

FILED FOR RECORD AT THE
REQUEST OF/RETURN TO:
Skagit Law Group, PLLC
227 Freeway Drive, Suite B - P.O. Box 336
Mount Vernon, WA 98273



201512140103

Skagit County Auditor \$80.00
12/14/2015 Page 1 of 7 1:40PM

SECOND DEED OF TRUST

Grantor (s): SCOTT A. MORRIS and BRITA L. MORRIS,
husband and wife

Grantee (s): MOE BROTHERS, LLC,
a Washington limited liability company

Additional Grantor(s) on page(s):
Additional Grantee(s) on page(s):

Abbreviated Legal: ptn Gov. Lot 7, S25-T34N-R3E, W.M.
Additional Legal on page(s): Exhibit "A"

Assessor's Tax Parcel No.: P22684 / 340325-0-017-0009

THIS SECOND DEED OF TRUST ("deed of trust"), made December 7, 2015, between SCOTT A. MORRIS and BRITA L. MORRIS, husband and wife, as Grantors, whose address is 16898 Penn Road, Mount Vernon, Washington, 98273 and Land Title Company of Skagit County, as Trustee, whose address is P. O. Box 445, 111 E. George Hopper Road, Burlington, Washington, 98233, and MOE BROTHERS, LLC, a Washington limited liability company, as Beneficiary, whose address is 16706 Penn Road, Mount Vernon, Washington, 98273.

WITNESSETH: Grantor hereby bargains, sells and conveys to Trustee in Trust, with power of sale, the following described real property in Skagit County, Washington: See Exhibit "A" attached hereto and incorporated herein by this reference, which real property is not used principally for agricultural or farming 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 thereof.

This deed of trust is for the purpose of securing performance of each agreement of grantor herein contained, and payment of the sum of **\$125,000.00** 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 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 at such rate as shall be agreed upon.

To protect the security of this deed of trust, grantor covenants and agrees:

- 1) To keep the property in good condition and repair; to permit no waste thereof; to complete any building, structure or improvements thereon 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 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 described herein continuously insured against loss by fire hazards in an amount not less than the replacement value or \$260,000.00, whichever is greater. 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 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 grantor 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 hereby and trustee's and attorney's fees actually incurred, as provided by statute.
- 6) Should grantor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the property hereinabove described, beneficiary may pay the same, and the amount so paid, with interest at the rate set forth in the note secured hereby, shall be added to and become a part of the debt secured in this deed of trust. If

grantor is a corporation, limited liability company or other business entity, grantor's failure to maintain good standing with the state in which grantor was formed shall constitute an event of default.

IT IS MUTUALLY AGREED THAT:

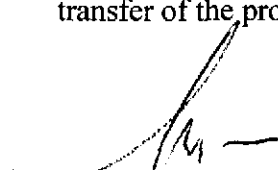
- 1) In the event any portion of the property is taken or damaged in an eminent domain proceeding, the entire amount of the award or such portions as may be necessary to fully satisfy the obligation secured hereby, shall be paid to beneficiary to be applied to said obligation.
- 2) By accepting payment 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 so secured or to declare default for failure to so pay.
- 3) 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 grantor and the beneficiary, or upon satisfaction of the obligation secured and 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 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 fees; (2) to the obligation secured by this deed of trust; and, (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 property which grantor had or had the power to convey at the time of its execution of this deed of trust, and such as it may have acquired thereafter. Trustee's deeds 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 encumbrancers 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) In the event of the death, incapacity, disability or resignation of trustee, 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.
- 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 and assigns. The term beneficiary shall mean the holder and owner of the note secured hereby, whether or not named as beneficiary herein.
- 9) The Grantor hereby absolutely, unconditionally and immediately conveys, transfers and assigns unto Beneficiary, their successors and assigns, all the rights, interest, and privileges which Grantor, as Lessor, has and may have in the rentals or leases of the Property (including all rental arrangements including month to month tenancies or lease agreements, written or oral, all of which will be hereafter referred to as the "Leases") and including all proceeds payable under any policy of insurance covering loss of rents resulting from untenability caused by destruction or damage to the premises, now existing or hereafter made and affecting the Property. In the event of default by the Grantor in the payment of any indebtedness secured hereby or the performance of any other agreement, obligation or condition in this deed of trust, the beneficiary shall be entitled to collect and retain the rents, issues and profits from said property or any part thereof, either with or without taking possession.
- 10) Beneficiary hereby grants to Grantor a license to collect, so long as no default occurs under the terms of said Note and Deed of Trust, said deposits, rents, income, and profits from the aforementioned leases and to retain, use, and enjoy the same; provided, however, that even before default occurs no rent shall be collected or accepted more than two (2) months in advance without the prior written consent of the Beneficiary. Anything to the contrary notwithstanding, Grantor hereby assigns to Beneficiary any award made hereafter to it in any court procedure involving any of the lessees in any bankruptcy, insolvency, or reorganization proceedings in any state or federal court; and any and all payments made by lessees in lieu of rent. Grantor hereby appoints Beneficiary as its irrevocable attorney in fact to appear in any action and/or to collect any such award or payment; provided, that so long as no default occurs under the terms of the Note and Deed of Trust, Grantor may collect and retain such award or payment the same as rent.

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TRANSFER OF PROPERTY; ASSUMPTION:

- 1) Beneficiary may declare all sums secured by this deed of trust to be immediately due and payable if all or any part of the property or any interest therein is sold or transferred by grantors without beneficiary's prior written consent.
- 2) Beneficiary shall waive the option to accelerate if, prior to sale or transfer, the beneficiary and the person to whom the property is to be sold or transferred reach an agreement, in writing, that the credit of such person is satisfactory to beneficiary and the interest payable on the sum secured by this deed of trust shall be at such rate as beneficiary requests. Beneficiary will not unreasonably withhold consent.
- 3) The foregoing provisions for acceleration or increase in interest rate shall not apply if: (a) the conveyance or transfer is to create a lien or encumbrance subordinate to this deed of trust; (b) the transfer is by devise or descent upon the death of one of the grantors, or in trust for the benefit of the grantors
- 4) Any consent to transfer by beneficiary will not relieve grantors from liability on the debt secured by this deed of trust or the terms of this deed of trust.
- 5) Beneficiary shall be entitled to charge a fee as a condition to such consent, such fee to be equal to the reasonable costs incurred by the beneficiary by way of securing credit reports, financial statements, legal advice, and other costs reasonably and properly associated with the granting of such consent.
- 6) If grantor, or any successor in interest to grantor is a corporation, limited liability company or association, the sale or assignment of any stock, membership units or interest in such corporation, limited liability company or association (for other than security purposes) in the aggregate in excess of forty-five percent (45%) in any two-year period, shall be deemed a transfer of the property.


SCOTT A. MORRIS

Date: December 7, 2015

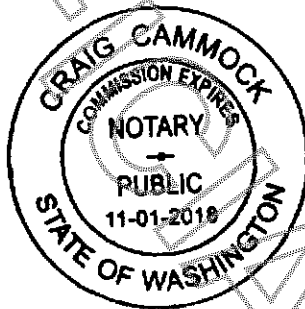

BRITA L. MORRIS

Date: December 7, 2015

State of Washington)
) ss
County of Skagit)

I certify that I know or have satisfactory evidence that SCOTT A. MORRIS is the person who appeared before me and said person acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

Dated: December 7, 2015.



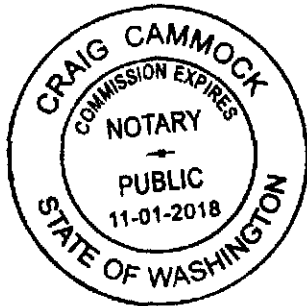
(Signature) _____
NOTARY PUBLIC
CRAIG CAMMOCK

Print Name of Notary
My appointment expires: 11-1-2018

State of Washington)
) ss
County of Skagit)

I certify that I know or have satisfactory evidence that BRITA L. MORRIS is the person who appeared before me and said person acknowledged that she signed this instrument and acknowledged it to be her free and voluntary act for the uses and purposes mentioned in the instrument.

Dated: December 7, 2015.



(Signature) _____
NOTARY PUBLIC
CRAIG CAMMOCK

Print Name of Notary
My appointment expires: 11-1-2018

EXHIBIT A

That portion of Government Lot 7, Section 25, Township 34 North, Range 3 East, W.M., described as follows:

Commencing at the South 1/4 corner of said Section 25, Township 34 North, Range 3 East, W.M. from which the Southwest corner of Section 25 bears North $89^{\circ}57'31''$ West a distance of 2,660.47 feet;
thence from said South 1/4 corner North $0^{\circ}05'24''$ West for a distance of 20.00 feet to an angle point in the Northerly right-of-way margin of Calhoun Road and being the TRUE POINT OF BEGINNING;
thence North $89^{\circ}46'44''$ East along said Northerly right-of-way margin for a distance of 224.32 feet, more or less, to the Southwest corner of that certain parcel conveyed to Deana R. Strom, a married woman, as her separate property by Statutory Warranty deed recorded under Auditor's File No. 200706280155;
thence North $0^{\circ}13'16''$ West along the West line of said Strom parcel for a distance of 208.00 feet, to the Northwest corner thereof;
thence North $89^{\circ}46'44''$ East along the North line of said Strom parcel for a distance of 88.74 feet, more or less, to the Westerly right-of-way margin of Penn Road as shown on that certain Skagit County Public Works Department map titled Penn Road dated January 22, 1975;
thence North $32^{\circ}13'15''$ West along said Westerly right-of-way margin for a distance of 125.31 feet to a point of curvature;
thence along the arc of said curve to the right, concave to the Northeast, having a radius of 1,448.89 feet, through a central angle of $10^{\circ}56'40''$ an arc distance of 276.76 feet to a point of tangency;
thence North $21^{\circ}16'35''$ West for a distance of 94.07 feet;
thence leaving said Westerly right-of-way margin, South $73^{\circ}46'21''$ West for a distance of 246.28 feet;
thence South $0^{\circ}13'16''$ East for a distance of 580.73 feet, more or less, to the Northerly right-of-way margin of Calhoun Road at a point bearing North $89^{\circ}57'31''$ West from the TRUE POINT OF BEGINNING;
thence South $89^{\circ}57'31''$ East along said Northerly right-of-way margin for a distance of 147.30 feet, more or less, to the TRUE POINT OF BEGINNING.

EXCEPT dike, ditch and road right-of-ways, if any.

SUBJECT TO and TOGETHER WITH easements, reservations, restrictions, covenants, liens, leases, court causes and other instruments of record.

Situate in the County of Skagit, State of Washington.

SUBJECT TO: Easements, restrictions and reservations of record.

EXHIBIT "A"