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Skagit County Auditor

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1 of

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Return to: Lenders Services
1044 Northwest Blvd., Suite B-210
Coeur d'Alene, ID 83814

GUARDIAN NORTHWEST TITLE CO.

DEED OF TRUST

113724

Grantor (Borrower): (1) Squires, Steven N.

Grantee (Lender): (1) Harris, David; (2) Zeuschel, Jennifer; (3) McNamee, Brian; and
(4) Bailey, Adam.

Trustee: Kyle W. Nolte

Legal Description (abbreviated): Section 36, Township 36 North, Range 2 East; Ptn. Gov't Lots
3, 5, 6 and NE SW, Skagit County, Washington

Tax Parcel No: P47495, 360236-3-001-0007; P47496, 360236-3-002-0006; P47450, 360236-0-
011-0001; and P47446, 360236-0-008-0006

DEFINITIONS

Words used in multiple sections of this document are defined below and other words are defined in Sections 3, 11, 13, 18, 20 and 21. Certain rules regarding the usage of words used in this document are also provided in Section 16.

(A) **"Security Instrument"** means this document, which is dated April 12, 2017, together with all Riders to this document.

(B) **"Borrower"** is **STEVEN N. SQUIRES, an unmarried man**. Borrower's address is 6082 W. Edison Lane, Bow, WA 98232. Borrower is the trustor under this Security Instrument.

(C) **"Lender"** is **DAVID HARRIS, a married man, as his sole and separate property, as to a 40.00% interest, JENNIFER ZEUSCHEL, a married woman, as her sole and separate property, as to a 30.00% interest, BRIAN MCNAMEE, a married man as his sole and separate property, as to a 20.00% interest, and ADAM BAILEY, a single man, as to a 10.00% interest**. Lender's address is C/O Lenders Services, 1044 NW Blvd., #B-210, Coeur d'Alene, ID 83816. Lender is the beneficiary under this Security Instrument.

(D) **"Trustee"** is Kyle W. Nolte. Trustee's address is Stamper Rubens, P.S., 720 W. Boone, Suite 200, Spokane, WA 99201.

(E) **"Note"** means the Balloon Note signed by Borrower and dated April 12, 2017. The Note states that Borrower owes Lender Two Hundred Fifty Thousand and no/100 Dollars (\$250,000.00) plus interest. Borrower has promised to pay this debt in regular Periodic Payments and to pay the debt in full not later than April 14, 2018.

(F) **"Property"** means the property that is described below under the heading "Transfer of Rights in the Property."

(G) **"Loan"** means the debt evidenced by the Note, plus interest, any prepayment charges and late charges due under the Note, and all sums due under this Security Instrument, plus interest.

(H) **"Riders"** means all Riders to this Security Instrument that are executed by Borrower. The following Riders are to be executed by Borrower: Assignment of Rents and Leases Rider.

(I) **"Applicable Law"** means all controlling applicable federal, state and local statutes, regulations, ordinances and administrative rules and orders (that have the effect of law) as well as all applicable final, non-appealable judicial opinions.

(J) **"Community Association Dues, Fees, and Assessments"** means all dues, fees, assessments and other charges that are imposed on Borrower or the Property by a condominium association, homeowners association or similar organization.

(K) **"Electronic Funds Transfer"** means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument, computer, or magnetic tape so as to order, instruct, or authorize a financial institution to debit or credit an account. Such term includes, but is not limited to, point-of-sale transfers, automated teller machine transactions, transfers initiated by telephone, wire transfers, and automated clearinghouse transfers.

(L) **"Escrow Items"** means those items that are described in Section 3.

(M) **"Miscellaneous Proceeds"** means any compensation, settlement, award of damages, or proceeds paid by any third party (other than insurance proceeds paid under the coverages described in Section 5) for: (i) damage to, or destruction of, the Property; (ii) condemnation or other taking of all or any part of the Property; (iii) conveyance in lieu of condemnation; or (iv) misrepresentations of, or omissions as to, the value and/or condition of the Property.

(N) **"Mortgage Insurance"** means insurance protecting Lender against the nonpayment of, or default on, the Loan.

(O) **"Periodic Payment"** means the regularly scheduled amount due for (i) principal and interest under the Note, plus (ii) any amounts under Section 3 of this Security Instrument.

(P) **"RESPA"** means the Real Estate Settlement Procedures Act (12 U.S.C. §2601 et seq.) and its implementing regulation, Regulation X (24 C.F.R. Part 3500), as they might be amended from time to time, or any additional or successor legislation or regulation that governs the same subject matter. As used in this Security Instrument, "RESPA" refers to all requirements and restrictions that are imposed in regard to a "federally related mortgage loan" even if the Loan does not qualify as a "federally related mortgage loan" under RESPA.

(Q) **"Successor in Interest of Borrower"** means any party that has taken title to the Property, whether or not that party has assumed Borrower's obligations under the Note and/or this Security Instrument.

TRANSFER OF RIGHTS IN THE PROPERTY

This Security Instrument secures to Lender: (i) the repayment of the Loan, and all renewals, extensions and modifications of the Note; and (ii) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in the County of Skagit, State of Washington:

COMPLETE LEGAL DESCRIPTION ATTACHED HERETO AND MADE A PART HEREOF AS EXHIBIT "A"

Tax Parcel No: P47495, 360236-3-001-0007; P47496, 360236-3-002-0006; P47450, 360236-0-011-0001; and P47446, 360236-0-008-0006

which currently has the address of 11286 Samish Island Rd., Bow, WA 98232 and NKA (Approx. 57.05 acres) in Bow, WA ("Property Address").

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property".

BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. Payment of Principal, Interest, Escrow Items, Prepayment Charges, and Late Charges. Borrower shall pay when due the principal of, and interest on, the debt evidenced by the Note and any prepayment charges and late charges due under the Note. Borrower shall also pay funds for Escrow Items pursuant to Section 3. Payments due under the Note and this Security Instrument shall be made in U.S. currency. However, if any check or other instrument received by Lender as payment under the Note or this Security Instrument is returned to Lender unpaid, Lender may require that any or all subsequent payments due under the Note and this Security Instrument be made in one or more of the following forms, as selected by Lender: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality, or entity; or (d) Electronic Funds Transfer.

Payments are deemed received by Lender when received at the location designated in the Note or at such other location as may be designated by Lender in accordance with the notice provisions in Section 15. Lender may return any payment or partial payment if the payment or partial payments are insufficient to bring the Loan current. Lender may accept any payment or partial payment insufficient to bring the Loan current, without waiver of any rights hereunder or prejudice to its rights to refuse such payment or partial payments in the future, but Lender is not obligated to apply such payments at the time such payments are accepted. If each Periodic Payment is applied as of its scheduled due date, then Lender need not pay interest on unapplied funds. Lender may hold such unapplied funds until Borrower makes payment to bring the Loan current. If Borrower does not do so within a reasonable period of time, Lender shall either apply such funds or return them to Borrower. If not applied earlier, such funds will be applied to the outstanding principal balance under the Note immediately prior to foreclosure. No offset or claim which Borrower might have now or in the future against Lender shall relieve Borrower from making payments due under the Note and this Security Instrument or performing the covenants and agreements secured by this Security Instrument.

2. Application of Payments or Proceeds. Except as otherwise described in this Section 2, all payments accepted and applied by Lender shall be applied in the following order of priority: (a) interest due under the Note; (b) principal due under the Note; (c) amounts due under Section 3. Such payments shall be applied

to each Periodic Payment in the order in which it became due. Any remaining amounts shall be applied first to late charges, second to any other amounts due under this Security Instrument, and then to reduce the principal balance of the Note.

If Lender receives a payment from Borrower for a delinquent Periodic Payment which includes a sufficient amount to pay any late charge due, the payment may be applied to the delinquent payment and the late charge. If more than one Periodic Payment is outstanding, Lender may apply any payment received from Borrower to the repayment of the Periodic Payments if, and to the extent that, each payment can be paid in full. To the extent that any excess exists after the payment is applied to the full payment of one or more Periodic Payments, such excess may be applied to any late charges due. Voluntary prepayments shall be applied first to any prepayment charges and then as described in the Note.

Any application of payments, insurance proceeds, or Miscellaneous Proceeds to principal due under the Note shall not extend or postpone the due date, or change the amount, of the Periodic Payments.

3. Funds for Escrow Items. Borrower shall pay to Lender on the day Periodic Payments are due under the Note, until the Note is paid in full, a sum (the "Funds") to provide for payment of amounts due for: (a) taxes and assessments and other items which can attain priority over this Security Instrument as a lien or encumbrance on the Property; (b) leasehold payments or ground rents on the Property, if any; and (c) premiums for any and all insurance required by Lender under Section 5. These items are called "Escrow Items". At origination or at any time during the term of the Loan, Lender may require that Community Association Dues, Fees, and Assessments, if any, be escrowed by Borrower, and such dues, fees and assessments shall be an Escrow Item. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this Section. Borrower shall pay Lender the Funds for Escrow Items unless Lender waives Borrower's obligation to pay the Funds for any or all Escrow Items. Lender may waive Borrower's obligation to pay to Lender Funds for any or all Escrow Items at any time. Any such waiver may only be in writing. In the event of such waiver, Borrower shall pay directly, when and where payable, the amounts due for any Escrow Items for which payment of Funds has been waived by Lender and, if Lender requires, shall furnish to Lender receipts evidencing such payment within such time period as Lender may require. Borrower's obligation to make such payments and to provide receipts shall for all purposes be deemed to be a covenant and agreement contained in this Security Instrument, as the phrase "covenant and agreement" is used in Section 9. If Borrower is obligated to pay Escrow Items directly, pursuant to a waiver, and Borrower fails to pay the amount due for an Escrow Item, Lender may exercise its rights under

Section 9 and pay such amount and Borrower shall then be obligated under Section 9 to repay to Lender any such amount. Lender may revoke the waiver as to any or all Escrow Items at any time by a notice given in accordance with Section 15 and, upon such revocation, Borrower shall pay to Lender all Funds, and in such amounts, that are then required under this Section 3. Lender shall estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with Applicable Law.

If there is a deficiency of Funds held in escrow, Lender shall notify Borrower, and Borrower shall pay to Lender the amount necessary to make up the deficiency, but in no more than 12 monthly payments.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender.

4. Charges; Liens. Borrower shall pay all taxes, assessments, charges, fines, and impositions attributable to the Property which can attain priority over this Security Instrument, leasehold payments or ground rents on the Property, if any, and Community Association Dues, Fees, and Assessments, if any. To the extent that these items are Escrow Items, Borrower shall pay them in the manner provided in Section 3.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender, but only so long as Borrower is performing such agreement; (b) contests the lien in good faith by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of the lien while those proceedings are pending, but only until such proceedings are concluded; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which can attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Within 10 days of the date on which that notice is given, Borrower shall satisfy the lien or take one or more of the actions set forth above in this Section 4.

Lender may require Borrower to pay a one-time charge for a real estate tax verification and/or reporting service used by Lender in connection with this Loan.

5. Property Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage" and any other hazards including, but not limited to, earthquakes and floods, for which Lender requires insurance. This insurance shall be maintained in the amounts (including deductible levels) and for the periods that Lender requires. What Lender requires pursuant to the preceding sentences can change during the term of the Loan. The insurance

carrier providing the insurance shall be chosen by Borrower subject to Lender's right to disapprove Borrower's choice, which right shall not be exercised unreasonably. Lender may require Borrower to pay, in connection with this Loan, either: (a) a one-time charge for flood zone determination, certification and tracking services; or (b) a one-time charge for flood zone determination and certification services and subsequent charges each time remapping or similar changes occur which reasonably might affect such determination or certification. Borrower shall also be responsible for the payment of any fees imposed by the Federal Emergency Management Agency in connection with the review of any flood zone determination resulting from an objection by Borrower.

If Borrower fails to maintain any of the coverages described above, Lender may obtain insurance coverage, at Lender's option and Borrower's expense. Lender is under no obligation to purchase any particular type or amount of coverage. Therefore, such coverage shall cover Lender, but might or might not protect Borrower, Borrower's equity in the Property, or the contents of the Property, against any risk, hazard or liability and might provide greater or lesser coverage than was previously in effect. Borrower acknowledges that the cost of the insurance coverage so obtained might significantly exceed the cost of insurance that Borrower could have obtained. Any amounts disbursed by Lender under this Section 5 shall become additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.

All insurance policies required by Lender and renewals of such policies shall be subject to Lender's right to disapprove such policies, shall include a standard mortgage clause, and shall name Lender as mortgagee and/or as an additional loss payee. Lender shall have the right to hold the policies and renewal certificates. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. If Borrower obtains any form of insurance coverage, not otherwise required by Lender, for damage to, or destruction of, the Property, such policy shall include a standard mortgage clause and shall name Lender as mortgagee and/or as an additional loss payee.

In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower. Unless Lender and Borrower otherwise agree in writing, any insurance proceeds, whether or not the underlying insurance was required by Lender, shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration period, Lender shall have the right to hold such insurance proceeds until Lender has had an opportunity to inspect such Property to ensure the work has been completed to Lender's satisfaction, provided that such

inspection shall be undertaken promptly. Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such insurance proceeds, Lender shall not be required to pay Borrower any interest or earnings on such proceeds. Fees for public adjusters, or other third parties, retained by Borrower shall not be paid out of the insurance proceeds and shall be the sole obligation of Borrower. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower. Such insurance proceeds shall be applied in the order provided for in Section 2.

If Borrower abandons the Property, Lender may file, negotiate and settle any available insurance claim and related matters. If Borrower does not respond within 30 days to a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may negotiate and settle the claim. The 30-day period will begin when the notice is given. In either event, or if Lender acquires the Property under Section 22 or otherwise, Borrower hereby assigns to Lender (a) Borrower's rights to any insurance proceeds in an amount not to exceed the amounts unpaid under the Note or this Security Instrument, and (b) any other of Borrower's rights (other than the right to any refund of unearned premiums paid by Borrower) under all insurance policies covering the Property, insofar as such rights are applicable to the coverage of the Property. Lender may use the insurance proceeds either to repair or restore the Property or to pay amounts unpaid under the Note or this Security Instrument, whether or not then due.

6. Occupancy. If the property is the personal residence of Borrower, Borrower shall occupy, establish, and use the Property as Borrower's principal residence within 60 days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control.

7. Preservation, Maintenance and Protection of the Property; Inspections. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate or commit waste on the Property. Whether or not Borrower is residing in the Property, Borrower shall maintain the Property in order to prevent the Property from deteriorating or decreasing in value due to its condition. Unless it is determined pursuant to Section 5 that repair or restoration is not economically feasible, Borrower shall promptly repair the Property if damaged to avoid further deterioration or damage. If insurance or condemnation proceeds are paid in connection with damage to, or the taking of, the Property,

Borrower shall be responsible for repairing or restoring the Property only if Lender has released proceeds for such purposes. Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. If the insurance or condemnation proceeds are not sufficient to repair or restore the Property, Borrower is not relieved of Borrower's obligation for the completion of such repair or restoration.

Lender or its agent may make reasonable entries upon and inspections of the Property. If it has reasonable cause, Lender may inspect the interior of the improvements on the Property. Lender shall give Borrower notice at the time of or prior to such an interior inspection specifying such reasonable cause.

8. Borrower's Loan Application. Borrower shall be in default if, during the Loan application process, Borrower or any persons or entities acting at the direction of Borrower or with Borrower's knowledge or consent gave materially false, misleading, or inaccurate information or statements to Lender (or failed to provide Lender with material information) in connection with the Loan. Material representations include, but are not limited to, representations concerning Borrower's occupancy of the Property as Borrower's principal residence.

9. Protection of Lender's Interest in the Property and Rights Under this Security Instrument. If (a) Borrower fails to perform the covenants and agreements contained in this Security Instrument, (b) there is a legal proceeding that might significantly affect Lender's interest in the Property and/or rights under this Security Instrument (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture, for enforcement of a lien which may attain priority over this Security Instrument or to enforce laws or regulations), or (c) Borrower has abandoned the Property, then Lender may do and pay for whatever is reasonable or appropriate to protect Lender's interest in the Property and rights under this Security Instrument, including protecting and/or assessing the value of the Property, and securing and/or repairing the Property. Lender's actions can include, but are not limited to: (a) paying any sums secured by a lien which has priority over this Security Instrument; (b) appearing in court; and (c) paying reasonable attorneys' fees to protect its interest in the Property and/or rights under this Security Instrument, including its secured position in a bankruptcy proceeding. Securing the Property includes, but is not limited to, entering the Property to make repairs, change locks, replace or board up doors and windows, drain water from pipes, eliminate building or other code violations or dangerous conditions, and have utilities turned on or off. Although Lender may take action under this Section 9, Lender does not have to do so and is not under any duty or obligation to do so. It is agreed that Lender incurs no liability for not taking any or all actions authorized under this Section 9.

Any amounts disbursed by Lender under this Section 9 shall become additional debt of Borrower secured by this Security Instrument. These amounts

shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.

If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

10. Mortgage Insurance. Not required.

11. Assignment of Miscellaneous Proceeds; Forfeiture. All Miscellaneous Proceeds are hereby assigned to and shall be paid to Lender.

If the Property is damaged, such Miscellaneous Proceeds shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration period, Lender shall have the right to hold such Miscellaneous Proceeds until Lender has had an opportunity to inspect such Property to ensure the work has been completed to Lender's satisfaction, provided that such inspection shall be undertaken promptly. Lender may pay for the repairs and restoration in a single disbursement or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such Miscellaneous Proceeds, Lender shall not be required to pay Borrower any interest or earnings on such Miscellaneous Proceeds. If the restoration or repair is not economically feasible or Lender's security would be lessened, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower. Such Miscellaneous Proceeds shall be applied in the order provided for in Section 2.

In the event of a total taking, destruction, or loss in value of the Property, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the partial taking, destruction, or loss in value, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the Miscellaneous Proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the partial taking, destruction, or loss in value divided by (b) the fair market value of the Property immediately before the partial taking, destruction, or loss in value. Any balance shall be paid to Borrower.

UNRECORDED

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is less than the amount of the sums secured immediately before the partial taking, destruction, or loss in value, unless Borrower and Lender otherwise agree in writing, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the Opposing Party (as defined in the next sentence) offers to make an award to settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the Miscellaneous Proceeds either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due. "Opposing Party" means the third party that owes Borrower Miscellaneous Proceeds or the party against whom Borrower has a right of action in regard to Miscellaneous Proceeds.

Borrower shall be in default if any action or proceeding, whether civil or criminal, is begun that, in Lender's judgment, could result in forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument. Borrower can cure such a default and, if acceleration has occurred, reinstate as provided in Section 19, by causing the action or proceeding to be dismissed with a ruling that, in Lender's judgment, precludes forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument. The proceeds of any award or claim for damages that are attributable to the impairment of Lender's interest in the Property are hereby assigned and shall be paid to Lender.

All Miscellaneous Proceeds that are not applied to restoration or repair of the Property shall be applied in the order provided for in Section 2.

12. Borrower Not Released; Forbearance By Lender Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to Borrower or any Successor in Interest of Borrower shall not operate to release the liability of Borrower or any Successors in Interest of Borrower. Lender shall not be required to commence proceedings against any Successor in Interest of Borrower or to refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or any Successors in Interest of Borrower. Any forbearance by Lender in exercising any right or remedy including, without limitation, Lender's acceptance of payments from third persons, entities or Successors in Interest of Borrower or in amounts less than the amount then due, shall not be a waiver of or preclude the exercise of any right or remedy.

13. Joint and Several Liability; Co-signers; Successors and Assigns Bound. Borrower covenants and agrees that Borrower's obligations and liability shall be joint and several. However, any Borrower who co-signs this Security Instrument but does not execute the Note (a "co-signer"): (a) is co-signing this Security Instrument only to mortgage, grant and convey the co-signer's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower can agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without the co-signer's consent.

Subject to the provisions of Section 18, any Successor in Interest of Borrower who assumes Borrower's obligations under this Security Instrument in writing, and is approved by Lender, shall obtain all of Borrower's rights and benefits under this Security Instrument. Borrower shall not be released from Borrower's obligations and liability under this Security Instrument unless Lender agrees to such release in writing. The covenants and agreements of this Security Instrument shall bind (except as provided in Section 20) and benefit the successors and assigns of Lender.

14. Loan Charges. Lender may charge Borrower fees for services performed in connection with Borrower's default, for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument, including, but not limited to, attorneys' fees, property inspection and valuation fees. In regard to any other fees, the absence of express authority in this Security Instrument to charge a specific fee to Borrower shall not be construed as a prohibition on the charging of such fee. Lender may not charge fees that are expressly prohibited by this Security Instrument or by Applicable Law.

If the Loan is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the Loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge (whether or not a prepayment charge is provided for under the Note). Borrower's acceptance of any such refund made by direct payment to Borrower will constitute a waiver of any right of action Borrower might have arising out of such overcharge.

15. Notices. All notices given by Borrower or Lender in connection with this Security Instrument must be in writing. Any notice to Borrower in connection with this Security Instrument shall be deemed to have been given to

Borrower when mailed by first class mail or when actually delivered to Borrower's notice address if sent by other means. Notice to any one Borrower shall constitute notice to all Borrowers unless Applicable Law expressly requires otherwise. The notice address shall be the Property Address unless Borrower has designated a substitute notice address by notice to Lender. Borrower shall promptly notify Lender of Borrower's change of address. If Lender specifies a procedure for reporting Borrower's change of address, then Borrower shall only report a change of address through that specified procedure. There may be only one designated notice address under this Security Instrument at any one time. Any notice to Lender shall be given by delivering it or by mailing it by first class mail to Lender's address stated herein unless Lender has designated another address by notice to Borrower. Any notice in connection with this Security Instrument shall not be deemed to have been given to Lender until actually received by Lender. If any notice required by this Security Instrument is also required under Applicable Law, the Applicable Law requirement will satisfy the corresponding requirement under this Security Instrument.

16. Governing Law; Severability; Rules of Construction. This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. All rights and obligations contained in this Security Instrument are subject to any requirements and limitations of Applicable Law. Applicable Law might explicitly or implicitly allow the parties to agree by contract or it might be silent, but such silence shall not be construed as a prohibition against agreement by contract. In the event that any provision or clause of this Security Instrument or the Note conflicts with Applicable Law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision.

As used in this Security Instrument: (a) words of the masculine gender shall mean and include corresponding neuter words or words of the feminine gender; (b) words in the singular shall mean and include the plural and vice versa; and (c) the word "may" gives sole discretion without any obligation to take any action.

17. Borrower's Copy. Borrower shall be given one copy of the Note and of this Security Instrument.

18. Transfer of the Property or a Beneficial Interest in Borrower. As used in this Section 18, "Interest in the Property" means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Borrower at a future date to a purchaser.

If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in

Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

19. Borrower's Right to Reinstate After Acceleration. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earliest of: (a) eleven days before sale of the Property pursuant to any power of sale contained in this Security Instrument; (b) such other period as Applicable Law might specify for the termination of Borrower's right to reinstate; or (c) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees, property inspection and valuation fees, and other fees incurred for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument; and (d) takes such action as Lender may reasonably require to assure that Lender's interest in the Property and rights under this Security Instrument, and Borrower's obligation to pay the sums secured by this Security Instrument, shall continue unchanged. Lender may require that Borrower pay such reinstatement sums and expenses in one or more of the following forms, as selected by Lender: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality or entity; or (d) Electronic Funds Transfer. Upon reinstatement by Borrower, this Security Instrument and obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under Section 18.

20. Sale of Note; Change of Loan Servicer; Notice of Grievance. The Note or a partial interest in the Note (together with this Security Instrument) can be sold one or more times without prior notice to Borrower. A sale might result in a change in the entity (known as the "Loan Servicer") that collects Periodic Payments due under the Note and this Security Instrument and performs other

UNREGISTERED
mortgage loan servicing obligations under the Note, this Security Instrument, and Applicable Law. There also might be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change which will state the name and address of the new Loan Servicer, the address to which payments should be made and any other information RESPA requires in connection with a notice of transfer of servicing. If the Note is sold and thereafter the Loan is serviced by a Loan Servicer other than the purchaser of the Note, the mortgage loan servicing obligations to Borrower will remain with the Loan Servicer or be transferred to a successor Loan Servicer and are not assumed by the Note purchaser unless otherwise provided by the Note purchaser.

Neither Borrower nor Lender may commence, join, or be joined to any judicial action (as either an individual litigant or the member of a class) that arises from the other party's actions pursuant to this Security Instrument or that alleges that the other party has breached any provision of, or any duty owed by reason of, this Security Instrument, until such Borrower or Lender has notified the other party (with such notice given in compliance with the requirements of Section 15) of such alleged breach and afforded the other party hereto a reasonable period after the giving of such notice to take corrective action. If Applicable Law provides a time period which must elapse before certain action can be taken, that time period will be deemed to be reasonable for purposes of this paragraph. The notice of acceleration and opportunity to cure given to Borrower pursuant to Section 22 and the notice of acceleration given to Borrower pursuant to Section 18 shall be deemed to satisfy the notice and opportunity to take corrective action provisions of this Section 20.

21. Hazardous Substances. As used in this Section 21: (a) "Hazardous Substances" are those substances defined as toxic or hazardous substances, pollutants, or wastes by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials; (b) "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection; (c) "Environmental Cleanup" includes any response action, remedial action, or removal action, as defined in Environmental Law; and (d) an "Environmental Condition" means a condition that can cause, contribute to, or otherwise trigger an Environmental Cleanup.

Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances, or threaten to release any Hazardous Substances, on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property (a) that is in violation of any Environmental Law, (b) which creates an Environmental Condition, or (c) which, due to the

presence, use, or release of a Hazardous Substance, creates a condition that adversely affects the value of the Property. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property (including, but not limited to, hazardous substances in consumer products).

Borrower shall promptly give Lender written notice of (a) any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge, (b) any Environmental Condition, including but not limited to, any spilling, leaking, discharge, release or threat of release of any Hazardous Substance, and (c) any condition caused by the presence, use or release of a Hazardous Substance which adversely affects the value of the Property. If Borrower learns, or is notified by any governmental or regulatory authority, or any private party, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law. Nothing herein shall create any obligation on Lender for an Environmental Cleanup.

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

22. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under Section 18 unless Applicable Law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Property at public auction at a date not less than 120 days in the future. The notice shall further inform Borrower of the right to reinstate after acceleration, the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration and sale, and any other matters required to be included in the notice by Applicable Law. If the default is not cured on or before the date specified in the notice, Lender at its option, may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the power of sale and/or any other remedies permitted by Applicable Law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this Section 22,

including, but not limited to, reasonable attorneys' fees and costs of title evidence.

If Lender invokes the power of sale, Lender shall give written notice to Trustee of the occurrence of an event of default and of Lender's election to cause the Property to be sold. Trustee and Lender shall take such action regarding notice of sale and shall give such notices to Borrower and to other persons as Applicable Law may require. After the time required by Applicable Law and after publication of the notice of sale, Trustee, without demand on Borrower, 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 or more parcels and in any order Trustee determines. Trustee may postpone sale of the Property for a period or periods permitted by Applicable Law by public announcement at the time and place fixed in the notice of sale. Lender or its designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property without any covenant or warranty, 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 expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it or to the clerk of the superior court of the county in which the sale took place.

23. Reconveyance. Upon payment of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey the Property and shall surrender this Security Instrument and all notes evidencing debt secured by this Security Instrument to Trustee. Trustee shall reconvey the Property without warranty to the person or persons legally entitled to it. Such person or persons shall pay any recordation costs and the Trustee's fee for preparing the reconveyance.


24. Use of Property. The Property is not used principally for agricultural purposes.

25. Attorneys' Fees. Lender shall be entitled to recover its reasonable attorneys' fees and costs in any action or proceeding to construe or enforce any term of this Security Instrument. The term "attorneys' fees," whenever used in this Security Instrument, shall include without limitation attorneys' fees incurred by Lender in any bankruptcy proceeding or on appeal.

UNOFFICIAL DOCUMENT

**ORAL AGREEMENTS OR ORAL COMMITMENTS TO
LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR
FROM ENFORCING REPAYMENT OF A DEBT ARE NOT
ENFORCEABLE UNDER WASHINGTON LAW.**

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any Rider executed by Borrower and recorded with it.



Steven N. Squires

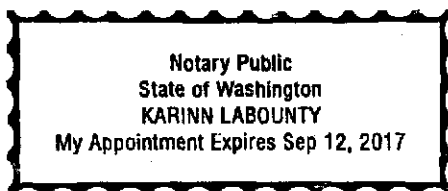
STATE OF WASHINGTON)


) ss.

County of Skagit)

On this day personally appeared before me **Steven N. Squires**, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal on April 13, 2017




Notary Public in and for the State
of Washington, residing at Mount Vernon.
Name: Karinn Labounty
My Appointment Expires: 9-12-2017

ASSIGNMENT OF RENTS AND LEASES RIDER

THIS ASSIGNMENT OF RENTS AND LEASES RIDER is made April 12, 2017, and is incorporated into and shall be deemed to amend and supplement the Deed of Trust (the "Security Instrument") of the same date given by **STEVEN N. SQUIRES, an unmarried man** (the "Borrower") to secure Borrower's Note to **DAVID HARRIS, a married man, as his sole and separate property, as to a 40.00% interest, JENNIFER ZEUTSCHEL, a married woman, as her sole and separate property, as to a 30.00% interest, BRIAN McNAMEE, a married man as his sole and separate property, as to a 20.00% interest, and ADAM BAILEY, a single man, as to a 10.00% interest** (the "Lender") of the same date and covering the property described in the Security Instrument and located at: 11286 Samaish Island Rd., Bow, WA 98232.

In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

Assignor hereby irrevocably transfers, assigns, and sets over to Lender, its successors and assigns, from and after the date hereof, all of Assignor's right, title, and interest in and to (a) all leases, subleases, licenses, rental contracts, and other agreements relating to the occupancy now existing or hereafter entered into affecting that certain real property located in Skagit County, Washington, legally described as follows:

COMPLETE LEGAL DESCRIPTION ATTACHED HERETO AND MADE A PART HEREOF AS EXHIBIT "A"

Tax Parcel No: P47495, 360236-3-001-0007; P47496, 360236-3-002-0006; P47450, 360236-0-011-0001; and P47446, 360236-0-008-0006

(the "Property"), together with all guaranties, modifications, extensions, and renewals thereof which now exist or may hereafter be made (collectively, the "Leases"), and (b) all rents, issues, profits, income, and proceeds due or to become due from tenants of the Property, including, but not limited to, rentals under all present and future Leases, together with all deposits of tenants thereunder, including, without limitation, security deposits, now or hereafter held by Assignor in connection with the Property (the "Rents").

In connection with and as part of the foregoing assignment, assignor hereby makes the following grants, covenants, agreements, representations, and

(Assignment of Rents and Leases Rider –

warranties:

1. Subject to the provisions of paragraph 3 below granting Assignor a revocable, limited license, Lender shall have the right, power and authority:

- (a) to provide notice to any and all tenants and other obligors on Leases that the same have been assigned to Lender and that all Rents are to be made directly to Lender, whether or not Lender shall have foreclosed or commenced foreclosure proceedings against the Property and whether or not Lender has taken possession of the Property;
- (b) to settle, compromise, or release, on terms acceptable to Lender, in whole or in part, any amounts owing on Leases and any Rents;
- (c) to enforce payment of Rents and to prosecute any action or proceeding, and to defend legal proceedings, with respect to any and all Rents and Leases and to extend the time of payment, make allowances, adjustments, and discounts;
- (d) to enter upon, take possession of, and operate the Property;
- (e) to lease all or any part of the Property; and/or
- (f) to enforce all other rights of the lessor under the Leases.

Notwithstanding anything herein to the contrary, Lender shall not be obligated to perform or discharge, and Lender does not undertake to perform or discharge, any obligation, duty, or liability (including, without limitation, liability under any covenant of quiet enjoyment contained in any Lease or under the law of any state in the event that any tenant shall be joined as a party defendant in any action to foreclose the Deed of Trust, as hereinafter defined, and shall have been barred and foreclosed thereby of all right, title, and interest and equity of redemption in the Property) with respect to the Leases or the Rents under or by reason of this Assignment. This Assignment shall not operate to place responsibility for the control, care, maintenance, or repair of the Property upon Lender, or to make Lender responsible or liable for any waste committed on the Property by any tenant or other person, for any dangerous or defective condition of the Property, or for any negligence in the management, upkeep, repair, or control of the Property.

(Assignment of Rents and Leases Rider –

2. Lender shall have the right, power, and authority to use and apply any Rents received hereunder:

(a) for the payment of any and all costs and expenses incurred in connection with enforcing or defending the terms of this Assignment or the rights of Lender hereunder, and collecting any Rents; and

(b) for the operation and maintenance of the Property and the payment of all costs and expenses in connection therewith including, without limitation, the payment of (i) rentals and other charges payable by Assignor under any ground lease affecting the Property, (ii) interest, principal, or other amounts with respect to any and all loans secured by mortgages on the Property, including, without limitation, that certain Deed of Trust dated April 12, 2017, among Assignor, Lender, and Kyle W. Nolte, Trustee, relating to the Property, (iii) electricity, telephone, water, and other utility costs, taxes, assessments, water charges, and sewer rents and other utility and governmental charges levied, assessed or imposed against the Property or any part thereof, (iv) insurance premiums, (v) costs and expenses with respect to any litigation affecting the Property, the Leases, or the Rents, and (vi) wages and salaries of employees, commissions of agents and attorneys' fees, and (vii) all other carrying costs, fees, charges, and expenses whatsoever relating to the Property. After the payment of all such costs and expenses and after Lender shall have set up such reserves as it, in its sole discretion, shall deem necessary for the proper management of the Property, Lender shall apply all remaining Rents collected and received by it to the reduction of the indebtedness secured by the Deed of Trust.

Exercise or non-exercise by Lender of the rights granted in this Assignment, or collection and application of Rents, by Lender or its agent shall not be a waiver of any default by Assignor under this Assignment, the Deed of Trust, any note referred to therein or any other document or agreement relating thereto (the "Loan Documents"). Subject only to the provisions of Paragraph 6 hereof, no action or failure to act by Lender with respect to any of the obligations of Assignor under the Loan Documents, to any security or guarantee given for the payment or performance thereof, or to any other document or instrument evidencing or relating to such obligations, shall in any manner affect, impair, or prejudice any of

(Assignment of Rents and Leases Rider –

Lender's rights and privileges under this Assignment or discharge, release, or modify any of Assignor's duties or obligations hereunder. This Assignment is intended by Assignor and Lender to create, and shall be construed to create, an absolute assignment to Lender, subject only to the terms and provisions hereof, and not as an assignment as security for the performance of the obligations evidenced by the Loan Documents, or any other indebtedness of Assignor.

3. Assignor shall have a revocable license to collect and receive the Rents and to retain, use, and enjoy such Rents. Such license may be revoked by Lender, without notice to Assignor, upon the occurrence of an Event of Default, as defined in the Deed of Trust, or upon default by Assignor of its agreements and obligations under this Assignment. Unless and until such license is so revoked, Assignor agrees to apply the proceeds of Rents to the payment of debt service on the Property and of taxes, assessments, water charges, sewer rents, and other governmental charges levied, assessed, or imposed against the Property or any part thereof, insurance premiums, tenant finish and other obligations of Assignor as lessor under the Leases, and to operation and maintenance charges relating to the Property which are due and payable at the time of collection of such proceeds of Rents before using such proceeds for any other purpose. Assignor shall:

- (a) observe and perform faithfully every obligation which Assignor is required to perform under the Leases;
- (b) enforce or secure the performance of, at its sole cost and expense, every obligation to be performed by the tenant under the Leases;
- (c) promptly give notice to Lender of any notice of default received by Assignor from any tenant under the Leases, and any notice of default given by Assignor to any tenant under the Leases, together with a copy of such notices;
- (d) not collect any Rents for more than 30 days in advance of the time when except for bona fide security deposits not in excess of an amount equal to two months' rent;
- (e) not further assign any of the Leases or the Rents;
- (f) except with Lender's prior written consent, not waive, condone, or in any manner discharge any tenants from their obligations

(Assignment of Rents and Leases Rider –

under the Leases;

(g) except with Lender's prior written consent, not cancel, abridge, or accept surrender or termination or any of the Leases unless Assignor shall have entered into a Lease for the space to be vacated as a result thereof upon terms (including, without limitation, rentals and term) at least as favorable to Assignor, commencing within 30 days after such cancellation, abridgement, surrender, or termination;

(h) except with Lender's prior written consent, not modify or amend, by sufferance or otherwise, any of the Leases or any of the terms provisions, or covenants thereof, other than in the ordinary course of business and in a manner which will not decrease the value of the Property;

(i) provide in all future Leases that any cancellation, abridgment, surrender, modification, or amendment of such Leases, without the prior written consent of Lender, except as permitted by the provisions of this Assignment or the Deed of Trust, shall be voidable as against Lender, at its option;

(j) comply with all laws, rules, orders, ordinances, and requirements of all governmental authorities relating to the Property;

(k) deliver copies of all Leases to Lender; and

(l) appear in and defend against, at Assignor's sole cost and expense, any action or proceeding arising under, or in any manner connected with the Leases, the rents or the obligations, duties, or liabilities of the lessor, tenants, or guarantors thereunder.

4. This Assignment shall continue in full force and effect until:

(a) all sums due and payable under the Loan Documents shall have been fully paid and satisfied, together with any and all other sums which may become due and owing under this Assignment; and

(b) all other obligations of Assignor under the Loan documents have been satisfied. At such time this Assignment and the

(Assignment of Rents and Leases Rider –

authority and powers herein granted by Assignor to Lender shall cease and terminate, and Assignor shall assume payment of all unmatured or unpaid charges, expenses, or obligations incurred or undertaken by Lender, if any, in connection with the management of the Property.

5. Assignor hereby represents and warranties the following to Lender:

(a) To the best of Assignor's knowledge and belief, the Leases which now affect the Property are valid, subsisting in full force and effect, and have been duly executed and unconditionally delivered by Assignor and have been duly executed and unconditionally delivered by the tenants under the Leases;

(b) Assignor has not executed or granted any modifications or amendments of the Leases either orally or in writing not previously exhibited to Lender;

(c) There are no material defaults now existing under any of the Leases and, to the best of Assignor's knowledge and belief, there are no defaults now existing under any of the Leases and no event has occurred which, with the delivery of notice or the passage of time or both, would constitute such a default or which would entitle the lessor under the Leases or the tenants thereunder to cancel the same or otherwise avoid their obligations thereunder;

(d) Assignor has not executed an assignment or pledge of any of the Leases or of its right, title, and interest therein, except in connection with any subordinate financing approved in advance by Lender.

6. Assignor hereby irrevocably constitutes and appoints Lender its true and lawful attorney in fact, to undertake and execute any or all of the rights or powers described herein with the same force and effect as if undertaken or executed by Assignor, and Assignor hereby ratifies and confirms any and all things done or omitted to be done by Lender, its agents, servants, employees, or attorneys in, to, or about the Property.

7. Lender shall not in any way be liable to Assignor for any act done or anything omitted to be done to the Property, the Leases, or the Rents by or on behalf of Lender in good faith in connection with this Assignment except for the

(Assignment of Rents and Leases Rider –

consequences of its own gross negligence or willful misconduct. Lender shall not be liable for any act of omission of its agents, servants, employees, or attorneys, provided that reasonable care is used by Lender in the selection of such agents, servants, employees, and attorneys. Lender shall be accountable to Assignor only for money actually received by Lender pursuant to this Assignment.

8. Assignor shall indemnify and hold Lender harmless from and against any and all liability, loss, damage, costs, or expense, including attorneys' fees, which it may incur under any of the Leases, or with respect to this Assignment or any action or failure to act of Lender hereunder, from and against any and all claims and demands whatsoever which may be asserted against Lender by reason of any alleged obligation or undertaking on its part to perform or discharge any of the terms, covenants, and conditions of any of the Leases or with respect to any Rents. In the event that Lender incurs any such liability, loss, damage, cost, or expense, the amount thereof, together with interest thereon from the date such amount was suffered or incurred by Lender until the same is paid by Assignor to Lender, at a rate equal to the lesser of (i) 5 percent per annum in excess of the regular rate of interest that would then have been applicable to the indebtedness under the note described in the Deed of Trust, or (ii) the maximum rate permitted by applicable law, shall be payable by Assignor to Lender immediately upon demand, or at the option of Lender, Lender may reimburse itself therefor out of any Rents collected by Lender.

9. Upon request of Lender, Assignor shall execute and deliver to Lender such further instruments as Lender may deem necessary to effect this Assignment and the covenants of Assignor contained herein. Assignor shall cause such further instruments to be recorded in such manner and in such places as may be required by Lender.

10. All of the representations, warranties, covenants, agreements, and provisions in this Assignment by or for the benefit of Lender shall bind and inure to the benefit of its successors and assigns.

11. This Assignment may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

12. This Assignment shall be governed by, construed, and enforced in accordance with, the laws of the state in which the property is located.

(Assignment of Rents and Leases Rider –

IN WITNESS WHEREOF, Assignor has caused this Assignment to be duly executed and delivered on the date first above written.



Steven N. Squires

EXHIBIT "A"
Legal Description

The land referred to in this report/policy is situated in the State of Washington, County of Skagit, and is described as follows:

Parcel A:

That portion of Government Lot 3 and the Northeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ in Section 36, Township 36 North, Range 2 East, W.M., more particularly described as follows:

Beginning at the Southwest corner of Government Lot 3 of said Section 36; thence North $1^{\circ}31'00''$ West along the West line of said Government Lot 3, a distance of 374.94 feet to a point on a curve on the South line of the Samish Island County Road No. XXXXIII, at which point the tangent to the curve bears North $79^{\circ}15'23''$ East; thence Northeasterly along said $2^{\circ}57'13''$ curve to the left, having a radius of 1939.86 feet, a distance along the arc of 34.12 feet; thence North $78^{\circ}15'00''$ East along the Southerly side of said County road, a distance of 813.17 feet; thence along a $22^{\circ}20'22''$ curve to the right having a radius of 256.48 feet, a distance along the arc of 162.01 feet; thence South $24^{\circ}26'36''$ East, at right angles to said curve, a distance of 10.00 feet to a point on a curve, at which point the tangent to said curve bears South $65^{\circ}33'24''$ East; thence Southeasterly along said $21^{\circ}30'03''$ curve to the right, having a radius of 265.48 feet, a distance along the arc of 168.30 feet; thence South $29^{\circ}22'15''$ East, a distance of 27.89 feet to a point in the centerline of Siwash Slough; thence along the centerline of Siwash Slough South $41^{\circ}09'57''$ West, a distance of 133.76 feet; thence South $5^{\circ}14'04''$ West, a distance of 373.92 feet; thence South $47^{\circ}32'53''$ West, a distance of 251.73 feet; thence South $75^{\circ}20'08''$ West, a distance of 484.24 feet; thence South $9^{\circ}54'09''$ West, a distance of 282.67 feet; thence South $41^{\circ}56'57''$ West, a distance of 115.71 feet; thence South $46^{\circ}13'40''$ West, to the West line of the said Northeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$; thence North along said West line to the point of beginning.

EXCEPT that portion conveyed to Skagit County by deed recorded March 15, 1973, under Auditor's File No. 781932.

TOGETHER WITH that portion of Government Lot 5 in the Northwest $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of Section 36, Township 36 North, Range 2 East, W.M., lying Northeasterly of the Government Meander line and Northerly of Siwash Slough.

EXCEPT dike and ditch rights of way.

Situate in the County of Skagit, State of Washington.

****Legal description continued on next page****

Parcel B:

That portion of Government Lots 3, 5 and 6; and the Northeast Quarter (NE 1/4) of the Southwest Quarter (SW 1/4); all in Section 36, Township 36 North, Range 2 East, W.M., described as follows:

Commencing at a point on the East line of Government Lot 7 in said Section 36, which point bears N 1°35'00" W, a distance of 1051.16 feet from the South Quarter (S 1/4) corner of said Section 36; thence S 89°23'00" W a distance of 1003.20 feet to a point on the Government Meander line along the West side of said Section 36; thence along said Government Meander Line on the following courses and distances: N 21°25'57" W, a distance of 92.45 feet; N 63°10'57" W, a distance of 354.19 feet; N 2°40'57" W, a distance of 154.56 feet; N 43°40'57" W, a distance of 12.63 feet to a point on the Southwesterly extension of the centerline to an existing drainage ditch and the True Point of Beginning; thence continuing N 43°40'57" W along said Government Meander Line, a distance of 67.87 feet to a point in the centerline of Siwash Slough; thence N 46°13'40" E along the centerline of said Siwash Slough, a distance of 392.03 feet; thence N 41°56'57" E, a distance of 115.71 feet; thence N 9°54'09" E, a distance of 282.67 feet; thence N 75°20'08" E, a distance of 484.24 feet; thence N 47°32'53" E, a distance of 231.73 feet; thence N 5°14'24" E, a distance of 373.92 feet; thence N 41°09'57" E, a distance of 155.02 feet; thence N 67°50'00" E, a distance of 115.56 feet to a point on the Westerly line of that certain tract conveyed to Floyd G. Squires Sr. by J.T. Squires Sr. recorded November 29, 1939, in Volume 178 of Deeds, Page 345, Records of Skagit County, Washington and filed under Auditor's File No. 319462; thence S 6°36'27" W along the Westerly line of the aforementioned tract, a distance of 82.50 feet; thence S 71°53'33" E, a distance of 290.40 feet; thence N 76°25'29" E, a distance of 33.15 feet; thence N 21°30'33" W, a distance of 146.08 feet to a point on the Government Meander Line along the East side of said Section 36; thence S 31°23'33" E along said Government Meander Line; a distance of 388.21 feet; thence S 35°53'33" E, a distance of 582.52 feet; thence S 49°23'33" E, a distance of 114.74 feet to a point on the Northeasterly extension of the centerline to said existing drainage ditch, and which point bears N 74°27'18" E, a distance of 2201.37 feet from the True Point of Beginning; thence S 74°27'18" W along said drainage ditch centerline and the Southwesterly and Northeasterly extensions thereof, a distance of 2201.37 feet to the True Point of Beginning.

EXCEPT therefrom the County Road, now known as Samish Island Road, which runs through said Government Lots 3 and 6 and the Northeast Quarter (NE 1/4) of the Southwest Quarter (SW 1/4) of said Section 36.

AND EXCEPT that portion conveyed to Skagit County for road by deed recorded April 24, 1973, under Auditor's File No. 783970.

AND EXCEPTING from said premises any dike or ditch rights of way.

Situate in the County of Skagit, State of Washington.