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Skagit County Auditor

\$80.00

8/28/2014 Page

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UNRECORDED

Mail to:  
Angela L. Hilton  
c/o  
485 Rainer Blvd North #102  
Issaquah, WA 98027

1106

**CHICAGO TITLE**  
**620022029**  
**DEED OF TRUST**

THIS DEED OF TRUST, made this 21st day of August, 2014 between Innovation Homes LLC, **Grantor** whose address is 1160 Yew Ave DSS #5143, Blaine, WA 98230 and Chicago Title company of Washington, **Trustee**, whose address is 425 Commercial Street Mount Vernon WA 97273

And Angela L. Hilton, as a separate estate for 19.00% Interest and Real Trust IRA Alt., Custodian Shauna Barrier, IRA #21701 for 15.00% Interest and Real Trust IRA Alt., Custodian Shauna Barrier, SEP #21859 for 25.50% Interest and Real Trust IRA alt., Custodian Lee Barrier IRA #21699 for 40.50% Interest, **Beneficiary**, whose address is c/o 485 Rainier Blvd North #102, Issaquah, WA 98027

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

Lot 9 and 10, Block 167, Map of the City of Anacortes, according to the plat thereof, recorded Volume 2 of Plats, Pages 4 through 7, records of Skagit County, Washington.

Tax Account No.: P56060 / 3772-167-010-0005

("Real Property") which real property is not now nor will be used principally for agricultural or farming purposes, together with all tenements, hereditaments, and appurtenances now or hereafter thereunto belonging or in any wise appertaining, and the rents, issues and profits thereof.

This Deed of Trust is for the purposes of securing performance of each agreement of grantor herein contained, and payment of the sum of TWO HUNDRED SIXTY THOUSAND AND NO/100 Dollars (\$260,000.00) or so much thereof as may be advanced, with interest, in accordance with the terms of a promissory note of even date herewith, payable to Beneficiary or order, and made by Grantor, and all

renewals, modifications and extensions thereof, 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. Notwithstanding anything to the contrary in any agreement between Grantor and Beneficiary, this Deed of Trust does not secure any personal guaranties of the obligations herein or of the promissory note.

To protect the security of the Deed of Trust, Grantor covenants and agrees:

1. Condition of Improvements. To keep the Real Property and the improvements situated thereon in good condition and repair, to permit no waste thereof; to complete any building, structure or improvement being built or about to be built thereon; to restore promptly any building, structure or improvement thereon which may be damaged or destroyed; and to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Real Property.

2. Taxes, Assessments and Other Charges. To pay before delinquent all taxes, liens, encumbrances, assessments and other charges upon the Real Property; to keep the Real Property free and clear of all other, liens, encumbrances and other charges impairing the security of this Deed of Trust. Should Grantor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the Real Property herein above described, Beneficiary may pay the same, and the amount so paid, with interest at the default rate set forth in the Promissory Note secured hereby, shall be added to and become a part of the debt secured in this Deed of Trust.

3. Insurance. To keep all improvements now or hereafter erected on the Real Property continuously insured during the term of this Deed of Trust against loss by fire or other hazards, as follows:

a. General Provisions. Every policy of insurance required by this Deed of Trust shall: (i) provide that no act or default of any person other than Beneficiary or its agent shall render the policy void as to Beneficiary or affect Beneficiary's right to recover thereon; (ii) provide that the policy shall not be cancelled or reduced in scope of coverage or amount of coverage until thirty (30) days after written notice to Beneficiary; and (iii) be obtained from and maintained with companies qualified to do business in the State of Washington having a rating of B or better in Best's Insurance Guide. A duplicate original or such policy and of all changes thereto shall be delivered to Beneficiary. If Grantor fails to maintain any of the insurance coverage required hereunder, without waiving any other remedy, Beneficiary may at its option obtain such coverage and Grantor shall pay the premium and all expenses therefore with interest at the default rate set forth in the Promissory Note secured hereby immediately upon demand. All insurance required hereby shall be primary and noncontributing with any insurance carried by Beneficiary. Beneficiary reserves the right to require higher limits for any of the coverage's provided for herein from time to time if in Beneficiary's reasonable opinion, the limits contained herein, or any of them, are inadequate.

b. Loss Payee. All policies shall be held by the Beneficiary, and be in such companies as the Beneficiary may approve and have loss payable first to the Beneficiary, as its interest may appear, and then to the Grantor. The amount collected under any insurance policy may be applied upon any indebtedness hereby secured in such order as set forth in the Promissory Note secured hereby. Such application by the Beneficiary, unless the same fully cures any then default, shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, all rights of the Grantor in insurance policies then in force shall pass to the purchaser at the foreclosure sale.

c. Coverage. Grantor shall keep the improvements located on the Real property (the "Improvements") (including all buildings (including all exterior glass), structures, appurtenant equipment and fixtures on the Real Property), if any, continuously insured during the term of this Deed of Trust for the mutual benefit of Beneficiary and Grantor against damage by fire, and such other risks as may be included in the broadest available form of "all risks of physical loss" insurance from time to time available for their full insurable value. "Full insurable value" shall mean actual replacement cost without deduction for physical depreciation, as determined by an independent insurance appraisal which Beneficiary may request Grantor to

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obtain at its sole cost not more frequently than annually. In the event that it is determined that the property is located within a moderate to high risk area, Beneficiary will require that flood insurance be placed on the property at Grantor's cost. By and at the cost of Grantor and with Beneficiary's written consent, which shall not be unreasonable withheld, casualty losses covered by the insurance provided for herein shall be adjusted with the carriers thereof.

4. **Defense of Action affecting Security.** To defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of title search and attorney's fees in a reasonable amount, in any such action or proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

5. **Attorney's Fees.** To pay all costs, fees and expenses in connection with this Deed of Trust, including the expenses of the Trustee incurred in enforcing the obligations secured hereby and Trustee's and reasonable attorney's fees actually incurred, as provided by statute and as provided in the promissory note secured hereby.

6. **Other Security.**

a. **Rents and Leases.** Grantor hereby irrevocably grants, transfers, conveys and assigns to Beneficiary the right, power and authority, during the continuance of this Deed of Trust, to collect the rents, issues and profits of said Real Property, reserving unto Grantor the right, prior to any default by Grantor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect the rents, issues and profits of said Real Property, as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said Real Property or any part thereof, in his own name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid and apply the same, less costs and expenses of operating 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 said Real Property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

b. **Personal Property.** Grantor hereby irrevocably gives and grants unto Beneficiary a security interest in all of Grantor's present and future rights in the following personal property, which is hereby deemed to be Real Property, and which may be foreclosed as Real Property:

(i) All personal property located on the Real Property and used or intended for use in the ownership, development, operation or occupancy of the Real Property and any improvements thereon, including but not limited to, all appliances, furniture, furnishings, inventory, equipment, building materials and supplies; together with all present and future attachments, parts, fixtures, special tools, accessories, and equipment therefore, and all accessories, additions, and improvements thereto, substitutions and replacements thereof, and all products and proceeds thereof;

(ii) All applications, application materials, permits and approvals for the development of the Real Property, both governmental and non-governmental, as may be amended or modified, and matters related thereto ("Development Applications/Permits"). "Development" includes any activity that requires a permit or approval of any type related to the Real Property, including, but not limited to a building permit, grading permit, shoreline substantial development permit, conditional use permit, special use permit, zoning variance, engineering review permit or reclassification, comprehensive plan amendment or revision, subdivision, short subdivision, urban planned development, building site plan, commercial site development permit, right-of-way use permit, forest practices permit, certificate of water and sewer availability, developer extension agreement, certificates of concurrency, and all payments made for any and all applications, permits and approvals for the development of the Real Property. "Application Materials" includes any document,

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study, evaluation and the like prepared in whole or in part for any development application, permit or approval related to the Real Property, including, but not limited to, architectural plans, site plans, plats, specifications, work drawings, surveys, engineering reports or studies, environmental reports, economic reports or studies, test borings, market surveys, feasibility reports, appraisals, building permits, grading permits, conditional use permits, special use permits, forest practice permits, right of way use permits, commercial site development permits, shoreline substantial development permits, master use permits, etc.:

(a) Covenant to Maintain Development Applications/Permits. The Development Applications/Permits for the Real Property represent a significant component of the value of the Real Property and hence the security granted herein to Beneficiary to secure repayment of the promissory note of even date with this Deed of Trust. Grantor covenants and agrees to keep all Development Applications/Permits complete, current, in good standing, and to pay all fees associated therewith. Grantor covenants and agrees not to take any act or make any omission that would result in the termination of the pending Development Applications/Permits, and to seek not a refund of the money paid for the Development Applications/Permits;

(b) Status Report. Grantor agrees to keep Beneficiary advised, upon Beneficiary's request, of its progress in keeping all Development Applications/Permits complete, current, and in good standing;

(c) Attorney in Fact. If Grantor fails to keep all Development Applications/Permits complete, current, in good standing, or perform any act incident thereto, Beneficiary may do the same for and in the name of the Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Beneficiary as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary in Beneficiary's sole, subjective discretion, to keep all Development Application/Permits complete, current, and in good standing;

(d) Default. The failure to keep all Development Application/Permits complete, current, or in good standing constitutes a default under this Deed of Trust and the Promissory Note of even date herewith; and

(iii) All inventory, equipment and general intangibles, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located including, used in connection with the ownership, development, operation or maintenance of the Real Property, including, but not limited to, licenses, certificates of occupancy, franchises, rights to use trade names, contract rights, accounts receivable, escrow accounts, insurance policies, deposits, negotiable instruments documents of title, general intangibles and business records and data relating to any of the Real Property, whether in the form of a writing, photograph, microfilm, microfiche or electronic media, together with all of Grantor's right, title, and interest in and to all computer software required to utilize, create, maintain, and process any such records or data on electronic media.

(Hereinafter collectively referred to as "Collateral")

c. Personal Property Not Effectively Made a Part of the Real Property. Grantor hereby irrevocably gives and grants unto Beneficiary a security interest in all of Grantor's present and future rights in any and all personal property used in the ownership, development, operation or occupancy of the Real Property which is not effectively made part of the Real Property by the provisions of this Deed of Trust. This Deed of Trust constitutes a security agreement pursuant to the Uniform Commercial Code with respect to any and all such personal property. Grantor and Beneficiary agree that neither the foregoing grant of a security interest nor the filing of any financing statement shall be construed as limiting the Grantor's and Beneficiary's stated intention that everything used in connection with ownership, development, operation or occupancy of the Real Property shall be regarded as part of the Real Property.

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Grantor hereby authorizes Beneficiary to file and/or record all financing statements and continuation statements requested to perfect or continue perfection of Beneficiary's security interest in the personal property. With respect to such personal property, Beneficiary shall have all of the rights and remedies of a secured party under the Uniform Commercial Code, including the right to cause such personal property to be sold by the Trustee under the power of sale granted by this Deed of Trust or, at Beneficiary's election, under the provisions of the Uniform Commercial Code. In exercising its remedies, Beneficiary may proceed against the personal property and the Real Property separately or together and in any order whatsoever, without in any way affecting the availability of Beneficiary's remedies. Upon demand by Beneficiary following default, Grantor will assemble any such personal property and make such personal property available to Beneficiary. Beneficiary shall give Grantor at least five (5) days prior written notice of the time and place of any public sale or other disposition of any portion of such personal property, or at the time of or after which any private sale or any other intended disposition of such personal property is to be made. In the event of default and foreclosure on any applications for or permits for the development of the Real Property, Grantor agrees to sign all documents reasonably requested by any governmental entity or by Beneficiary to evidence the transfer of said permits after foreclosure and to substitute the purchaser at the foreclosure sale for the Grantor as permit applicant. This provision is specifically enforceable against the Grantor in any court of competent jurisdiction.

7. **Receivership.** Should Grantor default, Beneficiary may, at its options and without notice of such election, have a receiver appointed as a matter of right, or may exercise all rights of a receiver as a mortgagee-in-possession.

a. **Powers.** Such receiver shall have the power to collect rents, income, and revenues of the Real Property and all other powers which may be necessary or usual in such cases for the protection, possession, control, management, and operation of the Real Property and apply the rent, income and revenues, over and above the expenses of the receivership, including, without limitation, the receiver's fee, to the amount due on the Promissory Note secured hereby. If the rent, income and revenues produced by the Real Property are insufficient to pay the receiver and the receivership expenses, Beneficiaries may advance such sums as it deems necessary to sustain the ongoing receivership, and repayment of such sums shall be added to the Principal Balance of the Promissory Note secured hereby and bear interest at the default rate provided for therein from the date of advance until repaid.

b. **Bond.** The receiver may serve without bond if permitted by law.

c. **Value of Real Property.** Beneficiaries' right to the appointment of a receiver shall exist whether or not the apparent value of the Real Property exceeds the indebtedness by a substantial amount.

d. **Receiver Employment by Beneficiaries.** Employment of the receiver by the Beneficiaries shall not disqualify a person from being the receiver.

8. **Due on Sale or Encumbrance.** If all or any part of the Real Property or an interest therein is sold or transferred by Borrower without Lender's prior written consent, excluding:

- A. the creation of a lien or encumbrance subordinate to this Deed of Trust;
- B. a transfer by devise, descent or by operation of law upon the death of a joint tenant; or
- C. the grant of any leasehold interest of three years or less not containing an option to purchase;

Lender may, at Lender's option, declare all the sums secured by this Deed of Trust to be immediately due and payable. Likewise, Beneficiary may, at Beneficiary's option, declare all sums secured by this Deed of Trust immediately due and payable if there is any change in the ownership or control of any entity which has

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an interest in the Real Property, including, but not limited to, a change in the ownership or control of any of Grantor's stock if Grantor is a corporation, a change in the ownership or control of any general partnership interest in Grantor if Grantor is a partnership, or a change in the ownership or control of the units in a limited liability company if Grantor is a limited liability company.

**IT IS MUTUALLY AGREED THAT:**

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

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

3. The Trustees shall reconvey all or any part of the Real Property covered by this Deed of Trust to the person entitled thereto on written request for reconveyance made by the Beneficiary or the person entitled thereto.

4. Upon default by Grantor in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, all sums secured hereby shall immediately become due and payable at the option of the Beneficiary. In such event and upon written request of Beneficiary, Trustee shall sell the trust Real Property, in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. Any person except trustee may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (1) to the expense of sale, including a reasonable Trustee's fee and reasonable attorney's fee; (2) to the obligation secured by this Deed of Trust; (3) the surplus, if any, shall be distributed to the persons entitled thereto.

5. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the Real Property which Grantor had or had the power to convey at the time of his execution of this Deed of Trust, and such as he may have acquired thereafter. Trustee's deed shall recite 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 and encumbrances for value.

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

7. Beneficiary may appoint in writing a successor trustee, and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded the successor trustee shall be vested with all powers of the original trustee. The trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Grantor, Trustee or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.



UNOFFICIAL DOCUMENT

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

Borrower  
Innovation Homes LLC, a Washington Limited Liability company  
By 090551 B.C. LTD (a Canadian Corporation) Managing Member of Innovation Homes LLC, a Washington Limited Liability Company

By [Signature]  
Nevin Middleton President of 090551 B. C. LTD (a Canadian Corporation)

STATE OF WASHINGTON )  
County of Whatcom ) ss

On this Date 8-25-2014 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Nevin Middleton to me known to be President of Innovation Homes LLC, a Washington Limited Liability company By 090551 B.C. LTD (a Canadian Corporation) Managing Member of Innovation Homes LLC, a Washington Limited Liability Company that executed the foregoing instrument and acknowledged the 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 authorized to execute the said instrument for said corporation.

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

**ADOLINE A BROWN**  
STATE OF WASHINGTON  
**NOTARY PUBLIC**  
MY COMMISSION EXPIRES  
07-23-2017

Adoline A Brown  
Notary Public in & for the State of Washington  
Residing at Bellingham  
My commission expires: 7/23/2017



**REQUEST FOR FULL RECONVEYANCE**

**Do not record. To be used only when note has been paid.**

**TO TRUSTEE:**

The undersigned is the legal owner and holder of the note and all other indebtedness secured by the within Deed of Trust. Said note, together with all other indebtedness secured by said Deed of trust, has been fully paid and satisfied, and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, and delivered to you herewith, together with the said Deed of Trust, and to convey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you thereunder.

Dated \_\_\_\_\_, 20 \_\_\_\_\_

Mail reconveyance to \_\_\_\_\_

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