


After Recording Mail to:  
Beverly Johe & Wayland Johe  
The Johe Family Revocable Living Trust  
30615 26<sup>th</sup> Ave. SW  
Federal Way, Washington 98023

  
201312230073  
Skagit County Auditor  
12/23/2013 Page 1 of 13 12:33PM \$85.00

## DEED OF TRUST

This Deed of Trust, ("Deed of Trust") is made this 21 day of December, 2013.

**GRANTOR:** Izaak K. Monroe, as his separate estate (hereinafter "Grantor") whose address  
13090 Reservation Rd., La Conner, Washington 98273

**TRUSTEE:** First American Title Insurance Company  
whose address is 818 Stewart Street, Suite 808, Seattle, WA 98101

**BENEFICIARY:** Beverly Johe & Wayland Johe, Trustees of The Johe Family Revocable Living Trust  
Whose address is 30615 26<sup>th</sup> Avenue S.W., Federal Way, Washington 98023

Grantor hereby IRREVOCABLY GRANTS, BARGAINS, SELLS, CONVEYS, TRANSFERS AND ASSIGNS TO TRUSTEE IN TRUST, WITH POWER OF SALE, the parcel of real property described herein or by Exhibit attached hereto and incorporated herein by this reference, in SKAGIT COUNTY, WASHINGTON (hereafter called "Property" and/or "Premises".)

Tax parcel No: P26350

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### LEGAL DESCRIPTION:

(0.1300 AC) TAX 167: DK E BEG 171FT W OF INT N LI CASCADE AVE E LI OF W1/2 NE ¼ SE ¼ NW 1/4<sup>th</sup> N 100FT W 55FT S 100FT TPB, in Skagit County, State of Washington.

Complete legal descriptions is attached as the last pages of this document.

TOGETHER WITH all buildings, structures, improvements, and articles of property now or hereafter attached to, or used or adapted for use in the operation of, the Premises, including, but not limited to, all heating equipment, piping and plumbing fixtures, cooling, ventilating, sprinkling and vacuum cleaning systems, fire extinguishing apparatus, cabinets, window coverings, all landscaping; and all interest of any owner of the Premises in any of such items replaced, added to or hereafter acquired in any manner whatsoever, all of which property mentioned in this paragraph shall be deemed part of the realty and not severable wholly or in part without material injury to the Property;

TOGETHER WITH the lands, easements, appurtenances, rents, royalties, receipts, water, mineral, oil and/or gas rights and profits, SUBJECT, HOWEVER, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, royalties, receipts and profits as provided for herein; and

TOGETHER WITH all present and future right(s), title and interest of Grantor in and to all furniture, equipment, and other tangible personal property on or used in the operation of the Premises or Property, including, but not limited to: accounts, general intangibles, chattel paper, deposit accounts, money, rents, daily receipts, income, accounts receivable, instruments and documents (as those terms are defined in the UCC) and all other agreements arising in connection with or derived from the Property or the ownership, use, maintenance, management, operation, marketing, leasing, occupancy, or financing of the Property, permits, approvals, and other governmental authorizations, improvement plans and specifications and architectural drawings, agreements with contractors, subcontractors, suppliers, designers, architects, engineers, leasing agents, consultants and property managers, warranties,

guaranties, indemnities and insurance policies, together with insurance payments and unearned insurance premiums, claims, demands, awards, settlements and other payments arising or resulting from or otherwise relating to any insurance or any loss or destruction of, injury or damage to, the taking or condemnation (or conveyance in lieu of condemnation) or public use of any of the Property, the Disbursement Account and any Cash Collateral Account maintained pursuant to any of the Loan Documents, and any Grantor's funds deposited by Grantor with Beneficiary which are to be held in any such Cash Collateral Account, leases, rental agreements, license agreements, service and maintenance agreements, purchase and sale agreements and purchase options, together with advance payments, security deposits and other amounts paid to or deposited with Grantor under any such agreements, bonds, deferred payments, refunds, rebates, discounts, escrow proceeds, sale proceeds and other rights to the payment of money, trade names, trademarks, goodwill and all supplements, modifications, amendments, renewals, extensions, replacements of or to any of such property (the "Intangibles").

THIS DEED OF TRUST IS MADE FOR THE PURPOSE OF SECURING PERFORMANCE of each covenant, agreement, term and condition of Grantor contained herein and the prompt payment of the sum of TEN- THOUSAND DOLLARS (\$ 10,000.00 U.S.), with interest thereon according to the terms of a Commercial Promissory Note, of even date, payable to Beneficiary or Holder and made by Grantor ("the Note"); all renewals, modifications or extensions thereof; and also such further sums as may be advanced or loaned by Beneficiary to Grantor, or any of them or any of their successors or assigns, together with interest thereon at such rate as shall be stated in the Note.

THIS DEED OF TRUST IS ALSO MADE FOR THE PURPOSE of securing prompt and complete performance of each and every obligation, covenant and agreement of Grantor contained in any other instrument heretofore or hereafter executed by Grantor having reference to or arising out of the indebtedness represented by the Note, or given as security for the Note, including, but not limited to: (a) Hazardous Waste Indemnity Agreement; (b) Guaranty; (c) Grantor's Certificate of Rent Roll, (d) Financing Statement (collectively called "Related Agreements").

## ARTICLE 1

### COVENANTS AND WARRANTIES

#### GRANTOR COVENANTS AND AGREES AS FOLLOWS:

1.1 Performance of Obligations Secured. Grantor shall promptly pay when due all monthly payments of interest and/or principal, late charges (and reserves) on the indebtedness evidenced by the Note of even date and shall further perform fully and in a timely manner all other obligations of Grantor contained herein or in any of the Related Agreements. All sums payable by Grantor hereunder shall be paid without demand, counterclaim, offset, deduction or defense and Borrower waives all rights now or hereinafter conferred by statute or otherwise to any such demand, counterclaim, offset deduction or defense.

1.2 Warranties of Title. Grantor is seized in fee simple of the Property and owns every part thereof; there are no liens or encumbrances against or upon the same, including but not limited to, leases, except as disclosed to Beneficiary, and none superior to this Deed of Trust will be created by Grantor during the term of this Deed of Trust. Grantor shall keep the Property free from statutory and governmental liens of any kind. Grantor represents that Grantor is not in violation of any governmental requirement or in default under any agreement to which it is bound, or which affects it or any of the Property, and the execution, delivery and performance of this Security Instrument, the Note, or any of the Related Agreements in accordance with their terms and the use and occupancy of the Property will not violate any governmental requirement (including, without limitation, any applicable usury law), or conflict with, be inconsistent with or result in any default under, any of the provisions of any Articles, bylaws, mortgage, security instrument, easement, restriction of record, contract, agreement or instrument of any kind to which Grantor is bound or which affects it or any of the secured Property. Further, Grantor warrants that there are no proceedings of any kind pending, or, to the knowledge of Grantor, threatened against or affecting Grantor, the Property (including any attempt or threat by any governmental authority to condemn or rezone all or any portion of the Property), or involving the validity, enforceability or priority of this Security Instrument, the Note or any of the Related Agreements or enjoining or preventing or threatening to enjoin or prevent the use and occupancy of the Property or the performance by Grantor of its obligations hereunder, and there are no rent controls, governmental moratoria or environment controls presently in existence, or, to the knowledge of Grantor, threatened or affecting the Property. Grantor represents that Grantor has the right and authority to execute this Deed of Trust and will forever warrant and defend the Property unto Beneficiary, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof. Grantor's warranties of title extend to after-acquired property whether acquired as replacements for property now owned by Grantor, as additional items of property attached to or used or adapted for use in the operation



of the Premises, or otherwise, all of which property shall be owned by Grantor outright, free of liens or encumbrances.

1.3 Use of Proceeds. The monies received from Beneficiary shall be used for business purposes and not for personal, family or household purposes.

1.4 Use of Property. Grantor does not use said property as a personal residence nor is it used principally or primarily for agricultural, timber, grazing or farming purposes.

1.5 Security Agreement/Fixture Financing Statement. Grantor hereby grants Beneficiary a security interest in and this Deed of Trust shall be deemed to be a Security Agreement pursuant to the Washington Uniform Commercial Code (UCC) for any and all items of personal property, Goods and Intangibles described herein or in any Financing Statement subsequently filed with the Department of Licensing, Secretary of State or the county recorder of the county in which the Property is located and which are not herein effectively made part of the real property and in all additions thereto, substitutions therefor and proceeds thereof, for the purpose of securing all indebtedness and other obligations of Grantor secured by this Security Instrument. This Deed of Trust constitutes a Financing Statement filed as a fixture filing in the official records of the county auditor of the county in which the Property is located with respect to any and all fixtures included on or within the Property and Premises as used herein and with respect to any goods or other personal property that may now be or hereafter become such fixtures.

Grantor agrees to execute and deliver financing and continuation statements covering the Property from time to time and in such form as Beneficiary may require to perfect and continue the perfection of Beneficiary's lien or security interest with respect to said Property. Grantor shall pay all costs of filing such statements and renewals and releases thereof and shall pay all reasonable costs and expenses of any record searches for financing statements Beneficiary may reasonably require. Upon the occurrence of any default of Grantor hereunder, Beneficiary shall have the rights and remedies of a secured party under the Washington Uniform Commercial Code, as well as all other rights and remedies available under this Deed of Trust or at law or in equity.

Grantor may from time to time replace items of personal property and fixtures constituting a part of the Property, provided that (1) the replacements for such items of personal property or fixtures are of equivalent value and quality; and (2) Grantor has good and clear title to such replacement property free and clear of any and all liens, encumbrances, security interests, ownership interests, claims of title (contingent or otherwise), or charges of any kind, or the rights of any conditional sellers, vendors or any other third parties in or to such replacement property have been expressly subordinated at no cost to Beneficiary to the lien of the Security Instrument in a manner satisfactory to Beneficiary; and (3) at the option of Beneficiary, Grantor provides at no cost to Beneficiary a satisfactory opinion of counsel to the effect that the Security Instrument constitutes a valid and subsisting first lien on and security interest in such replacement property and is not subject to being subordinated or the priority thereof affected under any applicable law, including but not limited to the provisions of Section 62A.9-313 of the Washington Uniform Commercial Code.

1.6 Maintenance of Premises; Compliance with Laws. Grantor shall maintain the buildings and other improvements on the Premises in good condition and repair; not remove or demolish any building thereon; complete or restore promptly and in good workmanlike manner any building which may be constructed, damaged or destroyed thereon and pay when due all claims for labor performed and materials furnished therefor; not commit or permit waste thereof; comply with all requirements of the federal, state and local authorities and all other laws, ordinances, regulations, covenants, conditions and restrictions now or hereafter respecting the Property or the use thereof and pay all fees or charges of any kind in connection therewith. Proof of impairment of security shall be unnecessary in any suit, action or proceeding under this paragraph. Grantor shall permit Beneficiary and its agents the opportunity to annually inspect the Property, including the interior of any structures, at reasonable times and after 10 days written notice, or immediately, without notice in the event of a default.

1.7 No Junior Financing. Grantor hereby represents that, as of the date hereof, there are no encumbrances to secure debt junior to this Deed of Trust, and that there are to be none as of the date when this Deed of Trust becomes of record, except those disclosed and agreed to by Beneficiary.

1.8 Insurance. Grantor shall provide, maintain and deliver to Beneficiary: (a) a policy of fire insurance and extended coverage insurance insuring all the Property to the full insurable replacement value against loss or damage by fire and other risks embraced by coverage of the type now known as the broad form of extended coverage, including, but not being limited to, vandalism and malicious



mischievous, and against such other risks and hazards as Beneficiary may from time to time reasonably request; (b) a policy of insurance against the loss of "rental value" of the Property on a "rented or vacant basis" arising out of fire or the risks embraced by coverage of the type now known as the broad form of extended coverage, in an amount equal to one hundred percent (100%) of one year's gross rental value; and (c) such other insurance as Beneficiary may from time to time reasonably request against the same or other insurable hazards. The term "rental value," as used in this paragraph, shall mean the sum of (i) the total anticipated gross rental income from tenant occupancy of the buildings now or hereafter on the Premises, and (ii) the amount of all charges which are the legal obligation of tenants and which would otherwise be the obligation of Grantor, and (iii) the fair rental value of any portion of such property which is occupied by Grantor. All insurance shall contain waiver of subrogation clauses and loss payable clauses (without contribution) in favor of Beneficiary. Grantor shall deliver all policies to Beneficiary, which delivery shall constitute an assignment to Beneficiary of all return premiums. All insurance policies shall be non-cancelable and not subject to material change by any party without thirty (30) days prior written notice to Beneficiary. Beneficiary may, at its option, require Grantor to maintain said required policies in Grantor's possession in lieu of delivering said policies to Beneficiary, in which event, said policies shall be kept available by Grantor at all times for return to Beneficiary or for inspection by Beneficiary, its agents or insurers, and said requirement may be withdrawn by Beneficiary at any time.

Grantor further assigns to Beneficiary any return premiums, refunds or other repayments upon any insurance at any time provided for the benefit of Beneficiary, and Beneficiary may at any time collect said return premiums, repayments, or refunds, notwithstanding that no sum secured hereby be overdue when such right to collection be asserted. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released 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.

1.9 Discharge of Liens. Grantor shall pay when due all rents, taxes, assessments and encumbrances, charges or liens affecting said property or any part thereof, which appear to be prior or superior hereto. Beneficiary may, at its option, pay any such sums, however, Beneficiary shall not be liable to Grantor for failure to exercise such option.

1.10 Actions; Indemnity; Modification, Costs. Grantor shall appear in and defend any suit, action or proceeding that might affect the priority or enforceability of this Deed of Trust or the value of this Deed of Trust, or the Property itself or the rights and powers of Beneficiary or Trustee. Should Beneficiary or Trustee elect also to appear in or defend any such suit, action or proceeding, or be made a party to such by reason of the Deed of Trust, or elect to prosecute such action as appears necessary to preserve said value, Grantor shall indemnify and, on demand, reimburse Beneficiary or Trustee for, any and all loss, damage, expense or cost, including cost of evidence of title and attorneys' fees, arising out of or incurred in connection with any such suit, action, or proceeding. Grantor shall pay all costs and expenses of Beneficiary or Trustee, including attorneys' fees incurred in connection with any amendment, modification or extension hereof or of the Note or any other agreement affecting the Premises, including a request to consent to a transfer of any interest in the Premises. Grantor shall pay all costs and expenses incurred by Beneficiary in enforcing this Deed of Trust, the Note, or Related Agreements and any costs of suit, costs of evidence of title and attorneys' fees in any suit, action or proceeding brought by Beneficiary to foreclose this Deed of Trust. The sum of all such expenditures referred to in this paragraph or incurred in exercise of rights or options otherwise granted to Beneficiary or Trustee in this Deed of Trust shall be secured by this Deed of Trust with interest as provided in the Note, and shall be due and payable on demand.

1.11 Condemnation, Assignment of Rights. Any award of damages in connection with any condemnation for public use of or injury to said property or any part thereof by earthquake, or other casualty, or in any other manner, is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance. Beneficiary may, at its option, commence, appear in and prosecute, in its own name, any suit, action or proceeding, or make any compromise or settlement, in connection with such taking or damage, and obtain all compensation, awards, or other relief therefor. Without affecting the present effectiveness of this Deed of Trust as an assignment thereof, Grantor agrees to execute any further or supplemental assignments of any such compensation, award, damages, rebates, return on premiums, repayments, rights of action and proceeds as Beneficiary or Trustee may require.



1.12 No Impairment of Security. Grantor shall not, without first obtaining Beneficiary's written consent, change the general nature of the occupancy of the Premises or initiate or acquiesce in any zoning reclassification, or do or suffer any act or thing which would impair the security for the indebtedness secured hereby or Beneficiary's lien upon the Premises, except as may be required to construct a church upon the property.

1.13 Financial Statements, Rent Rolls. Grantor shall keep and maintain at all times at Grantor's address stated above, or such other place as Beneficiary may approve in writing, and provide Beneficiary upon request, complete and accurate books of accounts and records adequate to reflect correctly the results of the operation of the Property and copies of all written contracts, leases and other instruments which affect the Property. Such books, records, contracts, leases and other instruments shall be subject to examination and inspection at any reasonable time by Beneficiary.

Within sixty (60) days of Grantor's fiscal year end, Grantor shall, upon Beneficiary's written request, furnish operating statements for the Property, including an income statement and financial statements for the Grantor. Grantor shall also furnish personal financial statements for any individual Maker or Guarantors of any obligations secured hereby. Annually, Grantor shall supply a current rent schedule for the Property and expiration dates for each of the leases, together with an itemized list of moneys held as security deposits and the identity of the institution wherein such funds are deposited. Upon request by Beneficiary, Grantor will also supply copies of all of the leases.

1.14 Inspection. Grantor warrants and agrees that after ten (10) days written notice by Beneficiary, Beneficiary may at a reasonable time during regular business hours, make or cause to be made, entry upon and inspection of the Property, Improvements or any part thereof in person or by agent, or immediately, without notice, in the event of default.

1.15 Hazardous Materials.

(a) Grantor represents and warrants to Beneficiary that to the best of Grantor's knowledge after due and diligent inquiry, no hazardous or toxic waste or substances are being stored on the Property or any adjacent property nor have any such waste or substances been stored or used on the Property or any adjacent property prior to Grantor's ownership, possession or control of the Property. Grantor agrees to provide written notice to Beneficiary immediately upon Grantor becoming aware that the Property or any adjacent property is being or has been contaminated with hazardous or toxic waste or substances. Grantor will not cause nor permit any activities on the Property which directly or indirectly could result in the Property or any other property becoming contaminated with hazardous or toxic waste or substances. For purposes of this Deed of Trust, the term "hazardous or toxic waste or substances" means any substance or material defined or designed as hazardous or toxic wastes, hazardous or toxic material, a hazardous, toxic or radio-active substances or other similar term by any applicable federal, state or local statute, regulation or ordinance now or hereafter in effect.

(b) Grantor will indemnify and hold Beneficiary harmless from and against any and all claims, demands, damages, costs, expenses, losses, liens, liabilities, penalties, fines and lawsuits and other proceedings, (including attorneys' fees), arising directly or indirectly from or out of, or in any way connected with (i) the inaccuracy of the certifications contained herein or in any other document executed by Grantor in connection with the loan evidenced by the Note, (ii) any activities on the Property during Grantor's ownership, possession or control of the Property which directly or indirectly result in the Property or any other property becoming contaminated with hazardous or toxic waste or substances, (iii) the discovery of hazardous or toxic waste or substances on the Property or other property, or (iv) the clean-up of hazardous or toxic waste or substances from the Property or any other property. Grantor acknowledges that Grantor will be solely responsible for all costs and expenses relating to the clean-up of hazardous or toxic waste or substances from the Property or from any other properties which become contaminated with hazardous or toxic waste or substances as a result of the contamination of or activities on the Property.

(c) Grantor's obligations under this Paragraph are unconditional and shall not be limited by any non-recourse or other limitations of liability provided for in any Loan Document. The representations, warranties and covenants of Grantor set forth in this paragraph (including without limitation the indemnity provided for in paragraph (b) above) shall continue in effect and, to the extent permitted by law, shall survive the transfer of the Property pursuant to foreclosure proceedings (whether judicial or non-judicial), by deed in lieu of foreclosure or otherwise. Grantor agrees that if

Grantor signs and delivers to Beneficiary in connection with the loan evidenced by the Note another agreement regarding hazardous substance on or under or in the Property, then the obligations, warranties, agreements and promises of Grantor as set forth in such other agreement will be in addition



to, and shall not take from, the obligations, warranties, agreements and promises of Grantor under this paragraph.

## **ARTICLE 2**

### **ASSIGNMENT OF LEASES, RENTS AND PROFITS.**

2.1 Attornment and Estoppel Certificate. Grantor shall include in every Lease or rental agreement an attornment and estoppel provision and shall provide Beneficiary with an Attornment and Estoppel Certificate in a form acceptable to Beneficiary from every tenant of the Property. If at any time, Beneficiary or any of its successors or assigns acquire the Property through a foreclosure of the Deed of Trust, the exercise of a power of sale to the Deed of Trust, a Deed in Lieu of Foreclosure, an Assignment in Lieu of Foreclosure or otherwise ("New Owner"), all Leases shall continue in full force and effect.

2.2 Assignment of Rents. All of Grantor's interest in any leases or other occupancy agreements pertaining to the Property now existing or hereafter entered into, and all of the rents, royalties, issues, profits, revenue, income and other benefits of the Property arising from the use or enjoyment of all or any portion thereof or from any lease or agreement pertaining to occupancy of any portion of the Property now existing or hereafter entered into, whether now due, past due, or to become due, and including all prepaid rents and security deposits (the "Rents and Profits"), are hereby absolutely, presently and unconditionally assigned, transferred, conveyed and set over to Beneficiary to be applied by Beneficiary in payment of the principal and interest and all other sums payable on the Note, and of all other sums payable under this Deed of Trust. Prior to the occurrence of an Event of Default (hereinafter defined), Grantor shall have a license to collect and receive all Rents and Profits, which license shall be terminable at the option of Beneficiary, without regard to the adequacy of its security hereunder and without written notice to or demand upon Grantor, upon the occurrence of an Event of Default. It is understood and agreed that neither the foregoing assignment of Rents and Profits to Beneficiary nor the exercise by Beneficiary of any of its rights or remedies under Article 4 hereof shall be deemed to make Beneficiary a "mortgagee-in-possession" or otherwise responsible or liable in any manner with respect to the Property, the use, occupancy, enjoyment or operation of all or any portion thereof, unless and until Beneficiary, in person or by agent, assumes actual possession thereof. Nor shall appointment of a receiver for the Property by any court at the request of Beneficiary or by agreement with Grantor, or the entering into possession of the Property or any part thereof by such receiver, be deemed to make Beneficiary a "mortgagee-in-possession" or otherwise responsible or liable in any manner with respect to the Property or the use, occupancy, enjoyment or operation of all or any portion thereof. Upon the occurrence of an Event of Default, this provision shall constitute a direction and demand to each lessee under any lease and each guarantor of any lease to pay all Rents and Profits to Beneficiary without proof of the default relied upon. Grantor hereby irrevocably authorizes each lessee and guarantor to rely upon and comply with any notice or demand by Beneficiary for the payment to Beneficiary of any Rents and Profits due or to become due.

### 2.3 Warranties.

(a) Grantor warrants as to each lease now covering all or any part of the Property that: (1) each lease is in full force and effect; (2) no default exists on the part of the lessee thereunder or Grantor; (3) no rent has been collected more than one month in advance; (4) no lease or any interest therein has been previously assigned or pledged; (5) no lessee under any lease has any defense, setoff or counterclaim against Grantor; (6) all rent due to date under each lease has been collected and no concession has been granted to any lessee in the form of a waiver, release, reduction, discount or other alteration of rent due or to become due; and (7) the interest of the lessee under each lease is as lessee only, with no options to purchase or rights of first refusal. All the foregoing warranties shall be deemed to be reaffirmed and to continue until performance in full of the obligations under this Deed of Trust. Beneficiary shall not be bound by any oral or written assignment, surrender, release, waiver, cancellation, amendment or modification of the Lease made without the written consent of the Beneficiary.

(b) Without the prior written consent of Beneficiary, Grantor shall not (1) accept prepayments of rent exceeding one month under any leases of any part of the Property; (2) take any action under or with respect to any such leases which would decrease the monetary obligations of the

lessee thereunder or otherwise materially decrease the obligations of the lessee or the rights or remedies of the lessor; (3) modify or amend any such leases or, except where the lessee is in default, cancel or terminate the same or accept a surrender of the leased premises, provided, however, that Grantor may renew, modify or amend leases in the ordinary course of business so long as such action does not



decrease the monetary obligations of the lessee thereunder, or otherwise decrease the obligations of the lessee or the rights or remedies of the lessor; (4) consent to the assignment or subletting of the whole or any portion of the lessee's interest under any lease which has a term of more than five years; (5) create or permit any lien or encumbrance which, upon foreclosure, would be superior to any such leases; or (6) in any other manner impair Beneficiary's rights and interest with respect to the Rents and Profits.

2.5 Performance of Landlord Obligations. Grantor shall at all times perform the obligations of lessor under all such leases. Grantor shall not execute any further assignment of any of the Rents and Profits or any interest therein or suffer or permit any such assignment to occur by operation of law.

2.6 Beneficiary's Rights. Beneficiary shall be deemed to be the creditor of each lessee in respect of any assignments for the benefit of creditors and any bankruptcy, arrangement, reorganization, insolvency, dissolution, receivership or other debtor-relief proceedings affecting such lessee (without obligation on the part of Beneficiary, however, to file timely claims in such proceedings or otherwise pursue creditor's rights therein). Beneficiary shall have the right to assign Grantor's right, title and interest in any leases to any subsequent holder of this Deed of Trust or any participating interest therein or to any person acquiring title to all or any part of the Property through foreclosure or otherwise. Any subsequent assignee shall have all the rights and powers herein provided to Beneficiary. Beneficiary shall have the authority in the event of default, as Grantor's attorney-in-fact, such authority being coupled with an interest and irrevocable, to sign the name of Grantor and to bind Grantor on all papers and documents relating to the operation, leasing and maintenance of the Property.

### ARTICLE 3 EVENTS OF DEFAULT

The following shall constitute events of default:

3.1 Failure to make any payment of principal or interest under the Note or Related Agreement, when due and payable, whether at maturity or by acceleration or as part of any prepayment or otherwise, or default in the performance of any of the covenants or agreements of Grantor contained in the Note, or default in the performance of any of the covenants or agreements of Grantor contained herein or in any Related Agreement, after the expiration of the period of time, if any, permitted for cure of such default thereunder.

3.2 The appointment, pursuant to an order of a court of competent jurisdiction of a trustee, receiver, or liquidator of the Property or any part thereof, or of Grantor, or any termination or voluntary suspension of the transaction of business of Grantor, or any attachment, execution or other judicial seizure of all or any substantial portion of Grantor's assets which attachment, execution or seizure is not discharged within thirty (30) days.

3.3 The Grantor shall file a voluntary case under any applicable bankruptcy, insolvency, debtor relief, or other similar law now or hereafter in effect, or shall consent to the appointment of or taking possession by a receiver, liquidator, trustee, or similar official, of the Grantor or for any part of the Property or any substantial part of Grantor's property, or shall make any general assignment for the benefit of Grantor's creditors, or shall fail generally to pay Grantor's debts as they become due or shall take any action in furtherance of any of the foregoing.

3.4 The entry by a court having jurisdiction of a decree or order for relief in respect of Grantor, in any involuntary case brought under any bankruptcy, insolvency, debtor relief, or similar law now or hereafter in effect, or Grantor shall consent to or shall fail to oppose any such proceeding, or any such court shall enter a decree or order appointing a receiver, liquidator, trustee, or similar official, of Grantor or for any part of the Property or any substantial part of Grantor's property, or ordering the winding up or liquidation of the affairs of Grantor, and such decree or order shall not be dismissed within sixty (60) days after the entry thereof.

3.5 Default under the terms of any agreement of guaranty relating to the indebtedness evidenced by the Note or Related Agreements or the revocation, limitation or termination of the obligations of any

guarantor of the Note or Related Agreement, except in accordance with the express written terms of the instrument of guaranty.

3.6 In the event (a) Grantor is a corporation or trust or similar entity, the sale, conveyance, transfer, encumbrance, or disposition, whether voluntarily, involuntarily or otherwise, of more than twenty-five percent (25%) of the issued and outstanding capital stock of Grantor or of the beneficial





interest of such trust or similar entity without the prior written consent of Beneficiary; provided, however, this subsection shall not apply to any corporation whose shares are publicly traded.

3.7 If Grantor is other than a natural person, without the prior written consent of Beneficiary in each case, (a) the dissolution or termination of existence of Grantor voluntarily or involuntarily, whether by reason of death of Grantor or a general partner of Grantor or otherwise; (b) the amendment or modification in any respect of Grantor's agreement of partnership or its corporate resolutions relating to this transaction, or (c) the distribution of any of Grantor's capital which may impair Beneficiary's interest in the Property or which adversely impacts Grantor's ability to repay the indebtedness, except for distribution of the proceeds of the loan secured hereby and cash from operations; as used herein, cash from operations shall mean any cash of Grantor earned from operation of the Property, but not from a sale or refinancing of the Property or from borrowing, available after paying all ordinary and necessary current expenses of Grantor, including expenses incurred in the maintenance of the Property, and after establishing reserves to meet current or reasonably expected obligations of Grantor.

3.8 Any representation, warranty, or disclosure made to Beneficiary by Grantor or any guarantor of any indebtedness secured hereby in connection with or as an inducement to the making of the loan evidenced by the Note or in connection with or as an inducement to the making of any Further Advance, this Deed of Trust or any of the Related Agreements, proving to be false or misleading in any material respect as of the time the same was made, whether or not any such representation or disclosure appears as part of this Deed of Trust.

#### **ARTICLE 4 REMEDIES**

Upon the occurrence of an event of default, the Trustee and/or Beneficiary shall have the following rights and remedies:

4.1 Performance Option of Beneficiary and Trustee. Should Grantor fail to make any payment or to do any act as herein provided, Beneficiary or Trustee, may, but without obligation so to do and without notice to or demand upon Grantor and without releasing Grantor from any obligation hereof: (a) make or do the same in such manner and to such extent as either may deem necessary in the exercise of its absolute discretion to protect the security hereof, Beneficiary or Trustee being authorized to enter upon the Premises for such purposes; (b) commence, appear in and defend any suit, action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; (c) pay, purchase, contest or compromise any encumbrance, charge of lien which, in the judgment of either, appears to be prior or superior hereto; and (d) in exercising any such power, incur any liability, expend whatever amounts in its absolute discretion it may deem necessary therefor, including cost of evidence of title, employ counsel and pay reasonable fees.

4.2 Repayment of Advances and Interest. Grantor shall immediately repay upon demand, all sums expended or advanced hereunder by or on behalf of Beneficiary or Trustee, with interest from the date of such advance or expenditure as provided in the Note (but not in any event to exceed the maximum interest rate permissible by law) until paid, and the repayment therefor shall be secured hereby, it being agreed by Grantor that any such expenditure or advance is to protect the security hereof and constitutes a part of the loan transaction in connection with which the Note was executed. In addition, Grantor agrees to pay all costs and expenses incurred by Beneficiary or Trustee in any action or foreclosure to enforce the terms of the Note, Deed of Trust or Related Agreement(s) together with reasonable attorneys' fees.

4.3 Appointment of Receiver. Beneficiary shall be entitled (without notice and without regard to the adequacy of any security for the indebtedness secured hereby) to the appointment of a receiver of the rents, issues and profits of the Property, and such receiver shall have, in addition to all the rights and powers customarily given to and exercised by such receiver, all the rights and powers granted to Beneficiary contained herein.

4.4 Entry. Beneficiary, at its option, may in person or by agent or by court-appointed receiver, enter upon, take possession of, manage and operate the Property or any part thereof and do all things necessary or appropriate in Beneficiary's sole discretion in connection therewith, including, but not limited to making, enforcing or modifying any leases now or hereinafter in effect on the Property or any part thereof, evicting tenants, fixing or modifying rents, contracting for and making repairs and alterations, and otherwise doing any act or incurring any cost or expense which Beneficiary deems proper to protect the security hereof. Beneficiary may further, with or without so taking possession, in its own name or in the name of Grantor, sue for or otherwise collect and receive the Rents and Profits, including those past due and unpaid, and apply the same less costs and expenses of operation and collection, including





reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of the Property, or any part thereof, and the collection of any Rents and Profits and the application thereof as aforesaid shall not cure or waive any default theretofore or thereafter occurring or affect any notice or default hereunder or invalidate any act done pursuant to any such default or notice, and, notwithstanding continuance in possession of the Property or any part thereof by Beneficiary, Grantor or a receiver, and the collection, receipt and application of the Rents and Profits. Beneficiary shall be entitled to exercise every right provided for in this Deed of Trust or by law or in equity upon or after the occurrence of a default, including without limitation the right to exercise the power of sale. Any of the actions referred to in this Section may be taken by Beneficiary irrespective of whether any notice of default or election to sell has been given hereunder and without regard to the adequacy of the security for the indebtedness hereby secured.

4.5 Due on Sale/Transfer. Beneficiary shall have the right, at its option, to declare any indebtedness and obligations under the Note and this Deed of Trust, irrespective of the maturity date specified therein, immediately due and payable in full without forfeiture of any prepayment charge if: (1) Grantor or any one or more of the persons comprising Grantor sells, enters into a contract of sale, conveys, alienates or encumbers the Property or any portion thereof or any fractional undivided interest therein, (2) suffers Grantor's title or any interest therein to be divested or encumbered, whether voluntary or involuntary, (3) leases with an option to sell, or changes or permits to be changed the character or use of the Property without Beneficiary's written consent (4) more than 25% of the corporate stock of Grantor (or of any corporate partner or other corporation comprising Grantor) is sold, assigned or transferred; or (5) if Grantor is a corporation, the corporation is dissolved, merged or consolidated.

4.6. Acceleration. Beneficiary shall give notice to Grantor prior to acceleration following any event of default described in Article 3 above, except for acceleration under paragraph 4.5 above, unless applicable law provides otherwise. The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Grantor, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of this sums secured by this Security Instrument and sale of the property at public auction at a date not less than 120 days in the future. The notice shall further inform Grantor of the right to reinstate after acceleration, the right to bring a court action to assert the non-existence of a default or any other defense of Grantor to acceleration and sale, and any other matters required to be included in the notice by applicable law. If the default is not cured on or before the date specified in the notice, Beneficiary at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Beneficiary shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph, including, but not limited to, reasonable attorneys' fees, and costs of title evidence.

If Beneficiary invokes the power of sale, Beneficiary shall give written notice to Trustee of the occurrence of an event of default and of Beneficiary's election to cause the property to be sold. Trustee and Beneficiary shall take such action regarding notice of sale and shall give such notices to Grantor and to other persons as applicable law may require. After the time required by applicable law and after publication of the notice of sale, Trustee, without demand on Grantor, shall sell the property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of the property for a period or periods permitted by applicable law by public announcement at the time and place fixed in the notice of sale. Trustee shall deliver to the purchaser a Trustee's Deed conveying the property without any covenant or warranty, expressed or implied. The recitals in the Trustee's Deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds as provided in paragraph 4.7 below.

4.7 Sale by Trustee. Upon written request of Beneficiary, Trustee shall sell the Property in accordance with the Deed of Trust Act of the State of Washington (RCW 61.24 as existing now or hereafter amended) and the Uniform Commercial Code of the State of Washington, where applicable, at public auction to the highest bidder. Any person, except the Trustee, may bid at the Trustee's sale. The Trustee shall apply the proceeds of the sale as follows: (1) to the expense of sale, including a reasonable Trustee's fee and attorneys' fees; (2) to the obligation secured by this Deed of Trust; (3) the surplus, if any, shall be distributed in accordance with the Deed of Trust Act. The 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 the 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. The Trustee's deed shall recite the facts showing that the sale was conducted in compliance with 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 for value. At any time, Beneficiary may appoint in writing, a successor trustee,



or discharge and appoint a new trustee in the place of any Trustee named herein, 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.

4.8 Foreclosure as Mortgage. 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, at its Option, foreclose this Deed of Trust as a mortgage and shall have all rights and remedies of a mortgagee, including, but not limited to the right to a deficiency judgment. If this Deed of Trust is foreclosed as a mortgage and the Property sold at a foreclosure sale, the Purchaser may, during any redemption period allowed, make such repairs or alterations on the Property, as in the sole discretion of the Purchaser, may be reasonably necessary for the proper operation, are, preservation, protection and insuring thereof. Any sums so paid, together with interest thereon from the time of such expenditure at the highest lawful rate, shall be added to and become a part of the amount required to be paid for redemption from such sale.

4.9 Waiver of Marshaling. Grantor, for itself and for all persons hereafter claiming through or under it or who may at any time hereafter become holders of liens junior to the lien of this Deed of Trust, hereby expressly waives and releases all rights to direct the order in which any of the Property shall be sold in the event of any sale or sales pursuant hereto and to have any of the Property and/or any other property now or hereafter constituting security for any of the indebtedness secured by this Deed of Trust, marshaled upon any foreclosure of this Deed of Trust or of any other security for any of said indebtedness.

4.10 Remedies Cumulative. No remedy herein conferred upon or reserved to Trustee or Beneficiary is intended to be exclusive of any other remedy herein or by law provided, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. If there exists additional security for the performance of the obligations secured hereby, the Holder of the Note, at its sole option, and without limiting or affecting any of its rights or remedies hereunder, may exercise any of the rights and remedies to which it may be entitled hereunder either concurrently with whatever rights and remedies it may have in connection with such other security or in such order as it may determine. Any application of any amounts or any portion thereof held by Beneficiary at any time as additional security hereunder, to any indebtedness secured hereby shall not extend or postpone the due dates of any payments due from Grantor to Beneficiary hereunder or under the Note; any Further Advances or any of the Related Agreements, or change the amounts of any such payments or otherwise be construed to cure or waive any default or notice of default hereunder or invalidate any act done pursuant to any such default or notice.

4.11 Attorneys' fees and costs. Grantor promises to pay all costs, expenses and attorneys' fees incurred by Holder in the exercise of any remedy (with or without litigation) under the Note, Deed of Trust or other security instrument, in any proceeding for the collection of the debt evidenced by this Note, in any trustee's sale or foreclosure of the Deed of Trust or the realization upon any other security securing this Note, in protecting or sustaining the lien or priority of said Deed of Trust, Security Instrument(s) or said other security, or in any litigation or controversy arising from or connected with the Note, the Deed of Trust or other security for this Note. Said proceedings include, without limitation, any probate, bankruptcy, receivership, injunction, arbitration, mediation or other proceeding, or any appeal from or petition for review of any of the foregoing, in which Beneficiary prevails. Grantor shall also pay all of Beneficiary's costs and attorneys' fees incurred in connection with any demand, work-out, settlement, compromise, or other activity in which the Holder engages to collect any portion of this debt

not paid when due or as a result of any Event of Default of Grantor. If a judgment is obtained thereon which includes an award of attorneys' fees, such attorneys' fees, costs and expenses shall be in such amount as the court shall deem reasonable, which judgment shall bear interest at the Default Rate stated in the Note from the date it is rendered to and including the date of payment to Beneficiary. "Costs and expenses" shall include, but are not limited to appraisal fees, inspection fees and costs of a title report.

## **ARTICLE 5 MISCELLANEOUS**

5.1 Severability. In the event any one or more of the provisions contained in this Security Instrument shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Security Instrument, but this Security Instrument shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

5.2 Grantor Not Released. Extension of the time for payment or modification of the terms of payment of any sums secured by this Security Instrument granted by Beneficiary to any successor in



interest of Grantor shall not operate to release, in any manner, the liability of the original Grantor. Without affecting the liability of any person, including Grantor, for the payment of any indebtedness secured hereby, or the lien of this Security Instrument on the remainder of the Property for the full amount of any such indebtedness and liability unpaid, Beneficiary and Trustee are respectively empowered as follows: Beneficiary may, from time to time and without notice (a) release any person liable for the payment of any of the indebtedness, (b) extend the time or otherwise alter the terms of payment of any of the indebtedness, (c) accept additional real or personal property of any kind as security therefor, whether evidenced by security instrument, mortgages, security agreement or any other instruments of security, or (d) alter, substitute or release any property securing the indebtedness; Trustee may, at any time, and from time to time, upon the written request of Beneficiary which Beneficiary may withhold in its sole discretion (1) consent to the making of any map or plat of the Property or any part thereof, (2) join in granting any easement or creating any restriction thereon, (3) join in any subordination or other agreement affecting this Security Instrument or the lien or charge hereof, or (4) reconvey, without any warranty, all or part of the Property.

5.3 No Waiver. No delay or omission to exercise any right, power or remedy accruing to Beneficiary on any breach or default of Grantor hereunder shall impair any such right, power, or remedy of Beneficiary, nor shall it be construed to be a waiver of any other or subsequent breach or default. Any waiver, permit, consent or approval of any kind by Beneficiary must be in writing and shall be effective only to the extent specifically set forth in that writing.

5.4 Beneficiary's Actions not a Cure of Default. The taking of any action by Beneficiary under the authority of this Deed of Trust, including, but not being limited to, the entering upon, taking possession of and management and operation of the Property, the collection of rents, issues and profits thereof, or the proceeds of fire and other insurance policies or compensation or awards for any taking or damage of the Property, and the application or release thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

5.5 Time. Time is of the essence hereof in connection with all obligations of Grantor herein and in the Note and any other instrument securing payment of the indebtedness secured hereby.

5.6 Notices. Any notice given hereunder shall be in writing and shall be delivered in person or sent by first class mail, certified or registered mail, to the party at its address set forth above, or to such other address as may hereafter be designated by notice given in accordance with the procedures in this paragraph. Notices sent by mail shall be deemed to have been given when mailed, and the postmark affixed thereto shall be conclusive evidence of the date of mailing.

5.7 Reconveyance. Upon the payment in full of all sums secured by this Security Instrument, Beneficiary shall request Trustee to reconvey the Secured Property and shall surrender this Security Instrument and all notes evidencing indebtedness secured by this Security Instrument to Trustee. Upon payment of its fees and any other sums owing to it under this Security Instrument, Trustee shall reconvey the Secured Property without warranty to the person or persons legally entitled thereto. Grantor shall pay all costs of recordation, if any.

5.8 Successors and Assigns. All of the grants, obligations, covenants, and terms and conditions herein shall run with the land and shall apply to and bind the heirs, administrators, executors, legal representatives, successors and assigns of Grantor and the successors in trust of Trustee and inure to the benefit of the endorsees, successors and assigns of Beneficiary. In the event Grantor is composed of more than one party, the obligations, covenants, agreements, and warranties contained herein as well as the obligations arising therefrom are and shall be joint and several as to each such party.

5.9 Governing Law. This Deed of Trust is made pursuant to, and shall be construed and governed by, the laws of the State of Washington.

5.10 No Third Party Benefits. This Deed of Trust, the Note and the other Related Agreements, if any, are made for the sole benefit of Grantor and Beneficiary and their successors and assigns, and convey no other legal interest to any party under or by reason of any of the foregoing. Whether or not Beneficiary elects to employ any or all of the rights, powers or remedies available to it under any of the foregoing, Beneficiary shall have no obligation or liability of any kind to any third party by reason of any of the foregoing or any of Beneficiary's actions or omissions pursuant thereto or otherwise in connection with this transaction.



DATED THIS 21 Day of December, 2013

GRANTOR: Izaak K. Monroe as his separate estate

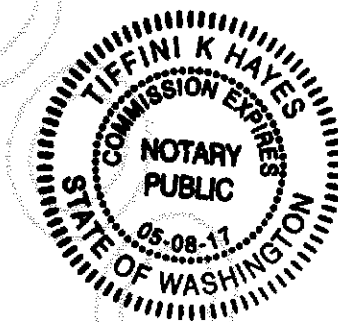
By: Izaak K. Monroe  
Izaak K. Monroe

STATE OF WASHINGTON }  
COUNTY OF King }

On this the 21<sup>st</sup> day of December, 2013, before me a Notary Public duly authorized in and for the said County in the State aforesaid to take acknowledgments personally appeared Izaak K. Monroe known to me to be himself, signed as a free and voluntary act, for the uses and purposes therein set forth.

Witness my hand and seal hereto affixed the day and year first above written.

Tiffini K. Hayes  
Notary Public in and for the State of Washington  
Residing at: Maple Valley WA  
My commission expires 05-08-17



Order No.: 106060

RE: Item 340419-0-043-0004 (P26350) / Monroe

Guarantee No.: H 5015853-0002152e

LITIGATION GUARANTEE

**Schedule "C"**  
**Legal Description**

The land referred to herein is situated in the County of Skagit, State of Washington, and is described as follows:

That portion of the Southeast 1/4 of the Northwest 1/4 of Section 19, Township 34 North, Range 4 East W.M., described as following:

Beginning at a point 171 feet West of the point of intersection of the North line of Cascade Avenue and the East line of the West 1/2 of the Northeast 1/4 of the Southeast 1/4 of the Northwest 1/4 of Section 19; thence North 01°06'35" East 100 feet; thence North 89°24'30" West 55 feet; thence South 01°06'35" West 100 feet; thence South 89°24'30" East 55 feet to the point of beginning.



201312230073

Skagit County Auditor

\$85.00