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After Recording Return To:  
HomeStreet Bank  
Home Equity Lending  
2000 Two Union Square  
601 Union Street  
Seattle, WA 98101

Assessor's Parcel or Account Number: 5100-004-629-0000  
Abbreviated Legal Description: Lot 629, Shelter Bay Div. 4

### LAND TITLE OF SKAGIT COUNTY

Full legal description located on page 2

Trustee: Land Title Company of Skagit County, a Washington Corporation

128910-05

-----[Space Above This line For Recording Data]-----

DOC ID #:

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

MIN

THIS DEED OF TRUST, dated 03/07/2008, is between Sondra A. Garland and Walter C. Garland, wife and husband, residing at 629 Shushwap Lane, La Conner, WA 98257, the person or persons signing as "Grantor(s)" below and hereinafter referred to as "we" or "us" and Land Title Company of Skagit County, a Washington Corporation, as trustee and hereinafter referred to as the "Trustee," with an address at 111 E George Hopper Rd, Burlington, WA 98233.

The beneficiary of "Mortgage Electronic Registration Systems, Inc. ("MERS") (solely as nominee for Lender, as hereinafter defined and Lender's successors and assigns). MERS is organized and existing under the laws of Delaware and has an address of PO Box 2026, Flint, MI 48501-2026, tel. (888)679-MERS. HomeStreet Bank ("Lender") is organized and existing under the laws of the state of WA and has an address of 2000 Two Union Square, 601 Union Street, Seattle, WA 98101.

CONVEYANCE AND GRANT. For valuable consideration, including the loan hereinafter described, Grantor conveys to Trustee in trust with power of sale, right of entry and possession, and for the benefit of MERS, (as nominee for Lender and Lender's successors and assigns), as Beneficiary, all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, (the "Premises") located in SKAGIT County, Washington:

Grantor understands and agrees that MERS holds only legal title to the interests granted by Grantor 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.

The premises are located at:  
629 Shushwap Lane, La Conner, SKAGIT County, Washington 98257 (the "Premises").

and further described as: A Leashold interest in the following described tract:

Lot 629, "SURVEY-OF SHELTER BAY DIV. 4, Tribal and Allotted Land of Swinomish Indian Reservation," as recorded in Volume 48 of Official Records, pages 627 through 631, inclusive, records of Skagit County, Washington.

Situate in the County of Skagit, State of Washington.

The Premises include 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 a loan in the principal amount of \$70,120.00 or so much thereof as may be advanced and readvanced from time to time to Sondra C. Garland, Walter A. Garland, the Borrower(s) under the Home Equity Line of Credit Agreement and Disclosure Statement (the "Note") dated 03/07/2008, 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 this 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.

#### IMPORTANT OBLIGATIONS:

(a) PAYMENT AND PERFORMANCE: If we have signed the Note, 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

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not make major changes in the building(s) except for normal repairs. We agree to notify you at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Premises, if any mechanic's lien, materialmen's lien or other lien could be asserted on account of the work, services, or materials. 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 abandon or leave the Premises unattended. We will not use, nor allow others to 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 is subject to your reasonable approval. The policies must be for at least the full insurable value (replacement) and for 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 do so. You may also sign our name to any check, draft or other order for the payment of insurance proceeds in the event of loss or damage to the Premises. If you receive payment of a claim, you will have the right to choose to use the money either to repair the Premises or to reduce the amount owing on the Note.

(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. We will promptly notify you in writing if any proceeding in condemnation is filed and will take such steps as may be necessary to defend the action and obtain the award.

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

(g) **SECURITY INTEREST:** This instrument shall constitute a Security Agreement to the extent any of the Premises constitutes fixtures, and you will have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time. 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. We will reimburse you for all expenses incurred in perfecting or continuing this security interest. Upon default, we will not remove, sever, or detach the personal property from the Premises. Upon default, we shall assemble any personal property not affixed to the Premises in a manner and at a place reasonably convenient to both you and us and make such property available to you within three (3) days after receipt of written demand.

(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 advanced 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



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filing fees, taxes or the 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.

(i) **PRIOR DEED OF TRUST:** If the Premises is subject to any prior deeds of trust that have not been subordinated to this Deed of Trust ("Prior Deeds of Trust"), we have disclosed the material terms of the Prior Deeds of Trust to you, and we agree that we shall not increase, amend or modify any 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 Deeds of Trust as and when required thereunder.

(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) **DUE ON SALE – CONSENT REQUIRED:** We will not sell, transfer ownership of, mortgage, lease, grant an easement, 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. We agree that in the event of any such transfer you may, at your option, (unless prohibited by federal or Washington law), either (a) declare immediately due and payable all sums secured by this Deed of Trust or (b) increase the interest rate and impose such other conditions as you deem appropriate and which are consistent with applicable law.

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

(m) **AGREEMENTS THAT APPLY TO CONDOMINIUMS AND PUDS:** If the Premises is a unit in a Condominium Project or in a PUD, we will fulfill all of our obligations under the declaration, bylaws, regulations and other documents that create or govern the Condominium Project or PUD (including but not limited to the payment of any common expenses or special assessments), we will not divide the Premises into smaller parts that may be owned separately, and we will not consent to certain actions unless we have first given you notice and obtained your consent in writing. These actions are: (i) the abandonment or termination of the Condominium Project or PUD, unless, in the case of a condominium, the abandonment or termination is required by law; (ii) any change to the declaration, bylaws or regulations of the Owners' Association, trust agreement, articles of incorporation, or other documents that create or govern the Condominium Project or PUD, including, for example, a change in the percentage of ownership rights held by unit owners in the Condominium Project or in the common areas or facilities of the PUD; (iii) a decision by the Owners' Association to terminate professional management and to begin



self-management of the Condominium Project or PUD; (iv) the transfer, release, creation of liens, partition or subdivision of all or part of the common areas and facilities of the PUD. (However, this provision does not apply to the transfer by the Owners' Association of rights to use those common areas and facilities for utilities and other similar or related purposes.)

**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:** There will be a default under this Deed of Trust if any of the following happen: (A) There is fraud or a material misrepresentation is made to you at any time in connection with the Note. This can include, for example, a false statement about an obligor's income, assets, liabilities, or any other aspects of an obligor's financial condition. (B) The repayment terms of the Note are not met. (C) Our action or inaction adversely affects the collateral or your rights in the collateral. This can include, for example, failure to maintain required insurance, waste or destructive use of the Premises, creation of a senior lien on the Premises without your prior written consent, failure to pay taxes, death of all persons liable on the Note, transfer of title or sale of the Premises, foreclosure by the holder of another lien, or the use of funds or the Premises for prohibited purposes.

**RIGHTS AND REMEDIES ON DEFAULT:** If at any time any event of default occurs under this Deed of Trust, you or Trustee may exercise any one or more of the following rights and remedies. All of your rights and remedies will be cumulative and may be exercised alone or together. An election by you to choose any one remedy will not bar you from using any other remedy. If you decide to spend money or to perform any of our obligations under this Deed of Trust after we fail to do so, that decision by you will not affect your right to declare us in default and to exercise any or all of your remedies.

(a) **ACCELERATE INDEBTEDNESS.** You shall have the right at your option to declare the entire amount owed under the Note immediately due and payable.

(b) **FORECLOSURE.** With respect to all or any part of the Premises, the Trustee shall have the right to exercise its power of sale and to foreclose by notice and sale, and you shall additionally have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

(c) **UCC REMEDIES.** To the extent the Note is secured by property which is subject to the Uniform Commercial Code, you shall have all the rights and remedies of a secured party thereunder.

(d) **COLLECT RENTS.** You shall have the right, without notice to us, to take possession of and manage the Premises and collect the rents, including amounts past due and unpaid, and apply the net proceeds, over and above your costs, against the amount owed under the Note. In furtherance of this right, you may require any tenant or other user of the Premises to make payments of rent or use fees directly to you. If you collect the rents, then we irrevocably designate you as our attorney-in-fact to endorse instruments received in payment thereof in our name and to negotiate the same and collect the proceeds. Payments by tenants or other users to you in response to your demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. You may exercise your rights under this subparagraph either in person, by agent, or through a receiver.

(e) **APPOINT RECEIVER.** You shall have the right to have a receiver appointed to take possession of all or any part of the Premises, with the power to protect and preserve the Premises, to



operate the Premises preceding or pending foreclosure or sale, and to collect the rents from the Premises and apply the proceeds, over and above the cost of the receivership, against the amount owed under the Note. The receiver may serve without bond if permitted by law. Your right to appoint a receiver shall exist whether or not the apparent value of the Premises exceeds the amount owed under the Note by a substantial amount.

(f) **TENANCY AT SUFFERANCE.** If we remain in possession of the Premises after it is sold as provided above or after you otherwise become entitled to possession after our default, we shall become a tenant at sufferance and shall, at your option, either pay a reasonable rent for use of the Premises or vacate the Premises immediately upon your demand.

(g) **OTHER REMEDIES.** You or Trustee shall have any other right or remedy provided under the Note, this Deed of Trust, or applicable law.

(h) **SALE OF THE PROPERTY.** To the extent permitted by law, we hereby waive any and all right we may have to have the property securing the Note marshaled.

(i) **FEES AND EXPENSES.** You shall be entitled to collect all reasonable fees and costs actually incurred by you in proceeding to foreclosure, to public sale, or in exercising any of your other rights upon our default, 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.

**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.

**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 in your records or at such other address as we may designate by notice to you as provided herein, and (b) any notice to you shall be given by certified mail, return receipt requested, to your address at 2000 Two Union Square, 601 Union Street, Seattle, WA 98101 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 sums 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. We shall pay reasonable trustee fees and recording costs for obtaining a reconveyance of this Deed of Trust.

**SEVERABILITY:** If any provision in this Deed of Trust is held invalid or unenforceable, the remaining



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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 with 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 your benefit without your written consent.



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

x Sondra C. Garland  
Sondra C. Garland

x Walter A. Garland  
Walter A. Garland



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STATE OF WASHINGTON;

COUNTY OF Snohomish;

On this day personally appeared before me

SONDRA & WALTON GARNER

to me known to be the individual(s) described in and who executed the within and foregoing instrument, and acknowledged that HER signed the same as HER free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand official seal this 7 day of MARCH, 2008.

[Signature]

Notary Public in and for the State of

WASHINGTON

Residing at MARYSVILLE

My commission expires 5-22-2010



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