

After recording please return to:

Community Investment Officer
Federal Home Loan Bank of Seattle
1501 Fourth Avenue, Suite 1800
Seattle, WA 98101-1693



200806160186

Skagit County Auditor

6/16/2008 Page

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5 3:23PM

FEDERAL HOME LOAN BANK OF SEATTLE

1501 Fourth Avenue, Suite 1800, Seattle, Washington 98101-1693

Deed of Trust and Retention Agreement

Reference Number(s) of related document(s): N/A.

Additional reference numbers on page N/A of document.

Grantor: Anacortes Community Shelter Project.

Additional names on page N/A of document.

Grantee: Chicago Title Company.

Additional names on page N/A of document.

Legal Description (abbreviated): Hensler's 1st to Anacortes, Lots 8-12, Block 7.

Full legal(s) on page/exhibit 5.

Assessor's Tax Parcel ID Number: P57352 & P57354.

THIS DEED OF TRUST AND RETENTION AGREEMENT ("Agreement") is made this 12th day of June, 2008, between: Anacortes Community Shelter Project ("Grantor"), whose address is 1011 27th St. Anacortes, WA 98221; and Chicago Title Company ("Trustee"), whose address is 425 Commercial St. Mount Vernon, WA 98273; and The Federal Home Loan Bank of Seattle ("Beneficiary") whose address is 1501 Fourth Avenue, Suite 1800, Seattle, Washington 98101-1693.

DEED OF TRUST PROVISIONS:

1. Grantor irrevocably grants, bargains, sells and conveys to Trustee in Trust, with power of sale, the following described real property ("Property") in Skagit County, Washington, which is not used principally for agricultural or farming purposes:

ACCOMMODATION RECORDING

Chicago Title Company has placed this document for recording as a customer courtesy and accepts no liability for its accuracy or validity

AHP#2007B1296

**Federal Home Loan Bank of Seattle – Affordable Housing Program
AHP Washington Rental**

2. This deed is for the purpose of securing performance of each agreement of Grantor set forth herein, and payment of the sum of up to sixty-two thousand one hundred Dollars (\$62,100.00).
3. In the event any portion of the Property is taken or damaged in an eminent domain proceeding during the Retention Period (as defined herein), the entire amount of the award or such portion as may be necessary to fully satisfy the obligation secured hereby shall be paid to Beneficiary to be applied to said obligation.
4. Trustee shall reconvey the Property to the person entitled thereto on written request of Grantor and Beneficiary, or upon satisfaction of the obligation secured and written request for reconveyance made by Beneficiary or the person entitled thereto.
5. Upon default by Grantor in the payment of any indebtedness secured by this Agreement or in the performance of any agreement contained herein, upon written request of Beneficiary Trustee shall sell the Property, in accordance with the laws of the State of Washington at public auction to the highest bidder. Any person except Trustee may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (1) to the expense of the sale, including a reasonable Trustee's fee and attorney's fee; (2) to the obligation secured by this Agreement; (3) the surplus, if any, shall be distributed to the persons entitled thereto.
6. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the Property which Grantor had or had the power to convey at the time of his execution of this Agreement, and such as Grantor may have acquired thereafter. Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Agreement, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchaser and encumbrances for value.
7. The power of sale conferred by this Agreement and by the laws of the State of Washington is not an exclusive remedy; Beneficiary may cause this Agreement to be foreclosed as a mortgage.
8. In the event of the death, incapacity, disability or resignation of Trustee, Beneficiary may appoint in writing a successor trustee, and upon the recording of such appointment in the mortgage records of the county in which this Agreement is recorded, the successor trustee shall be vested with all powers of the original trustee. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Grantor, Trustee or Beneficiary shall be a party unless Trustee brings such action or proceeding.
9. This Agreement applies to, inures to the benefit of, and is binding not only on the parties hereto, but also on their heirs, devisees, legatees, administrators, executors, assigns and successors.
10. The invalidity, illegality, or unenforceability of any provision of this Agreement pursuant to judicial decree shall not affect the validity or enforceability of any other provision of this Agreement, all of which shall remain in full force and effect, and applicable state law shall replace such invalid, illegal or unenforceable provision to the extent possible.

RETENTION AGREEMENT:

11. Grantor's purchase, construction or rehabilitation of the Property was or will be partially financed with proceeds from a \$62,100 Affordable Housing Program Grant ("Grant") from Beneficiary. Federal regulations (12 CFR Part 951) condition Grantor's receipt of the Grant on Grantor's agreement to consequences in some circumstances if Grantor sells or refinances the Property, for the purpose of ensuring that the Grant is used as specified in the Grant application and that the Property is retained as affordable housing for a period of fifteen (15) years commencing on the later of the physical Project Completion Date or the date Grant proceeds were disbursed to or for Grantor ("Retention Period").
12. The date for project completion on the Property is June 1st, 2009 ("Project Completion Date") (if not filled in, the Project Completion Date will hereafter be determined and agreed upon in writing by Grantor and



Beneficiary, either of whom may record an Addendum to this Agreement stating the Project Completion Date).

13. Grantor shall notify Beneficiary or Trustee in writing received at least two weeks prior to any sale or refinancing of the Property that closes within the Retention Period. Grantor may notify Beneficiary by either hand-delivery or certified mail, return receipt requested, at the following address:

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Seattle, WA 98101-1693

14. Except as set forth herein, if a transaction by which Grantor sells or refinances the Property closes within the Retention Period, Grantor must repay to Beneficiary all of the Grant, without interest.

15. Grantor acknowledges receipt of the Grant funds from Beneficiary based in part on the agreement that the Property's rental units, or applicable portion thereof, must remain occupied by and affordable for households with incomes at or below the levels committed to be served in Grantor's approved Grant application (or any modifications thereof agreed to by Grantor and Beneficiary), and must remain subject to the rent restrictions specified therein, for the duration of the Retention Period. If Grantor sells or refinances within the Retention Period and the Property remains subject to the encumbrance created by this Agreement for the duration of the Retention Period, then such sale or refinance shall not result in Grantor being required to repay any portion of the Grant. Grantor will provide certification upon request or at least annually that Grantor complies with the requirement that the Property meets the foregoing income eligibility and rent restriction standards throughout the Retention Period.

GRANTOR

By: Eric N. Johnson

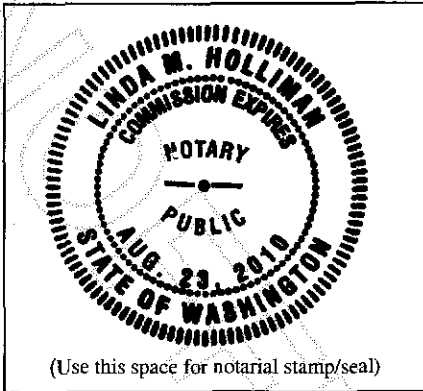
Typed name: Eric N. Johnson

Title: President, Board of Directors

STATE OF WASHINGTON)
)
) ss.
COUNTY OF Skagit)

This is to certify that on this 12th day of June, 2008, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Eric N. Johnson, known to me to be President of the Board, the within named Grantor, who executed the within instrument, acknowledged the said instrument to be the free and voluntary act and deed of the Grantor for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument for and on behalf of the Grantor.





Linda M Holliman
Name: Linda M Holliman
NOTARY PUBLIC, State of Washington
Residing at La Conner
My appointment expires 8/23/2010



FULL LEGAL DESCRIPTION

Parcel "A":

Lots 8, 9, and 10, Block 7, "PLAT OF HENSLER'S FIRST ADDITION TO THE CITY OF ANACORTES, SKAGIT CO., WASH.", as per plat recorded in Volume 3 of Plats, page 46, records of Skagit County, Washington.

Parcel "B":

Lots 11 and 12, Block 7, "PLAT OF HENSLER'S FIRST ADDITION TO THE CITY OF ANACORTES, SKAGIT CO., WASH.", as per plat recorded in Volume 3 of Plats, page 46, records of Skagit County, Washington.

TOGETHER WITH a perpetual right-of-way and easement for the purposes of a walkway and driveway in, through, along and across the following described property:

The East 14 feet of the South 148 feet of the following described tract: That portion of the Southeast 1/4 of the Southeast 1/4 of Section 24, Township 35 North, Range 1 East, W.M., described as follows:

Beginning at the Southwest corner of Block 6, "PLAT OF HENSLER'S FIRST ADDITION TO THE CITY OF ANACORTES, SKAGIT CO., WASH.", as per plat recorded in Volume 3 of Plats, page 46, records of Skagit County, Washington, which point is on the North line of 27th Street of said addition; thence South along the West line of said addition 188 feet to centerline of alley in Block 7 of said Hensler's Addition; thence West at right angles 248 feet, more or less, to the East line of a tract of land deed to Anna Allard by Deed recorded in Volume 101 of Deeds, page 587, records of Skagit County, Washington; thence North at right angles 188 feet to the North line of 27th Street, if extended; thence East to the point of beginning.

