

When Recorded, Return to:

CONSTRUCTION LOAN SERVICES II, LLC
5601 6th Ave S, Ste 350
Seattle, WA 98108
Attn: Courtney Altig

02-174708-OE



DEED OF TRUST
(Additional Collateral - Loan Nos. 71519-B)

Grantor(s):	JOE L. HARRISON AND GINA JO HARRISON, HUSBAND AND WIFE		
<input type="checkbox"/> Additional on page _____			
Grantee(s):	Trustee:	TRUSTEE SERVICES, INC.	
	Beneficiary:	CONSTRUCTION LOAN SERVICES II, LLC	
<input type="checkbox"/> Additional on page _____			
Legal Description (abbreviated):	Ptn Lot 41, Skyline No. 3.		
<input checked="" type="checkbox"/> Complete legal on <u>EXHIBIT A.</u>			
Assessor's Tax Parcel Identification No(s):	3819-000-041-0006 P59146		
Reference Nos. of Documents Released or Assigned:	<u>Not Applicable.</u>		

This Deed of Trust is a Security Agreement and Financing Statement under Article 9 of the Uniform Commercial Code, with Grantor/Trustor as Debtor and Grantee/Beneficiary as Secured Party.

THIS DEED OF TRUST ("Deed of Trust") is made as of October 15, 2019, by and among:

<u>Grantor/Trustor:</u>	JOE L. HARRISON AND GINA JO HARRISON 193 Axle Court Ferndale, WA 98248
<u>Grantee/Trustee:</u>	TRUSTEE SERVICES, INC. PO Box 2980 Silverdale, WA 98383-2980
<u>Grantee/Beneficiary:</u>	CONSTRUCTION LOAN SERVICES II, LLC 5601 6th Ave S, Ste 350 Seattle, WA 98108

Loan Nos. 71519-B

Grantor/Trustor is also referred to herein as "Borrower" and Grantee/Beneficiary as "Lender." **Notice to Grantor:** The **Note(s) secured by this Deed of Trust contain provisions for a variable interest rate.**

1. **Grant.** Grantor hereby bargains, sells and conveys to Trustee in Trust, with power of sale, the real property in Skagit County, Washington, legally described above, which property is not used principally for agricultural or farming purposes, together with all tenements, hereditaments, and appurtenances now or hereafter thereunto belonging or in any wise appertaining, and the rents, issues and profits thereof (collectively, the "**Property**").

2. **Secured Obligation.** This Deed of Trust is for the purpose of securing the performance of the following obligations (the "**Secured Obligation**"): Loan Numbers 71519-B.

2.1 **Promissory Note.** Payment of all obligations CEDAR RIDGE HOMES LLC, a Washington limited liability company, ("**Borrower**") to Beneficiary as set forth in a Promissory Note dated October 15, 2019, (the "**Note**"), evidencing a loan from Beneficiary to Borrower in the amount of FOUR HUNDRED TWO THOUSAND NINE HUNDRED SIXTY AND 00/100 DOLLARS (\$402,960.00) (the "**Loans**"), together with interest thereon and any amendments thereto.

2.2 **Loan Documents.** Payment or performance of all other obligations of Borrower as set forth in the Notes and any of the other Loan Documents (the Notes and all other documents evidencing, securing or otherwise relating to the Notes or the Loan evidenced thereby, whether executed prior to, contemporaneously with, or subsequent hereto, and together with any amendments thereto, collectively the "**Loan Documents**", specifically excluding, however, Grantor's guaranty of Borrower's obligations under the Loan (the "**Guaranty**"), including performance of each agreement, term, and condition set forth or incorporated by reference into the Loan Documents. This Deed of Trust does not secure the obligations of Grantor under the Guaranty and nothing herein shall be construed to limit Lender's recourse under the Guaranty in connection with any deficiency remaining after Lender's realization on its security interest in the Property or any other collateral for the Loan.

2.3 **Deed of Trust Obligations.** Payment or performance of all obligations of Grantor as set forth in this Deed of Trust.

Beneficiary shall not be required to reconvey all or a portion of its security under this Deed of Trust until all such obligations have been fully satisfied.

2.4 **Maximum Amount of Secured Obligations.** The amount of the Secured Obligations secured by this Deed of Trust is limited to a maximum aggregate amount of ONE HUNDRED THOUSAND AND 00/100 DOLLARS (\$100,000.00).

2.5 **Release Price.** The release price of parcel number 3819-000-041-0006 will be a payment of ONE HUNDRED THOUSAND AND 00/100 DOLLARS (\$100,000.00).

3. **Representations and Warranties.** Grantor represents and warrants to Beneficiary as follows:

3.1 That Grantor has good and marketable title to an indefeasible fee simple estate in the Property subject only to such liens and encumbrances approved by Beneficiary in writing; that Grantor owns all of the Property free from liens, security interests, and encumbrances of any kind (other than those approved in writing by Beneficiary) and the grant provided for herein shall be a first lien-position deed of trust against the Property; that Grantor is vested with the right to convey the Property to Trustee for the benefit of Beneficiary and that no consent of other parties is required as a condition thereto; and that Grantor will defend the title of the Property against all claims and demands.

3.2 That Grantor has a substantial financial interest in Borrower and derives, and will continue to derive, material benefits from Borrower's financing arrangements with Beneficiary, and that the relationship between Grantor and Borrower is such that Grantor has access to all relevant facts and information concerning the Secured Obligations and

agrees that Beneficiary has no duty or obligation to inform Grantor in any way about Borrower, the Property, or the Secured Obligations. Grantor shall be solely and fully responsible for keeping informed regarding the Secured Obligations, Borrower's financial condition, and all circumstances that might affect the Property and Grantor's obligations hereunder.

3.3 Grantor hereby represents, acknowledges, and warrants that the grant of the Deed of Trust will not render the Grantor insolvent and Grantor believes that the transactions contemplated hereby do not constitute, and there is no basis whatsoever for them to be invalidated or otherwise impeded as, a fraudulent conveyance, voidable preference, assignment for the benefit of creditors, or other rescindable transaction under state or federal law. Grantor makes the representations and warranties intending to be estopped from ever resisting any action by Beneficiary hereunder, including any judicial or non-judicial foreclosure, on any such grounds.

3.4 Grantor and Borrower have entered into an agreement providing Grantor a right to contribution from Borrower to the extent that any amount is collected from Grantor or the Property in connection with any action by Lender under this Deed of Trust.

4. **Grantor's Covenants.** To protect the security of this Deed of Trust, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor covenants and agrees:

4.1 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.

4.2 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; and to immediately discharge any lien on the Property to which Beneficiary has not consented in writing; *provided, however*, that, notwithstanding any other term or provision hereof, Beneficiary acknowledges that certain real estate taxes remain due and owing against the Property as of the date hereof and waives any defaults hereunder relating to such unpaid taxes, Beneficiary reserves, however, the right to pay any such unpaid taxes, and to add them to the amounts secured hereby, and to take any other action necessary to protect its security interest hereunder, in the event the applicable taxing authority takes any action to enforce its lien for unpaid taxes and any such action by the taxing authority, or payment of taxes by Beneficiary as a consequence thereof, shall constitute a default hereunder entitling Beneficiary to exercise all of its rights and remedies.

4.3 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.

4.4 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 attorneys' fees in a reasonable amount, in any such action or proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

4.5 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 attorneys' fees actually incurred, as provided by statute.

4.6 Should Grantor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the Property hereinabove described, Beneficiary may but is not obligated to pay the same, and the amount so paid, at the highest interest rate applicable to any obligation secured hereby, shall be added to and become a part of the debt secured by this Deed of Trust.

4.7 If all or any part of the Property secured by this Deed of Trust or any interest in it is sold or transferred (or if a beneficial interest in Grantor is sold or transferred if Grantor is not a natural person) without Beneficiary's prior written consent, Beneficiary may, at its option, require immediate payment in full of all sums secured by this Deed of Trust.

5. Additional Agreements. It is mutually agreed that:

5.1 In the event any portion of the Property is taken or damaged in an eminent domain proceeding, the entire amount of the award or such portion thereof as may be necessary to fully satisfy the Secured Obligations, shall be paid to Beneficiary to be applied to said obligation.

5.2 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.

5.3 The Trustee shall reconvey all or any part of the Property to the person entitled thereto on written request of the Grantor and the Beneficiary, or upon satisfaction of all of the obligations secured hereby and written request for reconveyance made by the Beneficiary or the person entitled thereto.

5.4 Upon default by Grantor or Borrower in the performance of the Secured Obligations, 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 Property, in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. Any person except Trustee may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (1) to the expense of sale, including a reasonable Trustee's fee and attorneys' fee; (2) to the obligations secured by this Deed of Trust; (3) the surplus, if any, shall be distributed to the persons entitled thereto.

5.5 Trustee shall deliver to the purchaser at the sale, its deed, without warranty, which shall convey to the purchaser the interest in the Property that Grantor had or had the power to convey at the time of Grantor's 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 purchasers and encumbrancers for value.

5.6 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 or commence an action to obtain specific enforcement of the covenants of Grantor in this Deed of Trust, and Grantor agrees that such covenants shall be specifically enforceable by injunction or any other appropriate equitable remedy. If this Deed of Trust is foreclosed by judicial action, and the foreclosure sale proceeds are insufficient to satisfy the Secured Obligations, Beneficiary shall be entitled to a deficiency judgment pursuant to RCW 61.12.070.

5.7 In the event of (a) any default in the performance of the Secured Obligations, (b) any sale or transfer of any part of the Property without Beneficiary's prior written consent, (c) any dispute arising with respect to the interpretation, enforcement, or performance of any Secured Obligation, or (d) bankruptcy or insolvency proceedings of Borrower or Grantor, Beneficiary shall be entitled to collect from Grantor on demand all fees and expenses incurred in connection therewith, including but not limited to fees of attorneys, accountants, appraisers, environmental inspectors, consultants, expert witnesses, arbitrators, mediators and court reporters. Without limiting the generality of the foregoing, Grantor shall pay all such costs and expenses incurred in connection with (i) arbitration and other alternative dispute resolution proceedings, trial court actions and appeals; (ii) bankruptcy or other insolvency proceedings of Grantor; (iii) judicial and non-judicial foreclosure on, or appointment of a receiver for any of the Property; (iv) post-judgment collection proceedings including actions for deficiency judgments under RCW 61.24.100 or RCW 61.12.080; (v) all claims, counterclaims, crossclaims and defenses asserted in any of the foregoing whether or not they arise out of or are related to this Deed of Trust; (vi) all preparation for any of the foregoing; and (vii) all settlement negotiations with respect to any of the foregoing.

5.8 Trustee and Beneficiary shall be entitled to enforce the payment and performance of any Secured Obligations and to exercise any and all rights and powers under this Deed of Trust and any of the Loan Documents,

notwithstanding the fact that some or all of the Secured Obligations may now or hereafter be otherwise secured. Trustee and Beneficiary shall be entitled to enforce all such rights concurrently or separately, in such order and manner as they or either of them may in their absolute discretion determine. No remedy is intended to be exclusive of any other remedy, but each shall be cumulative and in addition to the others, to the fullest extent permitted by law.

5.9 Although this Deed of Trust constitutes additional collateral for the Secured Obligations as set forth above, Beneficiary's recourse hereunder shall not be subordinate or secondary to other security available to Beneficiary for the Secured Obligations and Beneficiary may pursue its security interest hereunder or any other security for those obligations, as well as any other remedies available to Beneficiary, in such order and manner as Beneficiary in its sole discretion, may elect. Beneficiary shall have no obligation to pursue any party liable on the Secured Obligations, any guarantor or any other person, or to foreclose or realize on any other collateral for the Secured Obligations, or to pursue any other remedies therefor, before realizing on its collateral under this Deed of Trust.

5.10 Beneficiary shall not be directly or indirectly liable to Grantor or any other person as a consequence of Beneficiary's exercise of or failure to exercise any rights, remedies, or powers granted to it in this Deed of Trust or to perform or discharge any obligation or liability of Borrower or Grantor under any agreement related to the Loan or under this Deed of Trust. Grantor hereby expressly waives and releases all such liability, and agrees not to assert any such liability against Beneficiary.

5.11 Grantor shall indemnify Trustee and Beneficiary against and hold each of them and their respective officers, employees, agents, and representatives, harmless from and against any and all losses, damages, liabilities, claims, causes of action, judgments, court costs, attorneys' fees, and other legal expenses, cost of evidence of title, cost of evidence of value, and other costs and expenses that either may reasonably suffer or incur: (i) in performing any act required or permitted by this Deed of Trust or any of the other Loan Documents or by law; (ii) because of any failure of Borrower or Grantor to perform any of their Secured Obligations; or (iii) because of any alleged obligation of or undertaking by Beneficiary to perform or discharge any of the representations, warranties, conditions, covenants or other obligations in any document relating to the Property other than the Loan Documents. This agreement by Grantor to indemnify Trustee and Beneficiary shall survive the release and cancellation of any or all of the Secured Obligations and the release or reconveyance of this Deed of Trust.

5.12 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 any pending sale under any other Deed of Trust or of any action or proceeding in which Grantor, Trustee, Borrower or Beneficiary shall be party.

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

5.14 The provisions of this Deed of Trust shall be governed by and construed in accordance with the laws of the state of Washington, without regard to that state's choice of law rules.

6. State Specific Disclosures.

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.

EXECUTED effective as of the day and year first above written.

GRANTOR:

JOE L. HARRISON AND GINA JO HARRISON, HUSBAND AND WIFE,

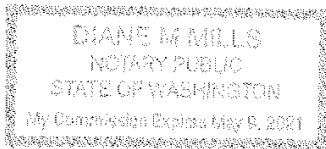
By: [Signature]
Name: Joe L. Harrison

By: [Signature]
Name: Gina Jo Harrison
DATA

STATE OF Washington }
COUNTY OF Skagit } ss.

I certify that I know or have satisfactory evidence that Joe Harrison is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument and acknowledged it to be (his/her) free and voluntary act for the uses and purposes mentioned in the instrument.

DATED this 16th day of Oct., 20 19

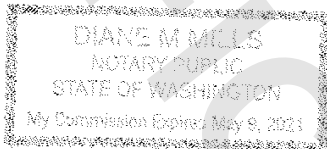


[Signature]
Printed Name Diane M. Mills
NOTARY PUBLIC in and for the State of Wash.
residing at Milton
My Commission Expires 5.09.21

STATE OF Wash. }
COUNTY OF Skagit } ss.

I certify that I know or have satisfactory evidence that Gina Harrison is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument and acknowledged it to be (his/her) free and voluntary act for the uses and purposes mentioned in the instrument.

DATED this 16th day of Oct., 2019.



Diane M. Mills
Printed Name Diane M. Mills
NOTARY PUBLIC in and for the State of Wash.
residing at Milton
My Commission Expires 5.09.21

Exhibit A
Legal Description

Lot 41, "SKYLINE NO. 3," as per plat recorded in Volume 9 of Plats, pages 54 and 55, records of Skagit County, Washington,

EXCEPT the following described portion of Lot 41, above referred, to wit:

Beginning at the North corner of Lot 41, "SKYLINE NO. 3," as per plat recorded in Volume 9 of Plats, pages 54 and 55, records of Skagit County, Washington;

thence Southerly to a point on the Southwesterly line of said lot, which is 58.91 feet Southeasterly of the Southerly corner of Tract "A" of "SKYLINE NO. 3";

thence Northwesterly along the Southerly line of Lot 41, 58.91 feet to the Southerly corner of Tract "A";

thence North ~~34°13'49"~~ East, 90.77 feet to the point of beginning.

Situate in the City of Anacortes, County of Skagit, State of Washington.

*34 degrees 13'49"