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Skagit County Auditor

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DOCUMENT TITLE: DEED OF TRUST

REFERENCE NUMBER OF RELATED DOCUMENT: N/A

GRANTORS: ERH PROPERTIES, LLC

GRANTEES/BENEFICIARIES: GREGORY EBE & MARY EBE, husband and wife
CARL REICHHARDT & MARJORIE REICHHARDT, husband and wife

ABBREVIATED LEGAL DESCRIPTION: Ptn Lots 21 - 24, Blk 10, Woolley The Hub

ASSESSOR'S TAX PARCEL NUMBER: P77520 / 4177-010-021-0102

DEED OF TRUST

THIS DEED OF TRUST is made this 31st day of December, 2012, between ERH PROPERTIES, LLC, a Washington limited liability company, GRANTOR, whose address is P.O. Box 978, Lynden, Washington 98264, LAND TITLE COMPANY OF SKAGIT COUNTY, TRUSTEE, whose address is 111 East George Hopper Road, Burlington, Washington 98233, and GREGORY EBE and MARY EBE, husband and wife, and CARL REICHHARDT and MARJORIE REICHHARDT, husband and wife, BENEFICIARY.

Grantor hereby bargains, sells and conveys to Trustee in Trust, with power of sale, interest in the following described real property in Skagit County, Washington:

The South 24.5 feet of the North 46.5 feet of Lots 23 and 24; the South 24 feet of the North 46 feet of Lot 22; and the South 24 feet of the North 46 feet of the West 14 feet of Lot 21; all in Block 10, "WOOLLEY, THE HUB OF SKAGIT COUNTY, WASHINGTON", as per plat recorded in Volume 2 of Plats, page 92, records of Skagit County, Washington.

TOGETHER WITH all rights granted under the terms of the Party Wall Agreements dated July 22, 1915, and recorded August 4, 1915, in Volume 101 of Deeds, page 81, and the Party Wall Agreement dated July 26, 1915, recorded August 4, 1915, in Volume 101 of Deeds, page 83, and dated June 28, 1915, recorded in Volume 101, page 103, records of Skagit County, Washington.

Situate in the City of Sedro-Woolley, County of Skagit, State of Washington.

(hereinafter referred to as the "Property") which Property is not used principally for agricultural or farming purposes, together with all tenements, hereditaments, and appurtenances now or hereafter thereunto belonging or in any wise appertaining, and the rents, issues and profits thereof.

This Deed of Trust is granted for the purposes of securing performance of each agreement of Grantor herein contained and payment of the sum of TWO HUNDRED ELEVEN THOUSAND NINE HUNDRED TWENTY-FIVE DOLLARS (\$211,925.00), together with interest in accordance with the terms of six

promissory notes of even date herewith payable to Beneficiary or order, and made by the Members of Grantor, and all renewals, modifications and extensions thereof, and all other sums payable under the terms of said Note and/or this Deed of Trust.

GRANTOR COVENANTS AND AGREES, in order to protect the security of this Deed of Trust:

A. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Property.

B. To pay before delinquency all lawful taxes and assessments upon the Property; to keep the Property free and clear of all other charges, liens or encumbrances impairing the security of this Deed of Trust.

C. To defend any action or proceeding purporting to affect the security hereof, or of the rights or powers of Beneficiary or Trustee, herein provided.

D. To pay all costs, fees and expenses incurred in enforcing the obligations secured hereby and Trustee's and attorney's fees actually incurred, as provided by statute.

E. During the life of this Deed of Trust and until full payment of the Note, Grantor shall maintain, with all premiums prepaid, insurance covering the Property under fire and extended coverage insurance policies for perils customarily insured against, and for such other perils or hazards as Beneficiary deems to be appropriate, for the full insurable value thereof, with loss payable to the Beneficiary, and to deliver all such policies, or certificates evidencing their coverage, along with evidence of payment of premiums therefor, to the Beneficiary annually on the anniversary date of this Deed of Trust, or upon and in accordance with the written request of the Beneficiary. All such policies shall be written by a company or companies acceptable to Beneficiary and shall provide that they may not be canceled or substantially modified or reduced without at least 30 days' prior written notice to all insureds, including Beneficiary. In the event of foreclosure of this Deed of Trust or of any other transfer of the title to the Property in lieu of foreclosure, all interest of the Grantor in any such policy or policies shall pass to the purchaser or transferee at such foreclosure or other transfer without additional cost or expense to such transferee or purchaser. Unless Grantor and Beneficiary otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the damage done to the Property, if the restoration or repair is economically feasible and Beneficiary's security is not lessened; the insurance proceeds shall be applied to the sums secured by this Deed of Trust, whether or not then due, with any excess paid to Grantor. If Grantor abandons the Property, or does not answer within 30 days a notice from Beneficiary that the insurance carrier has offered to settle a claim, then Beneficiary may collect the insurance proceeds. Beneficiary may use the proceeds to repair or restore the Property or to pay sums secured by this Deed of Trust, whether or not then due. The 30-day period will begin when the notice is given.

IT IS MUTUALLY AGREED THAT:

1. In the event that any portion of the Property is taken or damaged in an eminent domain proceeding, the entire amount of the award of such portion thereof as may be necessary to fully satisfy the obligation secured hereby shall be paid to Beneficiary to be applied to said obligation.

2. By accepting payment of any sum secured hereby after its due date, or any partial payment, Beneficiary does not waive its right to require prompt payment when due of all other sums so secured.

3. The Trustee shall reconvey all or any part of the Property to the person entitled thereto on written request of the Grantor and the Beneficiary, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.



4. Grantor shall hereby receive and be entitled to exclusive physical possession of the property covered by this Deed of Trust, but shall not have the right to remove, demolish, move or alter in any way, any buildings or other structures now located on the Property without the written consent of the Beneficiary.

5. All demands, notices and correspondence, except original process in the event of litigation shall be deemed sufficient if mailed by certified mail, addressed to the respective parties at the following addresses:

GRANTOR:

ERH PROPERTIES, LLC
P.O. BOX 978
LYNDEN, WA 98264

BENEFICIARY:

GREGORY & MARY EBE
2212 Birch Bay Lynden Road
Custer, WA 98240

CARL & MARJORIE REICHHARDT
8609 Semiahmoo Drive
Blaine, WA 98230

6. Should Grantor fail to pay when due any taxes, assessment, insurance premiums, liens, encumbrances, or other charges against the Property which are required to be paid by Grantor under this Deed of Trust, or should Grantor otherwise fail to perform any of Grantor's other covenants herein contained, the performance of which requires the expenditure of money, then, in any such event, the Beneficiary, at its election, may pay such sums as may be necessary to perform such obligations with respect to which the Grantor is in default, without prejudice to Beneficiary's right to accelerate the maturity of this Deed of Trust and to foreclose the same, and any and all amounts so paid shall be repaid by the Grantor to the Beneficiary upon demand, with interest thereon at the same rate as the indebtedness secured by this Deed of Trust from the date of such payment, and all such payments, with interest as above provided, shall, from the date of payment, be added to and become a part of the indebtedness secured by this Deed of Trust.

7. 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 Deed of Trust and such as he may have acquired thereafter. Trustee's deed shall recite all the requirements of law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchasers and encumbrancers for value.

8. Notwithstanding Beneficiary's acceleration of the sums secured by this Deed of Trust, Grantor shall have the right to have any proceedings begun by Trustee to enforce this Deed of Trust discontinued at any time prior to the earlier to occur of (1) the tenth (10th) day before sale of the property pursuant to the power of sale contained in this Deed of Trust or (2) entry of a judgment enforcing this Deed of Trust if: (a) Grantor pays Beneficiary all sums which would be then due under this Deed of Trust, the Note and notes securing future advances, if any, had no acceleration occurred; (b) Grantor cures all breaches of any other covenants or agreements of Grantor contained in this Deed of Trust; (c) Grantor pays all reasonable expenses incurred by Beneficiary and Trustee in enforcing the covenants and agreements of Grantor contained in this Deed of Trust.

9. The power of sale conferred by this Deed of Trust and by the Deed of Trust Act of the State of Washington is not an exclusive remedy; Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.

10. In the event of the death, incapacity or disability or resignation of the 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 Deed of Trust is recorded, the successor trustee shall be vested with all powers of the



original trustee. The 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 such action or proceeding is brought by the Trustee.

11. If all or any part of the Property or an interest therein is sold or transferred by Grantor without Beneficiary's prior written consent. Beneficiary may, at Beneficiary's option, declare all the sums secured by this Deed of Trust to be immediately due and payable.

12. Grantor will pay all costs, expenses and fees incurred in connection with this Deed of Trust, including the costs of title insurance, including those costs, expenses and attorney fees incurred in enforcing obligations of the Grantor secured hereby.

13. Upon payment of all sums secured by this Deed of Trust, Beneficiary shall request Trustee to reconvey the Property and shall surrender this Deed of Trust and all notes evidencing indebtedness secured by this Deed of Trust to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any.

14. It is understood and agreed by the parties hereto that if any part, term, or provision of this Deed of Trust is judicially determined to be illegal or in conflict with any law of the State of Washington, the validity of the remaining portions or provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the instrument did not contain the particular part, term or provision held to be invalid.

15. This Deed of Trust applies to, inures to the benefit of, and is binding upon the parties hereto, and on their heirs, devisees, legatees, administrators, executors, successors and assigns. The term Beneficiary shall mean the holder and owner of the Note secured hereby, whether or not named as Beneficiary herein.

16. Assignment of Rents. As part of the consideration for the Secured Obligations, and not as additional security therefor, Grantor hereby absolutely and unconditionally assigns and transfers to Beneficiary all right, title and interest of Grantor in and to: any and all present and future leases, subleases, and other agreements for the occupancy or use of all or any part of the Property, and any and all extensions, renewals and replacements thereof ("Leases"); all cash or security deposits, advance rentals and deposits of a similar nature under the Leases; any and all guarantees of tenants' or occupants' performance under any and all Leases, and all rents, issues, profits and revenues ("Rents") now due or which may become due or to which Grantor may now or shall hereafter become entitled or may demand or claim (including Rents coming due during any redemption period), arising or issuing from or out of any and all Leases, including without limitation minimum, additional, percentage and deficiency rents and liquidated damages.

Prior to any Event of Default hereunder, Grantor shall have a license to, and shall collect and receive all Rents of the Property as trustee for the benefit of Beneficiary and Grantor, apply the Rents so collected first to the payment of taxes, assessments and other charges on the Property prior to delinquency, second to the cost of insurance, maintenance and repairs required by the terms of this Deed of Trust, third to the costs of discharging any obligations or liability of Grantor under the Leases; and fourth to the Secured Obligations, with the balance, if any, to the account of Borrower provided there is no Event of Default. Upon delivery of written notice by Beneficiary to Grantor of an Event of Default hereunder and stating that Beneficiary exercises its right to the Rents, and without the necessity of Beneficiary entering upon and taking and maintaining full control of the Property in person, by agent or by a court-appointed receiver, Beneficiary shall immediately be entitled to possession of all Rents from the Property as the same become due and payable, including without limitation Rents then due and unpaid, and all such Rents shall immediately upon delivery of such notice be held by Grantor as trustee for the benefit of Beneficiary only.



Grantor hereby represents and warrants to Beneficiary that Grantor has not executed and will not execute any other assignment of said Leases or Rents, that Grantor has not performed and will not perform any acts and has not executed and will not execute any instrument which would prevent Beneficiary from exercising its rights under this Article 16. Grantor further represents and warrants to Beneficiary that all existing Leases are in good standing and there is no default thereunder.

Upon any Event of Default hereunder, Beneficiary may, in person, by agent or by a court-appointed receiver, regardless of the adequacy of Beneficiary's security, enter upon and take and maintain full control of the Property in order to perform all acts necessary and appropriate for the operation and maintenance thereof in the same manner and to the same extent as Grantor could do the same.

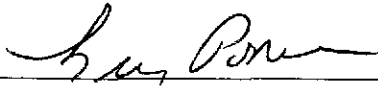
All Rents collected subsequent to delivery of written notice by Beneficiary to Grantor of an Event of Default hereunder may be applied first to the costs, if any, of taking control of and managing the Property and collecting the Rents, including without limitation attorneys' fees, receiver's fees, premiums on receiver's bonds, costs of maintenance and repairs to the Property, premiums on insurance policies, taxes, assessments and other charges on the Property, and the costs of discharging any obligation or liability of Grantor under the Lease, and then to the Secured Obligations. Beneficiary or the receiver shall be liable to account only for those Rents actually received.

Beneficiary may enforce this assignment without first resorting to or exhausting any security or collateral for the Secured Obligations.

Oral agreements or oral commitments to loan money, extend credit, or to forbear from enforcing repayment of a debt are not enforceable under Washington law.

GRANTOR:

ERH PROPERTIES, LLC

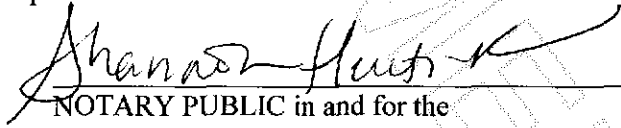
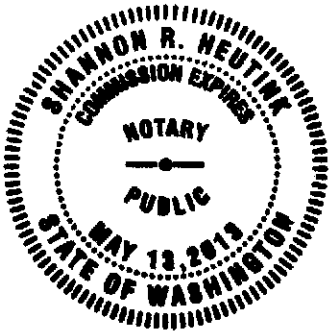


By: Luis Ponce
Its: Authorized Member

STATE OF WASHINGTON)
) ss.
COUNTY OF WHATCOM)

I certify that I know or have satisfactory evidence that LUIS PONCE is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Authorized Member of ERH Properties, LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: December 31, 2012.



NOTARY PUBLIC in and for the
State of Washington. My
Commission expires 05/13/2013
Residing at EVERSON, WA 98247

