.



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15. NOTICE.

Any notice under this Trust Deed shall be in writing and shall be effective when actually delivered or, if mailed, shall be deemed effective when deposited in the United States mail first class or registered mail, postage prepaid, directed to the addresses shown at the top of page one (1). Any party may change its address for notices under this Trust Deed by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. All copies of notices of foreclosure from the holder of any lien which has priority over this Trust Deed shall be sent to Lending Institution's address, as shown near the top of the first page of this Trust Deed. For notice purposes, Grantor agrees to keep Credit Union and Trustee informed at all times of Grantor's current address.

16. MISCELLANEOUS.

16.1. Successors and Assigns. Subject to the limitations stated in this Trust Deed on transfer of Grantor's interest, this Trust Deed shall be binding upon and inure to the benefit of the parties, their successors, and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lending Institution, without notice to Grantor, may deal with Grantor's successors with reference to this Trust Deed and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Trust Deed or liability under the Indebtedness.

16.2. Unit Ownership Power of Attorney. If the Real Property is submitted to unit ownership, Grantor grants an irrevocable power of attorney to Lending Institution to vote in its discretion on any matter that may come before the members of the association of unit owners. Lending Institution shall have the right to exercise this power of attorney only after default by Grantor and may decline to exercise this power, as Lending Institution may see fit.

16.3. Annual Reports. Grantor shall furnish to Lending Institution, upon request, a statement of net cash profit received from the Property during Grantor's previous fiscal year in such detail as Lending Institution shall require. "Net cash profit" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

16.4. Applicable Law. This Trust Deed has been delivered to Lending Institution and accepted by Lending Institution in the State of Washington. This Trust Deed shall be governed by and construed in accordance with the laws of the State of Washington.

16.5. Joint and Several Liability. All obligations of Grantor under this Trust Deed shall be joint and several, and all references to Grantor shall mean each and every Grantor. This means that each of the persons signing below is responsible for all obligations in this Trust Deed.

16.6. Time is of the Essence. Time is of the essence in the performance of this Trust Deed.

16.7. Use. The Property is not used principally for agricultural or farming purposes.

16.8. Waiver of Homestead Exemption. Grantor hereby releases and waives all rights and benefits of the homestead exemption laws of the State of Washington as to all Indebtedness secured by this Trust Deed.

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

16.10. Substitute Trustee. Lending Institution, at Lending Institution's option, may from time to time appoint a successor trustee to any Trustee appointed hereunder by an instrument executed and acknowledged by Lending Institution and recorded in the office of the Recorder of the county where the property is located. The instrument shall contain the name of the original Lending Institution, Trustee, Borrower, the book and page where this Trust Deed is recorded, and the name and address of the successor trustee. The successor trustee shall, without conveyance of the Property, succeed to all the title, powers, and duties conferred upon the Trustee herein and by applicable law. This procedure for substitution of trustee shall govern to the exclusion of all other provisions for substitution.

16.11. Severability. If a court of competent jurisdiction finds any provision of this Trust Deed to be invalid or unenforceable as to any person or circumstance, such finding shall not render that provision invalid or unenforceable as to any other persons or circumstances, and all provisions of this Trust Deed in all other respects shall remain valid and enforceable.

17. Prior Indebtedness.

17.1. Prior Lien. The lien securing the Indebtedness secured by this Deed of Trust is and remains secondary and inferior to the lien securing payment of a prior obligation in the form of a:



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(Check which Applies)

Trust Deed Other(Specify) _____
 Mortgage
 Land Sale Contract

The prior obligation has a current principal balance of \$ 82491.0 and is in the original principal amount of \$ 92150.00. Grantor expressly covenants and agrees to pay or see to the payment of the prior indebtedness and to prevent any default thereunder.

- 17.2. **Default.** If the payment of any installment of principal or any interest on the prior indebtedness is not made within the time required by the Agreement evidencing such indebtedness, should an event of default occur under the instrument securing such indebtedness and not be cured during any applicable grace period therein, then your action or inaction shall entitle Lending Institution to terminate and accelerate the indebtedness and pursue any of its remedies under this Deed of Trust.
- 17.3. **No Modification.** 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 agreement is modified, amended, extended, or renewed without the prior written consent of Lending Institution. Grantor shall neither request nor accept any future advances under a prior mortgage, deed of trust, or other security agreement without the prior written consent of Lending Institution.



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EACH GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS TRUST DEED, AND EACH GRANTOR AGREES TO ITS TERMS.

GRANTOR

Shannon M DeMoss
Shannon M Demoss

GRANTOR

[Signature]

GRANTOR

GRANTOR

INDIVIDUAL ACKNOWLEDGMENT

STATE OF WASHINGTON)

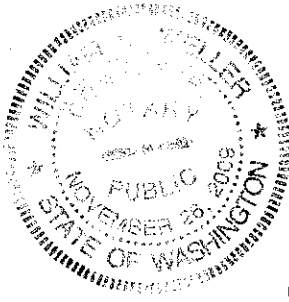
) ss.

County of King)

On this day personally appeared before me Shannon M Demoss & Kim Vallini

to me known to be the individual, or individuals 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 20 day of January, 2007.

By: [Signature]
Notary Public in and for the State of Washington
Residing at: [Signature]
My commission Expires: 11-26-09



REQUEST FOR FULL RECONVEYANCE
(To be used only when obligations have been paid in full)

The undersigned is the legal owner and holder of all indebtedness secured by this Trust Deed. All sums secured by this Trust Deed have been fully paid and satisfied. You are hereby directed, upon payment to you under the terms of this Trust Deed or pursuant to any applicable statute, to cancel the Agreement secured by this Trust Deed (which is delivered to you together with this Trust Deed), and to reconvey, without warranty, to the parties designated by the terms of this Trust Deed, the estate now held by you under this Trust Deed. Please mail the reconveyance and Related Documents to:

Date: _____
Beneficiary: _____
By: _____
Its: _____



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