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Skagit County Auditor \$81.00
3/20/2014 Page 1 of 9 1:58PM

GUARDIAN NORTHWEST TITLE CO.

DEED OF TRUST
(CF Loan ID: HTS-10-1)

107310-2

Please Return To:
Community Frameworks
409 Pacific Avenue, Suite 105
Bremerton, WA 98337

Grantor (Borrower):

HOME TRUST OF SKAGIT

Grantee (Lender):

COMMUNITY FRAMEWORKS

Grantee (Trustee):

GUARDIAN NORTHWEST TITLE

Legal Description (abbreviated: i.e. lot, block, plat or section, township, range) PTN NW NE, 30-34-04

Additional legal description is included in the body of the document.

Assessor's Tax Parcel ID Number/
Account Number:

P28963/340430-0-142-0009,
P29149-340430-0-289-0002

THIS DEED OF TRUST (the "Deed of Trust") is made this 18th day of March 2014, among Home Trust of Skagit, whose address is 320 Fairhaven Avenue, Suite 201 Burlington, WA 98233 ("Grantor") and Guardian Northwest Title, as trustee for Beneficiary (defined below) ("Grantee") and COMMUNITY FRAMEWORKS, a nonprofit Washington corporation whose address is 315 W. Mission Ave., Suite 100, Spokane, WA 99201 ("Beneficiary").

Grantor irrevocably grants, bargains, sells and conveys to Trustee in trust, with power of sale and right of entry all right, title, and interest that Grantor now has or may acquire in and to: (a), the following described real estate situated in Skagit County, Washington:

LEGAL DESCRIPTION:
PARCEL A:

That portion of the Northwest Quarter of the Northeast Quarter of Section 30, Township 34 North, Range 4 East of the Willamette Meridian, lying West of the centerline of West Street,

extended South from the Southern Addition to Mt. Vernon, and South of the South line of said Southern Addition to Mt. Vernon, according to the plat thereof recorded in Volume 2 of Plats, page 110, records of Skagit County, Washington, and East of dike or county road;

EXCEPT the following tracts:

(1) Beginning at a point on the South line of said Northwest Quarter of the Northeast Quarter a distance of 187 feet East along the said Southwest corner thereof;
thence West along the said South line a distance of 187 feet to the Southwest corner of said Northwest Quarter of the Northeast Quarter;
Thence North along the West line of said subdivision a distance of 141 feet, more or less, to the South line of the county road;
thence Northeasterly along the county road a distance of 153 feet;
thence Southeasterly in a straight line to the point of beginning;

(2) Beginning at the Southeast corner of Block 24, Southern Addition to Mt. Vernon, according to the plat thereof recorded in Volume 2 of Plats, page 110, records of Skagit County, Washington;
thence South along the West line of West Street of said addition, if extended a distance of 90 feet;
thence West a distance of 200 feet;
thence North to the South line of county road;
thence following the South line of the county road to the point of its intersection with the South line of Lot 10, Block 24;
thence East along the South line of Block 24, to the point of beginning.

Situated in Skagit County, Washington.

PARCEL B:

That portion of the Northwest Quarter of the Northeast Quarter of Section 30, Township 34 North, Range 4 East of the Willamette Meridian, described as follows:

Beginning at a point on the South line of said subdivision which is 187 feet East of the Southwest corner thereof;
Thence West 187 feet to said Southwest corner;
Thence North along the West line of the Northwest Quarter of the Northeast Quarter, 141 feet, more or less, to the South line of the County road;
Thence Northeasterly along the South line of the County road, 153 feet;
Thence Southeasterly to the point of beginning;

EXCEPT that portion owned by Diking District No. 3.

Situated in Skagit County, Washington.



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which real property is not used principally for agricultural purposes, together with all improvements now or hereafter erected thereon, all easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights and profits, water, water rights and water stock now or hereafter belonging to or attached to the property (the “**Real Property**”); (b) all Grantor’s right, title and interest in and to any and all personal property and fixtures located on, acquired for use on or in connection with, or arising out of the Real Property; and (c) the rents, issues and profits of all of the foregoing, all leases of any of the foregoing and all accounts, accounts receivable and general intangibles arising from any business activity conducted by Grantor on the Real Property ((a) through (c) collectively the “**Property**”).

The purpose of this Deed of Trust is to secure performance by the Grantor of each agreement of Grantor contained in this Deed of Trust and the Loan and Security Agreement of even date herewith (the “**Loan Agreement**”), and payment of (i) all amounts owing by Grantor to Beneficiary, including legal fees, costs and other amounts now or hereafter owing by Grantor to Beneficiary, under the Loan Agreement, pursuant to which Grantor borrowed from Beneficiary and promised to repay to Beneficiary the principal amount of **One hundred sixty five thousand dollars (\$165,000)**; (ii) all additional amounts now or hereafter owing by Grantor to Beneficiary; and (iii) all renewals, modifications or extensions or replacements of any of the foregoing and also such further sums as may be advanced or loaned by Beneficiary to Grantor or any of their successors or assigns, together with interest thereon at such rates as shall be agreed upon (the amounts pursuant to (i) through (iii) collectively the “**Indebtedness**”).

Grantor covenants and agrees as follows:

1. **Payment of Principal and Interest.** Grantor shall promptly pay when due from whatever cause all Indebtedness secured by this Deed of Trust.

2. **Application of Payments.** Unless applicable law provides otherwise, all payments received by Beneficiary in respect of the Indebtedness shall be applied by Beneficiary first to charges, costs, expenses or late fees outstanding, then to unpaid accrued interest, and then to principal.

3. **Due on Sale; Transfer of the Property; Default.** The Property may not be sold or transferred without notice to Beneficiary and repayment in full of all Indebtedness secured by this Deed of Trust. Notwithstanding the foregoing, where Grantor is a community land trust, Grantor may sell or transfer a leasehold interest in the Real Property and all or any part of the Property that is not Real Property in accordance with and subject to Section 4.4 of the Loan Agreement without Grantor’s repayment to Beneficiary. In addition, Grantor shall not sell or transfer all or any part of the Property or any interest therein (a) to a purchaser or transferee who is not a participant in or who is not eligible to participate in the Grantor’s SHOP program; or (b) if such sale or transfer is for any other reason not in compliance with the terms of the Affiliate Agreement, the Loan Agreement, or this Deed of Trust (each a “**Prohibited Transfer**”).

In the event of a Prohibited Transfer, the Beneficiary may accelerate and demand immediate payment of all Indebtedness secured by this Deed of Trust, subject to the notice requirements for acceleration set forth in Section 8.1(a) of the Loan Agreement.



4. **Prior Mortgages and Deeds of Trust; Charges; Liens.** Grantor shall perform all of Grantor's obligations under any mortgage, deed of trust or other security agreement having priority over this Deed of Trust, including Grantor's covenants to make payments when due. Grantor shall pay or cause to be paid all taxes, assessments and other charges, fines and impositions attributable to the Property which may attain a priority over this Deed of Trust, and leasehold payments or ground rents, if any. Grantor shall permit no liens or encumbrances upon the Property without the consent of the Beneficiary.

5. **Hazard Insurance.** Grantor shall keep the Property continuously insured against loss by fire, hazards included within the term "extended coverage," and such other hazards as Beneficiary may require and in such amounts and for such periods as the Beneficiary may require; provided, that Beneficiary shall not require that the amount of such coverage exceed the amount of coverage required to pay all Indebtedness secured by this Deed of Trust and any mortgages, deeds of trust or other security interest senior to this Deed of Trust. The insurance carrier providing the insurance shall be chosen by Grantor subject to approval by Beneficiary, not to be unreasonably withheld. All insurance policies and renewals thereof shall be in form acceptable to Beneficiary and shall include a standard mortgage clause in favor of and in form acceptable to the Beneficiary. Insurance proceeds shall be applied to restoration or repair of the damages to the Property, provided such restoration or repair is economically feasible and does not impair this Deed of Trust. If such restoration or repair is not economically feasible or would impair the security of this Deed of Trust, the insurance proceeds shall be applied to satisfy the Indebtedness, with the excess, if any, paid to the Grantor, but such application of proceeds to the Indebtedness shall not extend or postpone the due dates or change the amount of any payments due under the Loan Agreement. In the event of foreclosure, all right, title and interest of the Grantor in and to any insurance policies and in and to the proceeds thereof resulting from damage to the Property shall pass to the purchaser at the foreclosure sale.

6. **Loss, Abandonment.** In the event of loss affecting the Property, Grantor shall give prompt notice to the insurance carrier and Beneficiary. Beneficiary may make proof of loss if not made promptly by Grantor. If the Property is abandoned by Grantor, or if Grantor fails to respond to Beneficiary within 30 days from the date notice is mailed by Beneficiary to Grantor that the insurance carrier offers to settle a claim for insurance benefits, Beneficiary is authorized to collect and apply the insurance proceeds at Beneficiary's option either to restoration or repair of the Property or to satisfy the Indebtedness secured by this Deed of Trust.

7. **Preservation and Maintenance of Property; Lawful Use.** Grantor shall keep the Property in good condition and repair; shall not commit waste or permit impairment or deterioration of the Property; and shall, subject to Section 6, promptly restore any improvement thereon which may be damaged or destroyed, whether by accident, vandalism, act of God, or other cause. Grantor shall fully comply with all laws, ordinances, regulations, lawful covenants, and restrictions affecting the Property.

8. **Protection of Beneficiary's Security.** Grantor shall defend any action or proceeding purporting to affect the security of this Deed of Trust or the rights or powers of Beneficiary or Trustee, and shall pay all costs and expenses incurred in connection therewith, including costs for title search and reasonable attorney's fees.

9. **Condemnation.** The proceeds of any settlement, award, or claim for damages, direct or consequential, in connection with any eminent domain proceeding or other taking of the



Property, whether complete or partial, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Beneficiary, to be applied to satisfy the Indebtedness secured by this Deed of Trust subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust.

10. **Events of Default.** Each of the following events shall be an "Events of Default" under this Deed of Trust permitting Beneficiary to exercise its remedies under Section 11 of this Deed of Trust:

- A. Grantor fails to pay any Indebtedness secured by this Deed of Trust when due;
- B. Grantor breaches any covenant or agreement contained in this Deed of Trust, any other Loan Document (as defined in the Loan Agreement), the Affiliate Agreement, or any applicable law;
- C. A default occurs under any mortgage or security instrument superior hereto, which default is not cured as provided therein; or
- D. Any fraud or misrepresentation by the Grantor is discovered with respect to any information provided by Grantor to Beneficiary in the loan application documents under the Beneficiary's SHOP Program.

11. **Remedies Upon Default.** Upon an Event of Default Beneficiary shall give written notice to Grantor in accordance with applicable law, which notice shall specify: (1) the nature of the default; (2) the action required to cure such breach; (3) a date, not less than thirty (30) days from the date the notice is mailed to Grantor, by which such breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property at public auction at a date not less than one hundred twenty (120) days in the future. The notice shall further inform Grantor of (1) the right to reinstate after acceleration, (2) the right to bring a court action to assert the non-existence of a default or any other defense of Grantor to acceleration and foreclosure and (3) any other matters required to be included in such notice by the laws applicable to deeds of trust of the State of Washington.

- A. If the breach is not cured on or before the date specified in the notice, Beneficiary, at Beneficiary's option, may declare all of the Indebtedness secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by law. Beneficiary shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Section 11, including but not limited to, reasonable attorney's fees.
- B. 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 lapse of such time as may be 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 (1) or more parcels and in such order as the Trustee may determine. Beneficiary or Beneficiary's designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser a Trustee's deed conveying the Property so sold without any warranties or covenants 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 of the sale in the following order: (a) to all reasonable costs and expenses of the sale, including, but not limited to, reasonable Trustee's and attorney's fees and costs of title evidence; (b) to all Indebtedness secured by this Deed of Trust; and (c) the excess, if any, to the person or persons legally entitled thereto, or the clerk of the Superior Court of Skagit County.

12. **Reconveyance.** Upon payment of all Indebtedness secured by this Deed of Trust, or upon conveyance of the Property to an eligible participant in Grantor's SHOP program, Beneficiary shall request Trustee to reconvey the Property and shall surrender this Deed of Trust to Trustee. Trustee shall reconvey the Property without warranties or covenants express or implied and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any.

13. **Substitute Trustee.** In accordance with applicable law, Beneficiary may from time to time appoint a successor trustee to any Trustee appointed hereunder who has ceased to act. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee herein and by applicable law.

14. **Forbearance by Beneficiary Not a Waiver.** No delay or omission on the part of Beneficiary in exercising any right or remedy under this Deed of Trust shall operate as a waiver of such right or remedy and no waiver in one instance shall be construed as a waiver or bar to any such remedy, right or option on any future occasion. Acceptance by the Beneficiary of any Indebtedness secured by this Deed of Trust after its due date shall not constitute a waiver of Beneficiary's right to require prompt payment of any further Indebtedness due or to declare a default for failure to pay. The procurement of insurance or the payment of taxes or other liens or charges by Beneficiary shall not be a waiver of Beneficiary's right to accelerate the maturity of the Indebtedness secured by this Deed of Trust.

15. **Grantor Not Released.** No transfer or conveyance of this Deed of Trust shall operate to release, in any manner, the liability of the original Grantor or Grantor's successors in interest. Beneficiary shall not be required to commence proceedings against such successors or transferees or refuse to extend time for payment or otherwise modify amortization of the Indebtedness secured by this Deed of Trust.

16. **Beneficiary's Rights of Self-Help.** If Grantor fails to conform to the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Beneficiary's interest in the Property, including, but not limited to, tax foreclosure, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or decedent, then Beneficiary, at its option, upon notice to Grantor, may make such appearances, disburse such sums and take such actions as are necessary to protect Beneficiary's interest under this Deed of Trust, including, but not limited to, disbursement of reasonable attorney's fees and entry upon the Property to make repairs. Any amounts disbursed



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by Beneficiary pursuant to this paragraph, with interest thereon, shall become additional Indebtedness of Grantor secured by this Deed of Trust. Nothing contained in this paragraph shall require Beneficiary to incur any expense or take any action hereunder.

17. **Inspection.** Beneficiary may make or cause to be made reasonable entries upon and inspections of the Property, in order to ascertain the condition thereof and to confirm compliance by the Grantor with the covenants and agreements of this Deed of Trust, the other Loan Agreement and the Affiliate Agreement, provided that Beneficiary shall give Grantor at least 24 hours notice prior to any such inspection.

18. **Remedies Cumulative.** The remedies provided in this Deed of Trust are cumulative of any other rights or remedies afforded by law or equity, and may be exercised concurrently, independently or successively. Beneficiary hereunder also may cause this Deed of Trust to be foreclosed as a mortgage.

19. **Binding Effect.** The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Beneficiary and Grantor.

20. **Notice.** All notices, requests, consents, and other communications required under this Deed of Trust will be in writing and, except as expressly required otherwise in this Deed of Trust or by applicable law, will be deemed given: upon receipt, if delivered personally or by courier, overnight delivery service or confirmed facsimile, or 48 hours after being deposited in the U.S. mail as certified or registered mail with postage prepaid: if to the Grantor, at 320 E Fairhaven Avenue, Suite 201 Burlington, Washington 98233 or such other address as Grantor may designate by written notice to Beneficiary as provided herein, and if to Beneficiary at Beneficiary's address set forth on page one of this Deed of Trust or such other address as Beneficiary may designate by written notice to Grantor as provided herein.

21. **Governing Law; Severability.** The state and local laws applicable to this Deed of Trust shall be the laws of the jurisdiction in which the Property is located. The foregoing sentence shall not limit the applicability of federal law to this Deed of Trust. The invalidity or unenforceability of any provision of this Deed of Trust in any jurisdiction shall not affect the validity or enforceability of the remaining provisions of this Deed of Trust in that jurisdiction or the validity or enforceability of this Agreement, including such invalid or unenforceable provision, in any other jurisdiction. If any provision of this Deed of Trust is adjudged invalid by a court of competent jurisdiction, then a suitable and equitable provision shall be substituted therefor in order to carry out so far as may be valid or enforceable, the intent and purposes of the invalid and unenforceable provision.

22. **Grantor's Copy.** Grantor shall be furnished a conformed copy of this Deed of Trust at the time of execution or after recordation hereof.

23. **Headings.** Section headings in this Deed of Trust are for convenience only and are not to be used to interpret or define the provisions hereof.



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Grantor and Beneficiary request the holder of any mortgage, deed or trust or other encumbrance with a lien which has priority over this Deed of Trust to give notice to Beneficiary, at Beneficiary's address set forth on page one of this Deed of Trust, of any default under the superior encumbrance and of any sale or other foreclosure action.

(Signature page follows)



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Skagit County Auditor

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1:58PM

NOTICE TO BORROWERS
Do not sign this Deed if it contains blank spaces.
All spaces should be completed before you sign.

IN WITNESS WHEREOF, Grantor has executed this Deed of Trust.

Home Trust of Skagit

By: [Signature]
Name: Kent Haberley
Title: Vice President

NOTARY

STATE OF WA)
COUNTY OF Skagit) ss.

On this 18th day of March, 2014, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Kent Haberley, to me known to be the person who signed as Vice President of Home Trust of Skagit, the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that he/she was duly elected, qualified and acting as said officer of the corporation, that he/she was authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said corporation.

IN WITNESS WHEREOF I have hereunto set my hand and official seal the day and year first above written.



[Signature]
(Signature of Notary)
Katie E Hickok
(Print or stamp name of Notary)

NOTARY PUBLIC in and for the State of WA,
residing at Interloman
My appointment expires: 1-7-15

[SIGNATURE PAGE TO DEED OF TRUST]

