

Skagit County Auditor
8/23/2013 Page

1 of 16 2:07PM

\$232.00

**RECORDED AT THE REQUEST OF:
AND AFTER RECORDING RETURN TO:**

Christopher Hughes
P.O. Box 99284
Seattle, WA 98139-0284

DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING

GUARDIAN NORTHWEST TITLE CO. 106435-2

Grantor: The Woods at Washington Park LLC, a Washington
limited liability company

Grantee #1 (Trustee): First American Title Insurance Company

Grantee #2 (Beneficiary): Christopher Hughes

Abbreviated Legal Description: Ptn. of the SW 1/4 of the SE 1/4 of Sec. 21, Twp. 35 N.,
Rng. 1 E, W.M., in Skagit County, Washington.
Official Legal Description on Exhibit A

Assessor's Tax Parcel ID#: See attached 7126714

Reference No.: N/A

Parcel ID for Lots 7 through 11 and Lots 15 through 23 in the Plat of The Woods at Sunset Cove

Assessor's Tax Parcel ID#:

P126714,P126715,P126716,P126717,P126718
P126722,P126723,P126724,P126725,P126726
P126727,P126728,P126729,P126730



201308230220

THIS DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING ("Deed of Trust"), is made this 22 day of August, 2013, between The Woods at Washington Park LLC, a Washington limited liability company, the address of which is 902 8th Street, P.O. Box 319, Anacortes, Washington 98221 ("Grantor"); FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation, the address of which is 1301-B Riverside Drive, Mount Vernon, WA 98213, and its successors in trust and assigns ("Trustee"), and Christopher Hughes, the address of whom is P.O. Box 99284, Seattle, Washington 98139-0284 ("Beneficiary").

1. GRANTING CLAUSE. Grantor, in consideration of the acceptance by Trustee of the trust hereunder, and of other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in order to secure the payment of the indebtedness evidenced by the Note (as hereinafter defined) with interest thereon, and any other sums payable thereunder and hereunder, and to secure the performance of the obligations contained herein, grants, bargains, sells, and conveys to Trustee and its successors in trust and assigns, forever, in trust, with power of sale, all of Grantor's estate, right, title, interest, claim and demand in and to the property in the county of Skagit, state of Washington, described as follows (all of the property described in all parts of this Section 1 and all additional property, if any, described in Section 2 is herein called the "Property"):

1.1 Land and Appurtenances. The land described on Exhibit A hereto, and all tenements, hereditaments, rights-of-way, easements, appendages and appurtenances thereto belonging or in any way appertaining, including without limitation all of the right, title and interest of Grantor in and to any avenues, streets, ways, alleys, vaults, strips or gores of land adjoining that property, and all claims or demands of Grantor either in law or in equity in possession or expectancy of, in and to that property; and

1.2 Improvements and Fixtures. All buildings, structures and other improvements now or hereafter erected on the property described in 1.1 above, and all facilities, fixtures, machinery, apparatus, installations, equipment, furniture and other properties of whatsoever nature (including without limitation all heating, ventilating, air conditioning, plumbing and electrical equipment, all elevators and escalators, all sprinkler systems, all engines and motors, all lighting, laundry, cleaning, fire prevention and fire extinguishing equipment, all ducts and compressors, all refrigerators, stoves and other appliances, attached cabinets, partitions, rugs, carpets and draperies, all building materials and supplies and all construction forms and equipment), now or hereafter located in or used or procured for use in connection with that property, it being the intention of the parties that all property of the character hereinabove described which is now owned or hereafter acquired by Grantor and which is affixed or attached to or used in connection with the property described in 1.1 above shall be, remain or become a portion of that property and shall be covered by and subject to the lien of this Deed of Trust, together with all contracts, agreements, permits, plans, specifications, drawings, surveys, engineering reports and other work products relating to the construction of the existing or any future improvements on the Property, any and all rights of Grantor in, to or under any architect's contracts or construction contracts relating to



the construction of the existing or any future improvements on the Property, and any performance and/or payment bonds issued in connection therewith; and

1.3 Enforcement and Collection. Any and all rights of Grantor without limitation to make claim for, collect, receive and receipt for any and all rents, income, revenues, issues, royalties, and profits, including mineral, oil and gas rights and profits, insurance proceeds, condemnation awards and other moneys, payable or receivable from or on account of any of the Property, including interest thereon, or to enforce all other provisions of any other agreement (including those described in Section 1.2 above) affecting or relating to any of the Property, to bring any suit in equity, action at law or other proceeding for the collection of such moneys or for the specific or other enforcement of any such agreement, award or judgment, in the name of Grantor or otherwise, and to do any and all things which Grantor is or may be or become entitled to do with respect thereto, provided, however, that no obligation of Grantor under the provisions of any such agreements, awards or judgments shall be impaired or diminished by virtue hereof, nor shall any such obligation be imposed upon Trustee or Beneficiary; and

1.4 Leases. All of Grantor's rights as landlord in and to all existing and future leases and tenancies, whether written or oral and whether for a definite term or month to month, now or hereafter demising all or any portion of the property described in 1.1 and 1.2 above, including all renewals and extensions thereof and all rents and deposits received or receivable thereunder. In accepting this Deed of Trust neither Beneficiary nor Trustee assumes any liability for the performance of any such lease.

1.5 Miscellaneous Income and Accounts Receivable. All other income, accounts, and accounts receivable of any nature whatsoever generated from the property including, without limitation, income from concessions, vending machines, coin operated laundry equipment, storage and parking income; and

1.6 Books and Records. All books and records of Grantor relating to the foregoing in any form and all computer software necessary or useful to reading such books and records.

2. SECURITY AGREEMENT. To the extent any of the property described in Section 1 is personal property, Grantor, as debtor, grants to Beneficiary, as secured party, a security interest therein together with a security interest in all other personal property of whatsoever nature which is located on or used or to be used in connection with any of the property described in Section 1, and any products or proceeds of any thereof, pursuant to the Uniform Commercial Code of the state of Washington (the "UCC"), on the terms and conditions contained herein except that where any provision hereof is in conflict with the UCC, the UCC shall control. Beneficiary hereby assigns such security interest to Trustee, in trust, for the benefit of Beneficiary to be dealt with as a portion of the "Property" except as otherwise specified herein. This Deed of Trust shall be deemed to be a security agreement and fixture filing with respect to all property subject to the UCC. Information concerning this security interest can be obtained from Beneficiary at the address set forth in Section 8.2.



Grantor authorizes Beneficiary to file such financing statements as Beneficiary deems necessary or advisable to perfect the security interests herein granted.

3. OBLIGATIONS SECURED. This Deed of Trust is given for the purpose of securing:

3.1 Performance and Payment. The performance of the obligations contained herein, and the payment of SIX HUNDRED SEVENTY FIVE THOUSAND DOLLARS (\$675,000.00), with interest thereon, according to the terms of a promissory note dated August ___, 2013, made by Grantor payable to Beneficiary or order, and any and all extensions, renewals, modifications or replacements thereof, whether the same be in greater or lesser amounts (the "Note"); and

3.2 Future Advances. The repayment of any and all sums advanced or expenditures made by Beneficiary subsequent to the execution of this Deed of Trust for the maintenance or preservation of the Property or advanced or expended by Beneficiary pursuant to any provision of this Deed of Trust subsequent to its execution, together with interest thereon.

4. WARRANTIES AND COVENANTS OF GRANTOR. Grantor warrants, covenants, and agrees:

4.1 Warranties.

(a) Grantor has full power and authority to grant the Property to Trustee and warrants the Property, subject to all matters of record.

(b) None of the Property is presently or will during the term of this Deed of Trust be used principally or at all for agricultural purposes.

(c) The Property is free from damage and no matter has come to Grantor's attention (including, but not limited to, knowledge of any construction defects or nonconforming work) that would materially impair the value of the Property as security.

(d) The loan secured by this Deed of Trust is a "commercial loan," as that term is defined in RCW 61.24.005(7).

4.2 Preservation of Lien. Grantor will preserve and protect the priority of this Deed of Trust as a first lien on the Property.

4.3 Repair and Maintenance of Property. Grantor will keep the Property in good condition and repair, which duty shall include but is not limited to continual cleaning, painting, landscaping, repairing and refurbishing of the Property; will complete and not remove or demolish, alter, or make additions to any building or other improvement which is part of the Property without the express written consent of Beneficiary; will underpin and



support when necessary any such building or other improvement and protect and preserve the same; will complete or restore promptly and in good and workmanlike manner any such building or other improvement which may be damaged or destroyed and pay when due all claims for labor performed and materials furnished therefor; will not commit, suffer or permit any act upon the Property in violation of law; and will do all other acts which from the character or use of the Property may be reasonably necessary for the continued operation of the Property in a safe and legal manner, the specific enumerations herein not excluding the general.

4.4 Insurance.

4.4.1 Hazard. Grantor will provide, maintain and deliver to Beneficiary, as further security for the faithful performance of this Deed of Trust, insurance covering all risks (including insurance against flood, if the Property is situated in a designated flood zone) in an amount equal to one hundred percent (100%) of the replacement cost of the Property and naming Beneficiary as first loss payee under a form of mortgagee's non-contributory loss payable endorsement acceptable to Beneficiary. The amount collected under any insurance policies required to be maintained by Grantor pursuant to this Section 4.4.1 may be applied by Beneficiary in its sole discretion upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at the option of Beneficiary, the entire amount so collected or any part thereof may be released to Grantor. Beneficiary shall in no case be obligated to see to the proper application of any amount paid over to Grantor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

4.4.2 Liability. Grantor will maintain comprehensive general liability insurance covering the legal liability of Grantor against claims for bodily injury, death, or property damage occurring on, in, or about the Property with coverage of One Million Dollars (\$1,000,000) combined single limit, and naming Beneficiary an additional insured.

4.4.3 General Provisions. All policies of insurance required to be maintained by Grantor pursuant to this Section 4.4 shall be in form and substance and with companies acceptable to Beneficiary, and contain waiver of any co-insurance clauses. Beneficiary reserves the right, in its reasonable discretion, to increase the amount of the required coverages, require insurance against additional risks, or withdraw approval of any insurance company at any time. Grantor shall obtain renewals of any policies which expire and deliver evidence of such renewals (or, if requested by Beneficiary, the original policy) to Beneficiary no later than ten (10) days prior to the expiration date of the policy being replaced. All policies and renewals thereof shall contain provision for thirty (30) days' notice to Beneficiary prior to any cancellation thereof. Notwithstanding any of the foregoing, neither Trustee nor Beneficiary shall be responsible for any such insurance or for the collection of any insurance moneys, or for any insolvency of any insurer or insurance underwriter. Any and all unexpired insurance shall inure to the benefit of and pass to the purchaser of the Property at any trustee's or sheriff's sale held hereunder.



4.5 Right of Inspection. Grantor shall permit Beneficiary or its agents, at all reasonable times, to enter upon and inspect the Property.

4.6 Preservation of Licenses, Etc. Grantor shall observe and comply with all requirements necessary to the continued existence and validity of all rights, licenses, permits, privileges, franchises and concessions relating to any existing or presently contemplated use of the Property, including but not limited to any zoning variances, special exceptions and nonconforming use permits.

4.7 Further Assurances. Grantor will, at its expense, from time to time execute and deliver any and all such instruments of further assurance and other instruments and do any and all such acts, or cause the same to be done, as Trustee or Beneficiary deems necessary or advisable to grant to Trustee the Property or to carry out more effectively the purposes of this Deed of Trust.

4.8 Legal Actions. Grantor will appear in and defend any action or proceeding before any court or administrative body purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and will pay all costs and expenses, including cost of evidence of title and any attorneys' fees incurred by Beneficiary and Trustee, in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary or Trustee to foreclose this Deed of Trust.

4.9 Taxes, Assessments and Other Liens. Grantor will pay not later than when due all taxes, assessments, encumbrances, charges, and liens with interest, on the Property or any part thereof, which at any time appear to be or are alleged to be prior and superior hereto, including but not limited to any tax on or measured by rents of the Property, the Note, this Deed of Trust, or any obligation or part thereof secured hereby.

4.10 Trust Expenses. Grantor will pay all costs, fees and expenses of this trust including all such costs, fees and expenses incident to any default hereunder, including reasonable attorneys' fees.

4.11 Repayment of Expenditures. Grantor will pay immediately and without demand all sums expended hereunder by Beneficiary or Trustee with interest from date of expenditure at the Default Rate of interest specified in the Note and the repayment thereof shall be secured hereby.

4.13 Encumbrance of Property. Grantor will not, without the prior written consent of Beneficiary (which consent shall be subject to the conditions set forth below), further encumber the Property or any interest therein or agree to do any of the foregoing without first repaying in full the Note and all other sums secured hereby.

Beneficiary's consent to any subordinate encumbrance shall be withheld only if it will impair the ability of Grantor to repay the indebtedness secured hereby or impair Beneficiary's



security for the repayment of said indebtedness. Specifically, and without in any way limiting the generality of the foregoing, any subordinate mortgage or deed of trust shall conclusively be deemed to impair such security unless it expressly provides by its terms: (i) that it is in all respects subject and subordinate to this Deed of Trust, the Note secured hereby and all leases and tenancies of any portion of the Property; and (ii) that in any action taken by the mortgagor or beneficiary thereunder to foreclose such subordinate mortgage or deed of trust, no tenant of any portion of the Property will be named as a party defendant, nor will any other action be taken which would terminate any tenancy of the Property without the prior written consent of Beneficiary.

In connection with any of the matters described in this Section 4.13 to which Beneficiary is asked to consent, Grantor agrees to pay to Beneficiary in addition to any sums specified above a reasonable sum as reimbursement for Beneficiary's expenses, including reasonable attorneys' fees, incurred in reviewing and evaluating such matter.

Consent to any one such occurrence shall not be deemed a waiver of the right to require consent to any future occurrences.

5. DEFAULT.

5.1 Definition. Any of the following shall constitute an "Event of Default" as that term is hereinafter used:

(a) Any representation or warranty made by or for the benefit of Grantor herein or elsewhere in connection with the loan secured hereby, including but not limited to any representations in connection with the security therefor, shall prove to have been incorrect or misleading in any material respect;

(b) Grantor or any other person or entity liable therefor shall fail to pay when due any indebtedness secured hereby;

(c) Grantor or any other signatory thereto shall default in the performance of any covenant or agreement contained in this Deed of Trust, the Note, or any other agreement securing the indebtedness secured hereby;

(d) Grantor or any other person or entity liable for the repayment of the indebtedness secured hereby shall become unable or admit in writing its inability to pay its debts as they mature, or file, or have filed against it, a voluntary or involuntary petition in bankruptcy, or make a general assignment for the benefit of creditors, or be adjudicated bankrupt or insolvent;

(e) A tax, charge or lien shall be placed upon or measured by the Note, this Deed of Trust, or any obligation secured hereby which Grantor does not or may not legally pay in addition to the payment of all principal and interest as provided in the Note; or



(f) There shall occur a default under the Indemnity Agreement.

5.2 Beneficiary's and Trustee's Right to Perform. Upon the occurrence of any Event of Default, and upon the expiration of the applicable grace period, if any, for the curing of such default specified in the Note, Beneficiary or Trustee, but without the obligation so to do and without notice to or demand upon Grantor and without releasing Grantor from any obligations hereunder, may: make any payments or do any acts required of Grantor hereunder in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon the Property for such purposes; commence, appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien in accordance with the following paragraph; and in exercising any such powers, pay necessary expenses, employ counsel and pay a reasonable fee therefor. All sums so expended shall be payable on demand by Grantor, be secured hereby and bear interest at the Default Rate of interest specified in the Note from the date advanced or expended until repaid.

Beneficiary or Trustee in making any payment herein and hereby authorized, in the place and stead of the Grantor, in the case of a payment of taxes, assessments, water rates, sewer rentals and other governmental or municipal charges, fines, impositions or liens asserted against the Property, may make such payment in reliance on any bill, statement or estimate procured from the appropriate public office without inquiry into the accuracy of the bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof; in the case of any apparent or threatened adverse claim of title, lien, statement of lien, encumbrance, deed of trust, claim or charge Beneficiary or Trustee, as the case may be, shall be the sole judge of the legality or validity of same; and in the case of a payment for any other purpose herein and hereby authorized, but not enumerated in this paragraph, such payment may be made whenever, in the sole judgment and discretion of Trustee or Beneficiary, as the case may be, such advance or advances shall seem necessary or desirable to protect the full security intended to be created by this instrument, provided further, that in connection with any such advance, Beneficiary at its option may and is hereby authorized to obtain a continuation report of title prepared by a title insurance company, the cost and expenses of which shall be repayable by the Grantor without demand and shall be secured hereby.

The above notwithstanding, Beneficiary may not make advances hereunder to cure defaults under the Indemnity Agreement.

5.3 Remedies on Default. Upon the occurrence of any Event of Default, and upon the expiration of the applicable grace period, if any, for the curing of such default specified in the Note, all sums secured hereby shall become immediately due and payable, without notice or demand, at the option of Beneficiary and Beneficiary may:



(a) Have a receiver appointed as a matter of right, without regard to the sufficiency of the Property or any other security for the indebtedness secured hereby;

(b) Foreclose this Deed of Trust as a mortgage or otherwise realize upon the Property;

(c) Sue on the Note according to law;

(d) Cause Trustee to exercise its power of sale; or

(e) To the extent permitted by law, including, without limitation, RCW 61.24.100, seek and obtain a deficiency judgment following the completion of a judicial foreclosure or a trustee's sale of all or a portion of the security for the obligations secured by this Deed of Trust.

5.4 No Waiver. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums so secured or to declare an Event of Default for failure to do so.

6. CONDEMNATION. Any award of damages, whether paid as a result of judgment or prior settlement, in connection with any condemnation or other taking of any portion of the Property, for public or private use, or for injury to any portion of the Property is hereby assigned and shall be paid to Beneficiary which may apply such moneys received by it in the same manner and with the same effect as provided in Section 4.4.1 above for disposition of proceeds of hazard insurance.

7. TRUSTEE.

7.1 General Powers and Duties of Trustee. At any time or from time to time, without liability therefor and without notice and without affecting the liability of any person for the payment of the indebtedness secured hereby, upon written request of Beneficiary, payment of its own fees and presentation of this Deed of Trust and the Note for endorsement (in case of full reconveyance, for cancellation or retention), Trustee may:

(a) Consent to the making of any map or plat of the Property;

(b) Join in granting any easement or creating any restriction thereon;

(c) Join in any subordination or other agreement affecting this Deed of Trust or the lien or charge thereof; or

(d) Reconvey, without warranty, all or any part of the Property.



7.2 Reconveyance. Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and the Note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals in any reconveyance executed under this Deed of Trust of any matters of fact shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto".

7.3 Partial Reconveyance. Upon written request of Beneficiary and subject to the terms and conditions set forth in Section 7 of the Note, Beneficiary and Trustee will take such action and provide such documentation as is reasonably required to effect the partial reconveyance of this Deed of Trust in connection with the sale of individual lots and payment of the minimum release price set forth in the Note.

7.4 Powers and Duties on Default. The procedure for exercise of the Trustee's power of sale shall be as follows:

Upon written request therefor by Beneficiary specifying the nature of the default, or the nature of the several defaults, and the amount or amounts due and owing, Trustee shall execute a written notice of breach and of its election to cause the Property to be sold to satisfy the obligation secured hereby, and shall cause such notice to be recorded and otherwise given according to law.

Notice of sale having been given as then required by law and not less than the time then required by law having elapsed after recordation of such notice of breach, Trustee, without demand on Grantor, shall sell the Property at the time and place of sale specified in the notice, as provided by statute, either as a whole or in separate parcels and in such order as it may determine, at public auction to the highest and best bidder for cash in lawful money of the United States, payable at time of sale. Grantor agrees that such a sale (or a sheriff's sale pursuant to judicial foreclosure) of all the Property as real estate constitutes a commercially reasonable disposition thereof, but that with respect to all or any part of the Property which may be personal property Trustee shall have and exercise, at Beneficiary's sole election, all the rights and remedies of a secured party under the UCC. Whenever notice is permitted or required hereunder or under the UCC, ten (10) days shall be deemed reasonable. Trustee may postpone sale of all or any portion of the Property, and from time to time thereafter may postpone such sale, as provided by statute. Trustee shall deliver to the purchaser its deed and bill of sale conveying the Property so sold, but without any covenant or warranty, express or implied. The recital in such deed and bill of sale of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person other than Trustee, including Grantor or Beneficiary, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this trust, including the cost of evidence of title search and reasonable counsel fees in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof not then repaid, with accrued interest at the Default Rate of interest specified in the Note; all other



sums then secured hereby; and the remainder, if any, to the clerk of the superior court of the county in which the sale took place, as provided in RCW 61.24.080.

7.5 Reassignment of Security Interest. At the request of Beneficiary, Trustee shall reassign to Beneficiary the security interest created hereby and after such reassignment Beneficiary shall have the right, upon the occurrence or continuance of any Event of Default, to realize upon the personal property subject to this Deed of Trust, independent of any action of Trustee, pursuant to the UCC. In that regard, Beneficiary shall have the right to collect all accounts and accounts receivable that are encumbered by this Deed of Trust directly from the obligors at any time after the occurrence of an event of default hereunder.

7.6 Acceptance of Trust. Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto except Beneficiary of pending sale under any other deed of trust or of any action or proceeding in which Grantor, Beneficiary or Trustee shall be a party unless brought by Trustee.

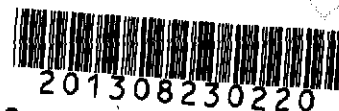
7.7 Reliance. Trustee, upon presentation to it of an affidavit signed by Beneficiary setting forth facts showing a default by Grantor under this Deed of Trust, is authorized to accept as true and conclusive all facts and statements therein, and to act thereon hereunder.

7.8 Replacement of Trustee. Beneficiary may, from time to time, as provided by statute, appoint another trustee in place and stead of Trustee herein named, and thereupon Trustee herein named shall be discharged and the trustee so appointed shall be substituted as Trustee hereunder, with the same effect as if originally named Trustee herein.

7.9 No Impairment of Right to Pursue Unsecured Obligations. The foreclosure of this Deed of Trust or sale by Trustee of the Property through the exercise of its power of sale granted hereunder shall not preclude or impair any action to collect or enforce any obligation of Grantor or any guarantor or other party liable for any of the obligations secured by this Deed of Trust, or the substantial equivalent of such obligation, which obligation is not secured by this Deed of Trust including, without limitation, the obligations of Grantor under the Indemnity Agreement and the obligations of each such guarantor under its guaranty. All of such obligations (and all substantial equivalents of such obligations) shall constitute separate recourse obligations of Grantor and each such guarantor or other party and shall not be deemed to be evidenced by the Note or secured by this Deed of Trust.

8. NOTICES.

8.1 Trustee. Any notice or demand upon Trustee shall be sent to the following address:



First American Title Insurance Company

1301 - B Riverside Drive

Mt. Vernon, WA 98273

8.2 Grantor and Beneficiary. Any notice to or demand upon Grantor (including any notice of default or notice of sale) or notice to or demand upon Beneficiary shall be sent to the following address:

If to Grantor: The Woods at Washington Park LLC
902 8th Street, P.O. Box 319
Anacortes, WA 98221
Attention: Nels Strandberg

With a copy to: Foster Pepper PLLC
1111 Third Avenue, Suite 3400
Seattle, WA 98101
Attention: Thomas J. Parkes

If to Beneficiary: Christopher Hughes
P.O. Box 99284
Seattle, WA 98139-0284

or to such other address as may be filed in writing by Grantor or Beneficiary with Trustee.

8.3 Method of Giving Notice. Notices shall be delivered personally or by reputable overnight courier service (such as Federal Express) and shall be deemed given when actually received or rejected by the intended recipient.

8.4 Waiver of Notice. The giving of notice may be waived in writing by the person or persons entitled to receive such notice, either before or after the time established for the giving of such notice.

9. MODIFICATIONS. Upon written request of any party then liable for any sum secured hereby, Beneficiary reserves the right to extend the term, or otherwise modify the terms, hereof or of the Note as Beneficiary and such person may from time to time deem appropriate and any such change shall not operate to release, in any manner, the liability of the original Grantor or Grantor's successors in interest.

10. SUCCESSORS AND ASSIGNS. All provisions herein contained shall be binding upon and inure to the benefit of the respective successors and assigns of the parties.

11. GOVERNING LAW; SEVERABILITY. This Deed of Trust shall be governed by the laws of the state of Washington and venue will be located exclusively in Skagit County, Washington. In the event that any provision or clause of this Deed of Trust or the Note conflicts with applicable law, the conflict shall not affect other provisions of this Deed



of Trust or the Note which can be given effect without the conflicting provision and to this end the provisions of this Deed of Trust and the Note are declared to be severable. **GRANTOR EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY MATTER RELATING TO THIS AGREEMENT AND ALL OTHER AGREEMENTS ENTERED INTO IN CONNECTION WITH THIS AGREEMENT, WHETHER SUCH CLAIM IS IN TORT, CONTRACT OR OTHERWISE.**

12. GRANTOR'S RIGHT TO POSSESSION. Grantor may be and remain in possession of the Property for so long as it is not in default hereunder or under the terms of the Note or the Deed of Trust and Grantor may, while it is entitled to possession of the Property, use the same.

13. MAXIMUM INTEREST. No provision of this Deed of Trust or of the Note shall require the payment or permit the collection of interest in excess of the maximum permitted by law. If any excess of interest in such respect is herein or in the Note provided for, neither Grantor nor its successors or assigns shall be obligated to pay that portion of such interest which is in excess of the maximum permitted by law, and the right to demand the payment of any such excess shall be and is hereby waived and this Section 13 shall control any provision of this Deed of Trust or the Note which is inconsistent herewith.

14. MISCELLANEOUS.

14.1 Whenever the context so requires the singular number includes the plural herein, and the impersonal includes the personal.

14.2 The headings to the various sections have been inserted for convenient reference only and shall not modify, define, limit or expand the express provisions of this Deed of Trust.

DATED as of the day and year first above written.

PLEASE BE ADVISED THAT ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR FOREBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

GRANTOR:

The Woods at Washington Park LLC,
a Washington limited liability company

By: Strandberg Investments LLC,
a Washington limited liability company

Its: Sole Member



By: _____

Nels Strandberg, Its Sole Member

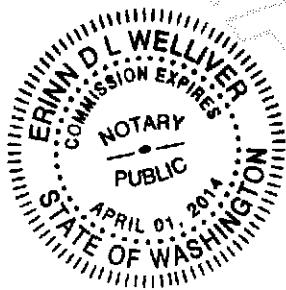
STATE OF WASHINGTON

ss. _____

COUNTY OF KING

I certify that I know or have satisfactory evidence that Nels Strandberg 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 a [] of NS Investments LLC, a Washington limited liability company and the manager of The Woods at Washington Park LLC, a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this 26 day of July, 2013.



Erinn D L Welliver
(Signature of Notary)

Erinn D L Welliver
(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington, residing at Anacortes WA

My appointment expires 4/1/2014



EXHIBIT A

LEGAL DESCRIPTION

Lots 7 through 11, inclusive, and Lots 15 through 23, inclusive, in the Plat of The Woods at Sunset Cove, recorded on October 17, 2007, under Skagit County Auditor's File No. 200710170081, situated in the southwest quarter of the southeast quarter of Section 21, Township 35 North, Range 1 East, W.M., in Skagit County, Washington.

Subject to matters of record.

A-1



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Skagit County Auditor

\$232.00

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