

When recorded return to:  
JOHNSTON INDUSTRIES, INC.  
P.O. BOX 5503  
BELLINGHAM, WA 98227

WHATCOM LAND TITLE  
Attn: Becca Wilson  
2011 Young St  
Bellingham WA 98225

File for Record at Request of  
WHATCOM LAND TITLE CO., INC.  
Escrow Number: W-134496



201611170053

Skagit County Auditor  
11/17/2016 Page

1 of

\$78.00

5 11:44AM

## DEED OF TRUST

*(For use in the State of Washington only)*

Grantor: SKAGIT UN, LTD, a Washington corporation  
Beneficiary: JOHNSTON INDUSTRIES, INC.  
Trustee: LAND TITLE COMPANY

THIS DEED OF TRUST, made this 18th day of October, 2016 between SKAGIT UN, LTD, a Washington corporation, GRANTOR, whose address is P.O. BOX 5503, BELLINGHAM, WA 98227, and LAND TITLE COMPANY, TRUSTEE, whose address is 111 E. GEORGE HOPPER RD/PO BOX 445, BURLINGTON, WA 98233 and JOHNSTON INDUSTRIES, INC., as BENEFICIARY, whose address is P.O. BOX 5503, BELLINGHAM, WA 98227.

WITNESSETH: Grantors hereby bargain(s), sell(s), and convey(s) to Trustee in trust, with power of sale, the following described real property in SKAGIT County, Washington:

Abbreviated Legal: LOT 2, SHORT PLAT 92-019; PTN SW 1/4 OF SE 1/4, 18-35-5 E W.M.

For Full Legal See Attached Exhibit "A"

Tax Parcel Number(s): 350518-4-024-0008 - PID P39408

**Land Title and Escrow**

#155789-0

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(s) contained in this Deed of Trust, and payment of the sum of **THREE HUNDRED THOUSAND AND NO/100 Dollars (\$300,000.00)** 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 Grantor's successors or assigns, together with interest thereon at such rate as shall be 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 **NOVEMBER 17, 2026**.

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 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 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.

This Deed of Trust is 2nd and subordinate to that certain Deed of Trust recorded on November 17, 2016, under Auditor's No. 201611 170053.

3. To keep all buildings now or hereafter erected on the property described herein 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 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.

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.

\_\_\_\_\_  
Grantor (Initials)

\_\_\_\_\_  
Beneficiary (Initials)

8. NO FURTHER ENCUMBRANCES: (OPTIONAL – *Not applicable unless initialed by Grantor and Beneficiary.*) As an express condition of Beneficiary making the loan secured by this Deed of Trust, Grantor shall not further encumber, pledge, mortgage, hypothecate, place any lien, charge or claim upon, or otherwise give as security the property or any interest therein nor cause or allow by operation of law the encumbrance of the Trust Estate or any interest therein without the written consent of a Beneficiary even though such encumbrance may be junior to the encumbrance created by this Deed of Trust. Encumbrance of the property contrary to the provisions of this provision shall constitute a default and Beneficiary may, at Beneficiary's option, declare the entire balance of principal and interest immediately due and payable, whether the same be created by Grantor or an unaffiliated third party asserting a judgment lien, mechanic's or materialmen's lien or any other type of encumbrance or title defect.

\_\_\_\_\_  
Grantor (Initials)

\_\_\_\_\_  
Beneficiary (Initials)

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 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.

2. 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.

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 by this Deed of Trust or in the performance of any agreement contained in this Deed of Trust, all sums secured hereby 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.

5. 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 Grantor had or had the power to convey at the time of the execution of this Deed of Trust, and such as Grantor 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 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 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 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 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.

9. ADDITIONAL TERMS AND CONDITIONS: (check one)

- a. ☐ NONE
- 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: October 18, 2016


SKAGIT UN, LTD, a Washington corporation

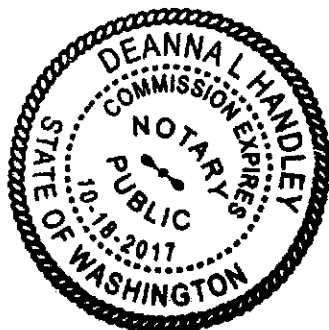
  
By: ROD JOHNSTON, President

STATE OF WASHINGTON }  
COUNTY OF WHATCOM } SS:

I certify that I know or have satisfactory evidence that ROD JOHNSTON  
is/are the person(s) who appeared before me,  
and said person(s) acknowledged that signed this instrument, and on oath stated that  
is/are authorized to execute the instrument and acknowledge it as the  
PRESIDENT of SKAGIT UN, LTD.  
to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated: 10-28-16

  
Notary Public in and for the State of Washington  
Residing at Bellingham  
My appointment expires: 10-18-17



**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, 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 2 OF SKAGIT COUNTY SHORT PLAT NO. 92-019, APPROVED AUGUST 25, 1995, RECORDED AUGUST 30, 1995, IN VOLUME 12 OF SHORT PLATS, PAGE 25, UNDER AUDITOR'S FILE NO. 9508300056, BEING A PORTION OF THE SOUTHWEST  $\frac{1}{4}$  OF THE SOUTHEAST  $\frac{1}{4}$  OF SECTION 18, TOWNSHIP 35 NORTH, RANGE 5 EAST, W.M., RECORDS OF SKAGIT COUNTY, WASHINGTON.

SITUATE IN THE CITY OF SEDRO-WOOLLEY, COUNTY OF SKAGIT, STATE OF WASHINGTON.