

When recorded return to:

James A. Cook, Jr. And Terri E. Cook
26135 Minkler Road
Sedro Woolley, WA 98284



201505080089

Skagit County Auditor

\$79.00

5/8/2015 Page

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7 2:52PM

Filed for Record at Request of
Land Title and Escrow
Escrow Number: 151716-OE ✓

Grantor: Gary Lohman and Gail Lohman
Beneficiary: James A. Cook, Jr. and Terri E. Cook

DEED OF TRUST

Land Title and Escrow (For use in the State of Washington only)

THIS DEED OF TRUST, made this 6th day of May, 2015 between GARY LOHMAN and GAIL LOHMAN, husband and wife, GRANTORS, whose address is 8795 District Line Rd. , Burlington, WA 98233, Land Title and Escrow, TRUSTEE, whose address is P.O. Box 445, 111 East George Hopper Road, Burlington, WA 98233 and JAMES E. COOK, JR. and TERRI E. COOK, husband and wife BENEFICIARY, whose address is 26135 Minkler Road , Sedro Woolley, WA 98284.

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

Abbreviated Legal: Ptn SE 1/4 Of NW 1/4, 27-35-4 E.W.M. (Aka Lot B, Short Card #PL-14-0339).

SEE ATTACHED EXHIBIT "A" HERETO FOR LEGAL DESCRIPTION

Tax Parcel Number(s): 4927-000-002-0000, P126123

which real property is not used principally for agricultural purposes, together with all the tenements, hereditaments, and appurtenances now or hereafter thereunto belonging or in any wise appertaining, and the rents, issues, and profits of the property.

This Deed of Trust is for the purpose of securing performance of each agreement of Grantors herein contained in this Deed of Trust, and payment of the sum of **ONE HUNDRED NINETY TWO THOUSAND FIVE HUNDRED AND NO/100 Dollars (\$192,500.00)** 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 of the note, and also such further sums as may be advanced or loaned by Beneficiary to Grantors, or any of the Grantors' successors or assigns, together with interest thereon at the rate agreed upon.

DUE DATE: The entire balance of the promissory note secured by this Deed of Trust, together with any and all interest accrued thereon, shall be due and payable in full on **April 1, 2016**.

To protect the security of this Deed of Trust, Grantors covenant and agree:

1. To keep the property in good condition and repair; to permit no waste of the property; to complete any building, structure, or improvement being built or about to be built on the property; to restore promptly any building, structure, or improvement on the property which may be damaged or destroyed; and to comply with all laws, ordinances, regulations, covenants, conditions, and restrictions affecting the property.
2. To pay before delinquent all lawful taxes and assessments upon the property; to keep the property free and clear of all other charges, liens, or encumbrances impairing the security of this Deed of Trust.
3. To keep all buildings now or hereafter erected on the property continuously insured against loss by fire or other hazards in an amount not less than the total debt secured by this Deed of Trust. 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 Grantors. The amount collected under any insurance policy may be applied upon any indebtedness secured by this Deed of Trust in such order as the Beneficiary shall determine. Such application by the Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, all rights of the Grantors in insurance policies then in force shall pass to the purchaser at the foreclosure sale.
4. 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. To pay all costs, fees, and expenses in connection with this Deed of Trust, including the expenses of the Trustee incurred in enforcing the obligation secured by this Deed of Trust and Trustee's and attorney's fees actually incurred, as provided by statute.

6. Should Grantors fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances, or other charges against the property. Beneficiary may pay the same, and the amount so paid, with interest at the rate set forth in the note secured by this Deed of Trust, shall be added to and become a part of the debt secured in this Deed of Trust.

7. DUE ON SALE: (OPTIONAL – Not applicable unless initialed by Grantor and Beneficiary) The property described in this security instrument may not be sold or transferred without the Beneficiary's consent. Upon breach of this provision, Beneficiary may declare all sums due under the note and Deed of Trust immediately due and payable, unless prohibited by applicable law.

HJ. [Signature]
Grantor (Initials)

[Signature] [Signature]
Beneficiary (Initials)

IT IS MUTUALLY AGREED THAT:

8. 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 as may be necessary to fully satisfy the obligation secured by this Deed of Trust shall be paid to Beneficiary to be applied to said obligation.

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

10. The Trustee shall reconvey all or any part of the property covered by this Deed of Trust to the person entitled thereto, on written request of the Grantors and the Beneficiary, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.

11. Upon default by Grantors in the payment of any indebtedness secured by this Deed of Trust or in the performance of any agreement contained in this Deed of Trust, all sums secured by this Deed of Trust shall immediately become due and payable at the option of the Beneficiary, subject to any cure period provided in the note secured by this Deed of Trust. In such event and upon written request of Beneficiary, Trustee shall sell the trust 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 the sale, including a reasonable Trustee's fee and attorney's fee; (2) to the obligation secured by this Deed of Trust; and (3) the surplus, if any, shall be distributed to the persons entitled thereto.

12. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser all right, title and interest in the real and personal property which Grantors had or had the power to convey at the time of the execution of this Deed of Trust, and such as Grantors 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 purchaser and encumbrances for value.

13. 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.

14. In the event of the absence, death, incapacity, disability, or resignation of Trustee, or at the discretion of the Beneficiary, 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 an action or proceeding in which Grantors, Trustee, or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

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

16. ADDITIONAL TERMS AND CONDITIONS: (check one)

a. ☐ NONE

OR

b. ☒ As set forth on the attached "Exhibit A" which is incorporated by this reference.

(Note: If neither "a" nor "b" is checked, then option "a" applies)

Dated: May 6, 2015

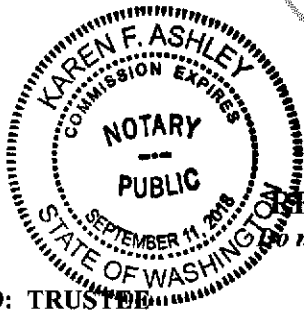
Gary Lohman
Gary Lohman

Gail Lohman
Gail Lohman

State of Washington }
County of Skagit } SS:

I certify that I know or have satisfactory evidence that **Gary Lohman and Gail Lohman**
the person(s) who appeared before me, and said person(s) acknowledged that they
signed this instrument and acknowledge it to be their free and voluntary act for the
uses and purposes mentioned in this instrument.

Dated: May 8th 2015



Karen Ashley
Karen Ashley
Notary Public in and for the State of Washington
Residing at: Sedro-Woolley
My appointment expires: 9/11/2018

REQUEST FOR FULL RECONVEYANCE
To 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, to cancel said note above mentioned, and all other evidences of indebtedness secured by said Deed of Trust delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you thereunder.

Dated _____,

Exhibit "A"

Lot B, Short Card No. PL-14-0339, approved November 26, 2014, recorded November 26, 2014, under Auditor's File No. 201411260087; being a portion of Lot 'B', Long Card No. PL-06-1046, approved May 8, 2007, recorded May 22, 2007, under Auditor's File No. 200705220073 and as amended by that Survey Map recorded December 24, 2007, under Auditor's File No. 200712240160, records of Skagit County, Washington, being a portion of the Southeast $\frac{1}{4}$ of the Northwest $\frac{1}{4}$, Section 27, Township 35 North, Range 4 East, W.M.

Situate in the County of Skagit, State of Washington.

CONSTRUCTION RIDER, EXHIBIT A

This Construction Rider is made a part of that certain Deed of Trust to be entered into by and between GARY LOHMAN AND GAIL LOHMAN as Grantor (also sometimes referred to herein as *Borrower*) under the Deed of Trust, and JAMES A. COOK and TERRI E. COOK, as Beneficiaries of the said Deed of Trust concerning County Tax Parcel Number P126123. The following terms and conditions become a part of the Deed of Trust and modify the terms set forth therein. To the extent that any of the provisions set forth below conflict with any provisions of the Form Deed of Trust, the provisions contained in this Rider shall be controlling.

1. Construction. The Grantor shall complete construction work on the property secured by this Deed of Trust within the time frames specified in the Master Construction Loan Agreement, or amendments thereto. If construction plans are required for the project, the Grantor will provide these to Lenders. Grantor shall perform construction in accordance with its construction budget, as provided to Lenders.
2. Use of Funds. The loan funds which are secured by this Deed of Trust shall be used solely by the Grantor for the purpose of the construction of the residence referenced in the preceding paragraph. No part of the loan proceeds shall be used to pay charges not directly connected with development of the described real property and the construction of improvements on the mortgaged premises.
3. Conditional Release of Funds. Project improvement funds shall be released when the Beneficiary's construction inspector provides notice to the Beneficiaries, by written certification, that the work is completed by the general contractor/Grantor in accordance with the approved budget, specifications and the schedule stated in the Construction Loan Agreement, or amendments thereto.
4. Failure to Complete. Construction of the work to be completed on the mortgaged premises shall be in accordance with the approved budget, specifications and completion schedule referenced herein above, with construction to be completed to the reasonable satisfaction of the Beneficiaries and their representative, based on the agreed budget. If the work on such construction or remodel ceases before completion and the work remains abandoned for a period of thirty days, or in the event the work is not completed to the reasonable satisfaction of the Beneficiaries, then the entire principal sum secured by this Deed of Trust and interest thereon may at once become due and payable at the option of the Beneficiaries.
5. Compliance with Building Regulations. Grantor will comply with all statutes, ordinances and governmental requirements affecting the mortgaged premises and the erection, repair, or removal of any buildings or other improvements thereon. If the Grantor neglects, refuses to so comply, and such failure or refusal continues for a period of thirty days after written notice, then at the option of the Beneficiaries hereunder and upon written notice thereof, the entire balance of the principal sums secured hereby, together with all accrued interest, will immediately become due and payable.
6. Beneficiary's Right to Complete Construction. In the event the work on the construction of the building or buildings to be erected on the mortgaged premises is abandoned for a period of thirty days, the Beneficiaries may, at their option, enter upon the premises through such agents and contractors as they may hereafter elect and complete construction of the building or buildings in accordance with the plans and specifications approved by the county building authority. In such event, Grantor gives the Beneficiaries full power and authority to make such entry and to enter into such contracts or

arrangements as may be necessary to complete the building or buildings. Money expended by the Beneficiaries in connection with such completion of construction shall be payable by the Grantor on demand and until such payment is made shall be added to the principal amount of the Note secured by this Deed of Trust and shall bear interest at the rate set forth in the Note. The Beneficiaries shall have the right to seek the appointment of a receiver in order to enforce the rights granted hereunder by the Grantor. In the event that the Lenders find it necessary to obtain an injunction or obtain other equitable relief, which might require the posting of a bond by the Beneficiaries, the Beneficiaries shall have the right to obtain such relief without the necessity of posting a bond as a condition of granting such relief or injunction. In furtherance of the right to complete construction, Grantor hereby grants to Beneficiary a security interest in the building and other construction related permits, the plans and specifications, the orders of materials and supplies from vendors to the project, the mitigation, connection or development fees paid by Grantors to municipal entities or utility services, and the right to execute assignment of such permits or entitlements in the name of Grantor for the benefit of Beneficiary. Grantor's appointment of Beneficiary as Attorney-in-Fact for Grantor.

7. Rights of Lender. If, in the opinion of Lender, any work in connection with construction of the Improvements has not been done, or is not being done in accordance with good building practices, in accordance with any Law (as defined above), or in accordance with the approved Plans and Specifications, or is otherwise unsatisfactory, Lender shall have the right, without waiver of default or of any other right of Lender, to stop said work and order its replacement or correction, whether or not such work has theretofore been incorporated in the Improvements, and shall be entitled to withhold all further disbursements until such work has been corrected. Failure of Borrower to make corrections, within fifteen (15) days after demand from Lender, or other reasonable period as is then applicable and approved shall constitute a further event of default hereunder.

8. Disbursements. Disbursement of loan funds may be paid to Borrower, or, at the option of Lender, to Borrower jointly with the contractor, materialmen, laborers, or subcontractors engaged in the construction work, or, at the option of Lender, directly to the contractor, materialmen, laborers or subcontractors engaged in the construction work, and at such times as the construction has, to the satisfaction of Lender, reached certain stages in accordance with the Plans and Specifications. Borrower agrees that Lender may stamp the back of any Loan proceeds check, or Borrower check with a "Lien Waiver" stamp. In the alternative, Borrower will prepare a Lien Release, in a form satisfactory to Lender for signature by either the contractor, materialmen, laborers or subcontractors, in exchange for payment, as more fully described below.

9. Lien Releases. Prior to each and any disbursement, Lender may require, as a condition to such advance, that Borrower obtain from all subcontractors and materialmen, an acknowledgment of payment and release of lien through the date covered by the last advance, or the last date on which the contractor, subcontractor, or materialman performed services on or furnished material for the construction, as the case may be. Such acknowledgment and release shall be in standard form approved by Lender and shall cover all work done, labor performed and materials furnished or rented with respect to the Property and/or the Improvements

10. Discharge of Liens. Borrower shall not allow any lien (statutory or otherwise) of any type to be recorded with respect to the Property, any Improvement or any portion of the same. Borrower shall give to Lender immediate written notice of the filing or recording of any such lien. In the event that any such lien is recorded, Lender may, without waiver of such default by Borrower or of any of Lender's other rights or remedies, cause such lien to be discharged (or may accept an assignment of rights of lienholder) by any lawful means. All costs incurred by Lender in connection with such lien

shall be repaid to Lender immediately upon demand, and until repaid such sums shall bear interest at the applicable rate under the Note and shall be secured by the Trust Deed. Borrower's obligations under this paragraph is subject to Borrower's right to dispute and contest in good faith any lien filed against the Property, so long as such dispute or contest does not materially impair the Lender's security and there is deposited with Lender or the Title Company an amount sufficient to satisfy said lien, any interest that may accrue thereon, and any expenses, including attorney's fees, which may or could be incurred in connection therewith, such amount generally shall be in the amount of the lien, plus \$100.00, unless a bond is posted by the Borrower to the satisfaction of the Lender. Borrower shall be required to obtain from the Title Company an endorsement to Lender's title policy insuring that Lender's Deed of Trust is in a prior position and insuring against any loss by reason of said lien. Written acknowledgment and consent to contest a lien shall be received from Lender, in advance and in Lender's sole discretion.


11. Insurance. Prior to Closing, Borrower shall obtain, and thereafter Borrower shall keep continuously in effect, the property and casualty policies of insurance, in such form and issued by such companies as are reasonably acceptable to Lender. Verification of insurance coverage shall be delivered to Lender in writing and shall provide for thirty (30) days written notice to Lender prior to cancellation or amendment and for full waiver of subrogation in favor of Lender.

12. Diligent Completion. The Grantor hereunder agrees to diligently pursue completion of the construction work upon the subject premises once the same is commenced and to engage in all reasonable acts to protect the collateral from waste and vandalism.

13. Granting of Consents. The Beneficiaries and their representatives shall not unreasonably withhold their consents or approvals to any matters requiring approval by them.

Read and Approved on the 6TH day of MAY, 15 by:

Grantor:



GARY LOHMAN



GAIL LOHMAN