

WHEN RECORDED RETURN TO:

Industrial Credit Union
P.O. Box 1767
Bellingham, WA 98227-1767
NMLS #543576 620041384

CHICAGO TITLE MORTGAGE LOAN ORIGINATOR:
W20041384 Roshanna Miller, NMLS ID# 922134

**LINE OF CREDIT DEED
OF TRUST**

Grantor(s): Michael Welch
Julie Welch

Grantee(s): Industrial Credit Union

Legal Description: PTN. LTS 11 & 12, BLK 124, FIRST ADDN TO BURLINGTON

For complete legal description, see attached **Exhibit A.**

Assessor's Property Tax Parcel or Account No.: 4077-124-012-0004 P72092

more commonly known as 645 South Regent Street Burlington WA 98233-2349

located in the County of Skagit

THIS DEED OF TRUST IS DATED 02/14/2020, between
Michael Welch and Julie Welch, husband and wife

_____, Grantor(s),
whose address is 645 South Regent Street Burlington WA 98233-2349,

Industrial Credit Union, (referred to below as "Lender" or "Beneficiary") whose address is
PO Box 1767 Bellingham, WA 98227-1767 and
Chicago Title Insurance Co ("Trustee"), whose address is
425 Commercial Street Mount Vernon, WA 98273.

This Deed of Trust secures a promissory note dated 02/14/2020, in the amount of
Twelve thousand and XX/100 Dollars (\$ 12,000.00).

1. CONVEYANCE AND GRANT. For valuable consideration, Grantor conveys to Trustee for the benefit of Lender as Beneficiary all of Grantor's right, title, and interest in and to the above described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters.

Grantor presently assigns to Lender all of Grantor's right, title, and interest in and to all present and future leases of the Property and all Rents from the Property. In addition, Grantor grants Lender a Uniform Commercial Code security interest in the Rents and the Personal Property defined below.

2. DEFINITIONS. The following words shall have the following meanings when used in this Deed of Trust. Terms not otherwise defined in this Deed of Trust shall have the meanings attributed to such terms in the Uniform Commercial Code. All references to dollar amounts shall mean amounts in lawful money of the United States of America.

- a. **Account Agreement.** The words "Account Agreement" or "Agreement" refer to the EquityLine Real Estate Line of Credit Account Agreement and Disclosure.
- b. **Beneficiary.** The word "Beneficiary" means Industrial Credit Union of Whatcom County, its successors and assigns. Industrial Credit Union of Whatcom County also is referred to as "Lender" in this Deed of Trust.
- c. **Deed of Trust.** The words "Deed of Trust" means this Deed of Trust among the Grantor, Lender, and Trustee, and includes without limitation all assignment and security interest provisions relating to the Personal Property and Rents.
- d. **Grantor.** The word "Grantor" means any and all persons and entities executing this Deed of Trust, including without limitation those persons set forth above.
- e. **Guarantor.** The word "Guarantor" means and includes without limitation, any and all guarantors, sureties, and accommodation parties in connection with the Indebtedness.
- f. **Improvements.** The word "Improvements" means and includes without limitation all existing and future improvements, fixtures, buildings, structures, mobile homes affixed on the Real Property, facilities, additions and other construction on the Real Property.
- g. **Indebtedness.** The word "Indebtedness" means all principal and interest payable under the Agreement and any amounts expended or advanced by Lender to discharge obligations of Grantor or expenses incurred by Trustee or Lender to enforce obligations of Grantor under this Deed of Trust, together with interest on such amounts as provided in this Deed of Trust. In addition to the Agreement, the word "indebtedness" includes all obligations, debts and liabilities, plus interest thereon, of Grantor or any one or more of them, whether arising now or later, whether related or unrelated to the purpose of the Agreement, whether voluntary or otherwise, whether due or not due, absolute or contingent, liquidated or unliquidated and whether Grantor may be liable individually or jointly with others, whether obligated as guarantor or otherwise, and whether recovery upon such Indebtedness may be or hereafter may become barred by any statute of limitations, and whether such Indebtedness may be or hereafter may become otherwise unenforceable.
- h. **Note.** The word "Note" means the Note specified above, from Grantor to Lender, together with all renewals, extensions, modifications, refinancings, and substitutions for the Note. The rate of interest on the Note is subject to indexing, adjustment, renewal, or renegotiation. The maturity date of the Note is as set forth on page 1 of this instrument.
- i. **Personal Property.** The words "Personal Property" mean all equipment, fixtures, and other articles of personal property owned by Grantor, and now or hereafter attached or affixed to the Real Property; together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property.
- j. **Property.** The word "Property" means collectively the Real Property and the Personal Property.
- k. **Real Property.** The words "Real Property" mean the property, interests and rights described above in the "Conveyance and Grant" section.
- l. **Related Documents.** The words "Related Documents" mean and include without limitation all promissory notes, credit agreements, loan agreements, guaranties, security agreements, mortgages, deeds of trust, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.
- m. **Rents.** The word "Rents" means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property.
3. **PAYMENT AND PERFORMANCE.** Grantor shall pay to Lender all amounts secured by this Deed of Trust as they become due, and shall strictly perform all of Grantor's obligations under the Agreement or Note and Deed of Trust.
4. **POSSESSION AND MAINTENANCE OF THE PROPERTY.** Grantor agrees that Grantor's possession and use of the Property shall be governed by the following provisions:
- a. **Possession and Use.** Until the occurrence of an Event of Default, Grantor may (a) remain in possession and control of the Property, (b) use, operate or manage the Property, and (c) collect any Rents from the Property. The following provisions relate to the use of the Property or to other limitations on the Property. THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES.
- b. **Duty to Maintain.** Grantor shall maintain the Property in tenantable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.
- c. **Hazardous Substances.** The terms "hazardous waste," "hazardous substance," "disposal," "release," and "threatened release," as used in this Deed of Trust, shall have the same meanings as set forth in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 49 U.S.C. Section 6901, et seq., or other applicable state or Federal laws, rules, or regulations adopted pursuant to any of the foregoing. Grantor represents and warrants to Lender that:

(a) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any hazardous waste or substance by any person on, under, or about the Property; (b) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (i) any use, generation, manufacture, storage, treatment, disposal, release, or threatened release of any hazardous waste or substance by any prior owners or occupants of the Property or (ii) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (c) Except as previously disclosed to and acknowledged by Lender in writing, (i) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of, or release any hazardous waste or substance on, under, or about the Property and (ii) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation those laws, regulations, and ordinances described above. Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests as Lender may deem appropriate to determine compliance of the Property with this section of the Deed of Trust. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for hazardous waste. Grantor hereby (a) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws, and (b) agrees to indemnify and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Deed of Trust or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor. The provisions of this section of the Deed of Trust, including the obligation to indemnify, shall survive the payment of the Indebtedness and the satisfaction and reconveyance of the lien of this Deed of Trust and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

d. **Nuisance, Waste.** Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Specifically without limitation, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), soil, gravel or rock products without the prior written consent of Lender.

e. **Removal of Improvements.** Grantor shall not demolish or remove any Improvements from the Real Property without the prior written consent of Lender. As a condition to the removal of any Improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such Improvements with Improvements of at least equal value.

f. **Lender's Right to Enter.** Lender and its agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Property for purposes of Grantor's compliance with the terms and conditions of this Deed of Trust.

g. **Compliance with Governmental Requirements.** Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

h. **Duty to Protect.** Grantor agrees neither to abandon nor leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

5. **INDEMNITY.** Grantor shall indemnify Lender and hold Lender harmless from any and all claims or liabilities arising out of or in connection with the Property or its use, provided that such claims or liabilities arise out of acts or omissions occurring subsequent to the date Grantor first holds title to the Property.

6. **DUE ON SALE CONSENT BY LENDER.** Lender may, at its option, declare immediately due and payable all sums secured by this Deed of Trust upon the sale or transfer, without the Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest therein; whether legal or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of Real Property interest. If any Grantor is a corporation or partnership, transfer also includes any change in ownership of more than twenty five percent (25%) of the voting stock or partnership interests, as the case may be, of Grantor. However, this option shall not be exercised by Lender if such exercise is prohibited by federal law or by Washington law.

7. **TAXES AND LIENS.** The following provisions relating to the taxes and liens on the Property are a part of this Deed of Trust.

a. **Payment.** Grantor shall pay when due (and in all events prior to delinquency) all taxes, special taxes, assessments, charges (including water and sewer), fines and impositions levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of all liens having priority over or equal to the interest of

Lender under this Deed of Trust, except for the lien of taxes and assessments not due and except as otherwise provided in this Deed of Trust.

b. **Right To Contest.** Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and attorneys' fees or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

c. **Evidence of Payment.** Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

d. **Notice of Construction.** Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials and the cost exceeds One Thousand Dollars (\$1,000). Grantor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements.

8. PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this Deed of Trust.

a. **Maintenance of Insurance.** Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all Improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender, together with such other insurance, including but not limited to hazard, liability, business interruption, and boiler insurance, as Lender may reasonably require. Policies shall be written in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be canceled or diminished without at least ten (10) days' prior written notice to Lender. Should the Real Property at any time become located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain Federal Flood Insurance to the extent such insurance is required and is or becomes available, for the term of the loan and for the full unpaid principal balance of the loan, or the maximum limit of coverage that is available, whichever is less.

b. **Application of Proceeds.** Grantor shall promptly notify Lender of any loss or damage to the Property if the estimated cost of repair or replacement exceeds Two Thousand Five Hundred Dollars (\$2,500). Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at its election, receive and retain the proceeds and apply the proceeds to the reduction of the Indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed Improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Deed of Trust. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Deed of Trust, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the Indebtedness. If Lender holds any proceeds after payment in full of the Indebtedness, such proceeds shall be paid to Grantor as Grantor's interests may appear.

c. **Unexpired Insurance at Sale.** Any unexpired insurance shall insure to the benefit of, and pass to, the purchaser of the Property covered by this Deed of Trust at any trustee's sale or other sale held under the provisions of this Deed of Trust, or at any foreclosure sale of such Property.

d. **Grantor's Report on Insurance.** Upon request of Lender, however not more than once a year, Grantor shall furnish to Lender a report on each existing policy of insurance showing: (a) the name of the insurer; (b) the risks insured; (c) the amount of the policy; (d) the property insured, the then current replacement value of such property, and the manner of determining that value; and (e) the expiration date of the policy. Grantor shall, upon request of Lender, have an independent appraiser satisfactory to Lender determine the cash value replacement cost of the Property.

WARNING

Unless Grantor provides Lender with evidence of the insurance coverage as required herein, Lender may purchase insurance at Grantor's expense to protect Lender's interest. This insurance may, but need not, also protect Grantor's interest. If the Property becomes damaged, the coverage Lender purchases may not pay any claim Grantor makes or any claim made against Grantor. Grantor may later cancel this coverage by providing evidence that Grantor has obtained property coverage elsewhere.

Grantor is responsible for the cost of any insurance purchased by Lender. The cost of this insurance may be added to the Note balance. If the cost is added to the Note balance, the interest rate on the Note will apply to this added amount. The effective date of coverage may be the date Grantor's prior coverage lapsed or the date Grantor failed to provide proof of coverage.

The coverage Lender purchases may be considerably more expensive than insurance Grantor can obtain on Grantor's own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

9. TAX AND INSURANCE RESERVES. Subject to any limitations set by applicable law, Lender may require Grantor to maintain with Lender reserves for payment of annual taxes, assessments, and insurance premiums, which reserves shall be created by advance payment or monthly payments of a sum estimated by Lender to be sufficient to produce, at least fifteen (15) days before due, amounts at least equal to the taxes, assessments, and insurance premiums to be paid. If fifteen (15) days before payment is due the reserve funds are insufficient, Grantor shall upon demand pay any deficiency to Lender. The reserve funds shall be held by Lender as a general deposit from Grantor, which Lender may satisfy by payment of the taxes, assessments, and insurance premiums required to be paid by Grantor as they become due. Lender shall have the right to draw upon the reserve funds to pay such items, and Lender shall not be required to determine the validity or accuracy of any item before paying it. Nothing in the Deed of Trust shall be construed as requiring Lender to advance other moneys for such purposes, and Lender shall not incur any liability for anything it may do or omit to do with respect to the reserve account. All amounts in the reserve account are hereby pledged to further secure the Indebtedness, and Lender is hereby authorized to withdraw and apply such amounts on the Indebtedness upon the occurrence of an Event of Default. Lender shall not be required to pay any interest or earnings on the reserve funds unless required by law or agreed to by Lender in writing. Lender does not hold the reserve funds in trust for Grantor, and Lender is not the agent of Grantor for payment of the taxes and assessments required to be paid by Grantor.

10. EXPENDITURES BY LENDER. If Grantor fails to comply with any provision of this Deed of Trust, or if any action or proceeding is commenced that would materially affect Lender's interests in the Property, Lender on Grantor's behalf may, but shall not be required to, take any action that Lender deems appropriate. Any amount that Lender expends in so doing will bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses, at Lender's option, will (a) be payable on demand, (a) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (i) the term of any applicable insurance policy or (ii) the remaining term of the Note, or (c) be treated as a balloon payment which will be due and payable at the Note's maturity. This Deed of Trust also will secure payment of these amounts. The rights provided for in this paragraph shall be in addition to any other rights or any remedies to which Lender may be entitled on account of the default. Any such action by Lender shall not be construed as curing the default so as to bar Lender from any remedy that it otherwise would have had.

11. WARRANTY; DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this Deed of Trust.

a. **Title.** Grantor warrants that: (a) Grantor holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Deed of Trust, and (b) Grantor has the full right, power, and authority to execute and deliver this Deed of Trust to Lender.

b. **Defense of Title.** Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Trustee or Lender under this Deed of Trust, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

c. **Compliance With Laws.** Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

12. CONDEMNATION. The following provisions relating to condemnation proceedings are a part of this Deed of Trust.

a. **Application of Net Proceeds.** If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the Indebtedness or the repair or restoration of the Property. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees, Trustee or Lender in connection with the condemnation.

b. **Proceedings.** If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered to Lender such instruments as may be requested by it from time to time to permit such participation.

13. IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES. The following provisions relating to governmental taxes, fees and charges are a part of this Deed of Trust:

a. **Current Taxes, Fees, and Charges.** Upon request by Lender, Grantor shall execute such documents in addition to this Deed of Trust and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Real Property. Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Deed of Trust, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this Deed of Trust.

b. **Taxes.** The following shall constitute taxes to which this section applies: (a) a specific tax upon this type of Deed of Trust or upon all or any part of the Indebtedness secured by this Deed of Trust; (b) a specific tax on Grantor which Grantor is authorized or required to deduct from payments on the Indebtedness secured by this type of Deed of Trust; (c) a tax on this type of Deed of Trust chargeable against the Lender or the holder of the Note; and (d) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Borrower.

c. **Subsequent Taxes.** If any tax to which this section applies is enacted subsequent to the date of this Deed of Trust, this event shall have the same effect as an Event of Default (as defined below), and Lender may exercise any or all of its available remedies for an Event of Default as provided below unless Grantor either (a) pays the tax before it becomes delinquent, or (b) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender.

14. **SECURITY AGREEMENT; FINANCING STATEMENTS.** The following provisions relating to this Deed of Trust as a security agreement are a part of this Deed of Trust.

a. **Security Agreement.** This instrument shall constitute a security agreement to the extent any of the Property constitutes fixtures or other personal property, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

b. **Security Interest.** Upon request by Lender, Grantor shall execute financing statements and take whatever other action is requested by Lender to perfect and continue Lender's security interest in the Rents and Personal Property. In addition to recording this Deed of Trust in the real property records, Lender may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Deed of Trust as a financing statement. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall assemble the Personal Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender.

c. **Addresses.** The mailing addresses of Grantor (debtor) and Lender (secured party), from which information concerning the security interest granted by this Deed of Trust may be obtained (each as required by the Uniform Commercial Code), are as stated on the first page of this Deed of Trust.

15. **FURTHER ASSURANCES; ATTORNEY IN FACT.** The following provisions relating to further assurances and attorney in fact are a part of this Deed of Trust.

a. **Further Assurances.** At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, re-filed, or re-recorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (a) the obligations of Grantor under the Note, this Deed of Trust, and the Related Documents, and (b) the liens and security interests created by this Deed of Trust as first and prior liens on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or agreed to the contrary by Lender in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

b. **Attorney in Fact.** If Grantor fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Lender as Grantor's attorney in fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lender's sole opinion, to accomplish the matters referred to in the preceding paragraph.

16. **FULL PERFORMANCE.** If Grantor pays all the Indebtedness when due, and otherwise performs all the obligations imposed upon Grantor under this Deed of Trust, Lender shall execute and deliver to Trustee a request for full reconveyance and shall execute and deliver to Grantor suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. Any reconveyance fee required by law shall be paid by Grantor, if permitted by applicable law.

17. **DEFAULT.** Each of the following, at the option of Lender, shall constitute an event of default ("Event of Default") under this Deed of Trust:

a. **Default on Indebtedness.** Failure of Grantor to make any payment when due on the Indebtedness.

b. **Default on Other Payments.** Failure of Grantor within the time required by this Deed of Trust to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien.

c. **Compliance Default.** Failure to comply with any other term, obligation, covenant or condition contained in this Deed of Trust, the Note or in any of the Related Documents.

d. **Breaches.** Any warranty, representation or statement made or furnished to Lender by or on behalf of Grantor under this Deed of Trust, the Note or the Related Documents is, or at the time made or furnished was, false in any material respect.

e. **Insolvency.** The insolvency of Grantor, appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor, or the dissolution or termination of Grantor's existence as a going business (if Grantor is a business). Except to the extent prohibited by federal law or Washington law, the death of Grantor

(if Grantor is an individual) also shall constitute an Event of Default under this Deed of Trust.

f. **Foreclosure, etc.** Commencement of foreclosure, whether by judicial proceeding, self help, repossession or any other method, by any creditor of Grantor against any of the Property. However, this subsection shall not apply in the event of a good faith dispute by Grantor as to the validity or reasonableness of the claim, which is the basis of the foreclosure, provided that Grantor gives Lender written notice of such claim and furnishes reserves or a surety bond for the claim satisfactory to Lender.

g. **Breach of Other Agreement.** Any breach by Grantor under the terms of any other agreement between Grantor and Lender that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of Grantor to Lender, whether existing now or later.

h. **Events Affecting Guarantor.** Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or such Guarantor dies or becomes incompetent.

i. **Insecurity.** Lender in good faith deems itself insecure.

18. **POSSIBLE ACTIONS OF LENDER.** The Lender may take the following actions with respect to your Agreement under the circumstances listed below:

a. **Termination and Acceleration.** Except as set forth in the Agreement the Lender may, without further notice terminate your Agreement and require Grantor to pay the entire outstanding balance immediately, and charge Grantor certain fees if any of the following happen: (i) Grantor engages in any fraud or material misrepresentation in connection with the Agreement. For example, if there are false statements or omissions on Grantor's application or financial statements; (ii) Grantor does not meet the repayment terms of the Agreement; (iii) Grantor's actions or inactions adversely affect the collateral or Lender's rights in the collateral. For example, if Grantor fails to: maintain insurance, pay taxes; transfer title to or sell the collateral, prevent the foreclosure of any items, or waste of the collateral.

b. **Suspension of Credit/Reduction of Credit Limit.** Lender may refuse to make additional advances on the line of credit or reduce the credit limit during any period in which the following exist or occur: (i) Any of the circumstances listed in a., above; (ii) The value of Grantor's dwelling securing the Indebtedness declines significantly below its appraised value for purposes of the Agreement; (iii) Lender reasonably believes that Grantor will not be able to meet the repayment requirements of the Agreement due to a material change in Grantor's financial circumstances; (iv) Grantor is in default under any material obligations of the Agreement and Trust Deed; (v) The maximum annual percentage rate under the Agreement is reached; (vi) Any government action prevents Lender from imposing the annual percentage rate provided for or impairs Lender's security interest such that the value of the interest is less than one hundred twenty percent (120%) of the credit line; (vii) Lender has been notified by government agency that continued advances would constitute an unsafe and unsound practice.

c. **Change in Terms.** The Agreement permits Lender to make certain changes to the terms of the Agreement at specified times or upon the occurrence of specified events.

19. **NOTICE OF DEFAULT.** In the event of a default under Paragraph 16.b (iv), Borrower shall have an opportunity to remedy any such default within twenty (20) days after notice from the holder hereof. Notice shall be deemed to have been given when deposited in the United States mail, postage fully prepaid, certified or return receipt requested and addressed to Borrower at the address listed above or to such other address as may be designated by written notice from Borrower.

20. **ACTIONS UPON TERMINATION.** In the event the Agreement is terminated, Trustee or Lender, at its option, may, not earlier than twenty (20) days after Grantor has been given written notice of the termination, exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law.

a. **Foreclosure.** With respect to all or any part of the Real Property, the Trustee shall have the right to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

b. **UCC Remedies.** With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

c. **Appoint Receiver.** Lender shall have the right to have a receiver appointed to take possession of any or all of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Income from the Property and apply the proceeds, over and above cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

d. **Tenancy at Sufferance.** If Grantor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at sufferance of Lender or the purchaser of the Property and shall, at Lender's option, either (a) pay a reasonable rental for use of the Property, or (b) vacate the Property immediately upon the demand of Lender.

e. **Other Remedies.** Trustee or Lender shall have any other right or remedy provided in this Trust Deed or the Agreement or by law.

f. **Notice of Sale.** Lender shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal

or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition. Any sale of Personal Property may be made in conjunction with any sale of the Real Property.

g. **Sale of the Property.** To the extent permitted by applicable law, Grantor hereby waives any and all rights to have the Property marshaled. In exercising its rights and remedies, the Trustee or Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

21. **WAIVER; ELECTION OF REMEDIES.** A waiver by any party of a breach of a provision of this Deed of Trust shall not constitute a waiver of or prejudice the party's rights otherwise to demand strict compliance with that provision or any other provision. Election by Lender to pursue any remedy provided in this Deed of Trust, the Agreement, in any Related Document, or provided by law shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Deed of Trust after failure of Grantor to perform shall not affect Lender's right to declare a default and to exercise any of its remedies.

22. **ATTORNEY FEES; EXPENSES.** If Lender institutes any suit or action to enforce any of the terms of this Deed of Trust, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorney fees at trial and on any appeal. Whether or not any court action is involved, all reasonable expenses incurred by Lender which in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate or default rate, whichever is higher, from the date of expenditure until repaid. Expenses covered by this paragraph include, without limitation however subject to any limits under applicable law, Lender's attorney fees whether or not there is a lawsuit, including attorney fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, appraisal fees, title insurance, and fees for the Trustee, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law. In the event of foreclosure of this Deed of Trust, Lender shall be entitled to recover from Grantor Lender's attorney fees and actual disbursements necessarily incurred by Lender in pursuing such foreclosure.

23. **POWER AND OBLIGATIONS OF TRUSTEE.** The following provisions relating to the powers and obligations of Trustee are part of this Deed of Trust.

a. **Power of Trustee.** In addition to all powers of Trustee arising as a matter of law, Trustee shall have the power to take the following actions with respect to the Property upon the request of Lender and Grantor: (a) join in preparing and filing a map or plat of the Real Property, including the dedication of streets or other rights to the public; (b) join in granting any easement or creating any restriction on the Real Property; and (c) join in any subordination or other agreement affecting this Deed of Trust or the interest of Lender under this Deed of Trust.

b. **Obligations to Notify.** Trustee shall not be obligated to notify any other party of a pending sale under any other Deed of Trust or lien, or of any action or proceeding in which Grantor, Lender, or Trustee shall be a party, unless the action or proceeding is brought by Trustee.

c. **Trustee.** Trustee shall meet all qualifications required for Trustee under applicable state law. In addition to the rights and remedies set forth above, with respect to all or any part of the Property, the Trustee shall have the right to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

d. **Successor Trustee.** Lender, at Lender's option, may from time to time appoint a successor trustee to any Trustee appointed hereunder by an instrument executed and acknowledged by Lender and recorded in the office of the Recorder of the County where the property is now located. The instrument shall contain, in addition to all other matters required by state law, the names of the original Lender, Trustee, and Grantor, the book and page where this Deed of Trust is recorded, and the name and address of the successor trustee, and the instrument shall be executed and acknowledged by Lender or its successors in interest. The successor trustee, without conveyance of the Property, shall succeed to all the title, powers, and duties conferred upon the Trustee in this Deed of Trust and by applicable law. This procedure for substitution of Trustee shall govern to the exclusion of all other provisions for substitution.

e. **Sale by Trustee.** When the Trustee sells pursuant to the powers provided, Trustee shall apply the proceeds of sale to payment of (1) the expenses of sale, including the lawful fees of the Trustee and the reasonable fees of Trustee's attorney, (2) the obligations secured by this Deed of Trust, (3) to all persons having recorded liens subsequent to the interest of the Beneficiary and the Deed of Trust as their interest may appear in the order of their priority, and (4) the surplus, if any, to the Grantor or to his successor in interest entitled to such surplus.

24. **NOTICES TO GRANTOR AND OTHER PARTIES.** Any notice under this Deed of Trust shall be in writing and shall be effective when actually delivered or, if mailed, shall be deemed effective when deposited in the United States mail first class, registered mail, postage prepaid, directed to the addresses shown near the beginning of this Deed of Trust. Any party may change its address for notices under this Deed of Trust by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. All copies of notices of foreclosure from the holder of any lien which has priority over this Deed of Trust shall be sent to Lender's address, as shown near the beginning of this Deed of Trust. For notice purposes, Grantor agrees to keep Lender and Trustee informed at all times of Grantor's current address.

25. **USE.** Grantor agrees that the Property is not used principally for agricultural purposes (it is not used to produce crops, livestock, or aquatic goods).

26. MISCELLANEOUS PROVISIONS.

The following miscellaneous provisions are a part of this Deed of Trust.

- a. **Amendments.** This Deed of Trust, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Deed of Trust. No alteration or amendment of this Deed of Trust shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.
- b. **Annual Reports.** Grantor shall furnish to Lender, upon request, a statement of net cash profit received from the Property during Grantor's previous fiscal year in such detail as Lender shall require. "Net cash profit" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.
- c. **Applicable Law.** Lender's exercise of remedies on default shall be governed by the law of the state in which the Property is located. In all other respects, this Deed of Trust shall be governed by and construed in accordance with the laws of the State of Washington.
- d. **Caption Headings.** Caption headings in this Deed of Trust are for convenience purposes only and are not to be used to interpret or define the provisions of this Deed of Trust.
- e. **Entire Agreement.** The parties agree that the Agreement, Deed of Trust, and subsequent advance vouchers from Lender to Borrower, are the entire agreement between the parties and supersede any prior agreements between Borrower and Lender relating to the Property.
- f. **Merger.** There shall be no merger of the interest or estate created by this Deed of Trust with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.
- g. **Multiple Parties.** All obligations of Grantor under this Deed of Trust shall be joint and several, and all references to Grantor shall mean each and every Grantor. This means that each of the persons signing below is responsible for all obligations in this Deed of Trust. It is not necessary for Lender to inquire into the powers of any of the parties or of the officers, directors partners, or agents acting or purporting to act on behalf of Grantor, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed under and secured by this Deed of Trust.
- h. **Severability.** If a court of competent jurisdiction finds any provision of this Deed of Trust to be invalid or unenforceable as to any person or circumstance, such finding shall not render that provision invalid or unenforceable as to any other persons or circumstances, and all provisions of this Deed of Trust in all other respects shall remain valid and enforceable.
- i. **Successors and Assigns.** Subject to the limitations stated in this Deed of Trust on transfer of Grantor's interest, this Deed of Trust shall be binding upon and inure to the benefit of the parties, their successors, and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Deed of Trust and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Deed of Trust or liability under the Indebtedness.
- j. **Time is of the Essence.** Time is of the essence in the performance of this Deed of Trust.
- k. **Waiver of Homestead Exemption.** Grantor hereby releases and waives all rights and benefits of any applicable homestead exemption laws as to all Indebtedness secured by this Deed of Trust.
- l. **Statement of Obligation Fee.** If the Property is located in California, Lender may collect a fee not to exceed the maximum amount permitted by applicable law for furnishing the statement of obligation as provided by Section 2943 of the Civil Code of California.
- m. **Right to Demand Full Payoff.** If the Property is located in Alaska, notwithstanding Section 19 or any other provision of this Deed of Trust, if a notice of default under this Deed of Trust has been recorded two or more times previously and the default has cured pursuant to applicable law, Lender shall have the right to refuse to accept a subsequent cure of a subsequent default and shall be entitled to proceed with foreclosure of this Deed of Trust unless Borrower pays all sums secured by this Deed of Trust. Acceptance by Lender of a cure of the subsequent default giving rise to the foreclosure shall not constitute a waiver of the right to reject a cure and proceed with foreclosure in the event of any future default.



EACH GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS DEED OF TRUST, AND EACH GRANTOR AGREES TO ITS TERMS.

Michael Welch
Borrower

Julie Welch
Borrower

Borrower

Borrower

INDIVIDUAL ACKNOWLEDGEMENT

STATE OF WA)

) ss.

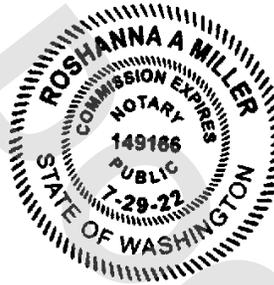
County of Whatcom)

On the 02/14/2020, before me, the undersigned Notary Public, personally appeared
Michael Welch, Julie Welch

known to me to be said individual(s) that executed the Deed of Trust and acknowledged the Deed of Trust to be the free and voluntary act of his/her/their will, by authority of statute, for the uses and purposes therein mentioned, and on oath stated that he/ she/they was/were authorized to execute this Deed of Trust and in fact executed the Deed of Trust

Roshanna A. Miller
Roshanna A. Miller

Notary Public for WA _____
Residing at Bellingham _____
My commission expires 07/29/2022 _____



Initials *MW* *JW*

... EXHIBIT "A" ...

Legal description of property for Deed of Trust made 02/14/2020,
BETWEEN Michael Welch , Julie Welch (Grantor(s)),
AND Industrial Credit Union (Beneficiary),
AND Chicago Title Insurance Co (Trustee),

The East Half of the East Half of Lots 11 and 12, Block 124, FIRST ADDITION TO BURLINGTON,
according to the plat thereof, recorded in Volume 3 of Plats, page 11, records of Skagit County,
Washington.

Situate in the County of Skagit, State of Washington.

... END OF EXHIBIT "A"- LEGAL DESCRIPTION ...



**EQUITY LINE
REAL ESTATE LINE OF CREDIT
ACCOUNT AGREEMENT AND DISCLOSURES**

Industrial Credit Union
P.O. Box 1767
Bellingham, WA 98227-1767

This Agreement covers your **EquityLine** Real Estate Line of Credit Account ("Account") issued through Industrial Credit Union of Whatcom County. In this Agreement the words "you," "your," "yours," and "applicant," mean each and every person who signs this Agreement. The words "we," "us," and "our" mean Industrial Credit Union of Whatcom County. You agree, jointly and severally, to the following terms and conditions, and the Home Equity Credit Account Disclosures provided with the Loan Application.

1. **Promise to Pay.** Upon approval by the Credit Union of your application for this Account, you promise to pay the Credit Union at our office or such other place as we designate, the total of all advances, **FINANCE CHARGES**, and other amounts set forth in this Agreement on the payment terms set forth below. This includes any loan request such as signing a loan check, loan request for payments to a third party or for deposit to any account of any Borrower or Co-Borrower at the Credit Union. You authorize any co-applicant, on his or her signature alone, to request or receive advances under this Agreement and agree to pay those advances the same as if you asked for the loan and it was paid to you.
2. **Account Access.**
 - a. **Access.** The Credit Union will notify you of the credit limit amount of your Account, which is the maximum amount you may draw upon without getting specific approval for additional loan advances, and the minimum monthly payment amounts. Advances on the line of credit may be obtained at any time up to your credit limit, so long as your line of credit has not been suspended or credit limit reduced. You agree not to attempt to obtain more credit than the amount of your line of credit or after the draw period. If you temporarily exceed the maximum of your line of credit, you understand such credit does not increase your line of credit and you agree to repay the excess immediately.
 - b. **Additional Access Devices.** You may request any additional access device, transfer instrument, or other negotiable orders which we may make available in the future. You understand this request is voluntary and you may decline the new services at the time the new services are offered to you. We will notify you by separate form of the terms that apply to these services.
 - c. **Term.** For purposes of the security for lines of credit under this Account, the maximum term of your Account will be thirty-five (35) years, which includes the specific draw and repayment periods stated, and any renewals or extensions.
3. **Loan Payments.**
 - a. **Method of Payment.** You promise to pay for loans under this Agreement either by automatic transfers from any Credit Union savings or checking account, payroll deduction, or by direct payment. You may pay all or part of your loans early, at any time, without paying any penalty. However, you will keep making your monthly payments so long as you owe the Credit Union any money under this Agreement. If you pay loan advances by automatic transfers, you understand that it is your responsibility to be sure that there are adequate funds in your account

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[Handwritten initials] *[Handwritten signature]*

either by payroll deduction or personal deposit to cover the payment on the specified date or your loan will become past due.

b. Payroll Deduction. If you are requesting payroll deduction, you grant permission to the Credit Union to adjust your payroll deduction to the nearest one-dollar amount to satisfy all loan payments. You must make your monthly payments in any event, including any time that the Credit Union does not receive your payroll deduction, whatever the reason. If you elect to make payments by payroll deductions with participating companies, then your payments may be made monthly. You authorize us to prepare payroll deduction authorizations for you and submit them to the participating companies' payroll departments so long as the deduction amount conforms with your maximum credit limit and the payment schedule included in this Agreement.

c. Minimum Payments. You will make payments at least monthly to meet the Minimum Payment requirements. You agree that you will pay the Minimum Payment on or before the due date indicated on your statement. Minimum Payments will include all amounts past due, late charges, applicable insurance premiums, and the regular payment.

i. Interest Only. You can obtain credit advances for five years (the "draw period"). During the draw period, payments will be due monthly. Your minimum monthly payment will be equal to one month's interest on your month-end balance. After the draw period ends, you will no longer be able to obtain credit advances and must repay the outstanding balance (the "repayment period"). The length of the repayment period is 20 years. During the repayment period, payments will be due monthly. Your minimum monthly payment will be the amount necessary to amortize the outstanding balance at the beginning of the repayment period over 20 years.

ii. Traditional. You can obtain credit advances for five years (the "draw period"). During the draw period, payments will be due monthly. Your minimum monthly payment will be equal to the amount necessary to amortize the outstanding balance after your most recent advance over 20 years. After the draw period ends, you will no longer be able to obtain credit advances and must repay the outstanding balance (the "repayment period"). The length of the repayment period is 20 years. During the repayment period, payments will be due monthly. Your minimum monthly payment will be the amount necessary to amortize the outstanding balance at the beginning of the repayment period over 20 years.

d. Application of Payments. Payments will be applied first to accrued **FINANCE CHARGES** then to late charges, over-limit charges and the remainder, if any, to the principal loan balance, unless otherwise agreed or required by applicable law. Payments in excess of your Minimum Payment will not relieve you of your obligation to make subsequent Minimum Payments; rather they will reduce the amount owing on your Account.

4. Disbursement of Advances. Advances may be obtained by telephone request, asking the Credit Union to deposit funds to a designated account, Internet access, or by requesting an advance in person. Acceptance of advance(s) either by receipt of cash or transfer to any of your deposit accounts or loan accounts obligates you to the payment terms of this Agreement.

5. Security Requirements.

a. Real Property. This line of credit will be secured by real property and your dwelling. You grant security in the form of a Line of Credit Deed of Trust on your real property and dwelling. You agree to the terms of the Line of Credit Deed of Trust, including the due-on-sale provisions as set forth in the Line of Credit Deed of Trust. You understand that we specifically reserve the right to enforce the "due-on-sale" clause in the Line of Credit Deed of Trust if the law

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permits. You agree to notify us immediately if there is any change in the ownership of the real property. The Line of Credit Deed of Trust secures only advances made under this Agreement and not any other loans you may have with us.

b. Property Maintenance/Insurance. You agree to keep the collateral in good repair and to maintain the property in a state that does not adversely affect its value. You agree to maintain property insurance on the property covered by the Line of Credit Deed of Trust for its full insurable value, with the Credit Union, as loss payee. You agree to obtain title insurance with a line of credit endorsement naming us as insured for the full amount of the Credit Limit and showing your Line of Credit Deed of Trust with a lien priority acceptable to us. You agree to obtain flood insurance as may be required by applicable law and if the Property is located in a flood plain and your community participates in a federal flood insurance program. You may obtain property insurance through any company you choose that is reasonably satisfactory to us. If you fail to keep the insurance current and payable as required, we may purchase insurance to protect our own interest and add the premium to your loan balance and assess a **FINANCE CHARGE** on the balance as with all other principal amounts. You understand that all benefits paid by insurance, which we purchase, will be applied to pay the loan balance. If insurance benefits do not pay the loan balance in full, you will remain responsible for the unpaid balance due and for the **FINANCE CHARGE**, which will continue to accrue on the loan balance due.

6. Periodic Statements. We will send you a statement showing advances, payments, and credits made to your line of credit account during the billing cycle, as well as your "New Balance," and **FINANCE CHARGE**, and any late charge or other fees. Your statement also will identify the Minimum Payment you must make for that billing period and the date it is due.

7. FINANCE CHARGES.

a. When FINANCE CHARGES Begin to Accrue. **FINANCE CHARGES** for loan advances under this Account begin to accrue on the date loan advances are posted to your Account.

b. Circumstances Under Which a FINANCE CHARGE Will Be Imposed. A **FINANCE CHARGE** will be imposed on the daily unpaid balance of all loan advances under this line of credit and any loan fee applicable to your line of credit.

c. Method of Determining the Amount of FINANCE CHARGES. The **FINANCE CHARGE** based on your outstanding balance is computed by applying a daily Periodic Rate to the outstanding balance of your loan account for each day of the billing period. The outstanding balance for each day is the ending balance for that day after the payments or credits are subtracted and new loan advances and insurance premiums, if applicable, and other debits are added. The total **FINANCE CHARGE** is the sum of the **FINANCE CHARGE** on your outstanding balance each day and will be shown on your periodic statement. Your loan payments and the Credit Union's loan advances are entered when made.

8. Periodic Rate and Corresponding ANNUAL PERCENTAGE RATE.

a. Determining the Rate. The Periodic Rate and the corresponding **ANNUAL PERCENTAGE RATE** for each billing period are variable, and is figured on the following basis. The Periodic Rate and corresponding **ANNUAL PERCENTAGE RATE** are based upon an index. The index is the highest Prime Rate as published in *The Wall Street Journal*. To determine the **ANNUAL PERCENTAGE RATE**, we add a margin to the index. The **ANNUAL PERCENTAGE RATE** includes only interest and not other costs. The **ANNUAL PERCENTAGE RATE** is divided by 365 to produce the daily Periodic Rate. The current index, margin, and **ANNUAL**

Initials

PERCENTAGE RATE are disclosed on the signature page of this Agreement. If you cease to occupy the property securing this Account as your principal residence the margin and **ANNUAL PERCENTAGE RATE** will be increased to the Credit Union's rate for non-owner occupied property.

b. Rate Change. The **ANNUAL PERCENTAGE RATE** will be adjusted quarterly on January 1, April 1, July 1, and October 1, based on the most recent index rate available before the adjustment date. The **ANNUAL PERCENTAGE RATE** will not be higher than 24% or fall below 4% over the life of the loan. Any increase or decrease in the **ANNUAL PERCENTAGE RATE** will affect the amount of your payments.

9. Other Charges and Closing Costs.

a. Closing Costs. You agree to pay any other fees and charges related to the line of credit as set forth in this Agreement, including any annual fees and other charges such as filing fees, charges due us for costs incurred in verifying your credit eligibility, flood hazard determination, appraising the value of the security, obtaining a title insurance policy in the amount of the credit limit, and upon releasing the security upon full payment and a reconveyance fee for preparing documents in connection with the release of security.

b. Late Charges. If any payment is past due for a period of fifteen (15) or more days, a late charge may be imposed of 5.0% of the payment or \$5.00, whichever is greater.

c. Attorney Fees and Collection Costs. The Credit Union may start a collection action in the county in which the Credit Union is located or the county where the real property is located. You will pay the Credit Union's attorneys' fees whether or not there is a lawsuit, including attorney fees on any appeal. You also will pay any collection costs, such as foreclosure fees and court costs. All of these costs and expenses may be added to your present debt and a **FINANCE CHARGE** may be imposed on them at the rate applicable to other advances on your Account.

d. Property Taxes; Protection of Collateral. We may pay any delinquent and unpaid property taxes on the loan security, add the amount paid to the principal balance, and assess a **FINANCE CHARGE** on the balance. We may charge your Account with any costs necessary to protect our interest in the collateral, including payments to cure defaults under other liens on the collateral. However, we are under no obligation to do so.

10. Joint Liability. If you are a co-borrower, as shown by your signing the application for this Agreement, you agree to be equally responsible with the other borrower. We do not have to notify you if payments on the account are not made by the other borrower on time. If this is a joint account, upon request by any party to the account or upon our receipt of inconsistent instructions, we may terminate this Account, refuse any request for any advance, or refuse any other request with respect to the account.

11. Possible Credit Union Actions. We may take the following actions with respect to your line under the circumstances listed below:

a. Termination. We may terminate the line and require you to pay the entire outstanding balance immediately if any of the following circumstances occur:

- i.** You engage in any fraud or material misrepresentation in connection with the line.
- ii.** You do not meet the repayment terms.

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iii. Your action or inaction adversely affects the collateral or our rights in the collateral.

b. Suspension/Reduction of Credit Limit. We may refuse to make additional advances on your line or we may reduce your credit limit immediately if:

i. Any of the circumstances listed in (a), above, occur.
ii. The value of any dwelling securing the plan declines significantly below its appraised value for purposes of this line.

iii. We reasonably believe that you will not be able to meet the repayment requirements due to a material change in your financial circumstances.

iv. You are in default of any material obligation under the Agreement or Line of Credit Deed of Trust securing the Agreement. All of your obligations under this Agreement and Line of Credit Deed of Trust are material to maintaining the Account. The categories of your obligations are set forth in the following paragraphs of these Agreements:

Home Equity Credit Account Agreement. 1. Promise to Pay; 2. Account Access; 3. Loan Payments; 5. Security Requirements; 9. Other Charges and Closing Costs; and 11. Possible Credit Union Actions.

Line of Credit Deed of Trust. 3. Payment and Performance; 4. Possession and Maintenance of the Property; 5. Indemnity; 6. Due on Sale; 7. Taxes and Liens; 8. Property Damage Insurance; 10. Warranty/Defense of Title; 11. Condemnation; 12. Imposition of Taxes; 13. Security Agreement; 14. Further Assurances/Attorney in Fact; 16. Possible Actions of Lender; 20. Attorney Fees; and 25. Miscellaneous Provisions.

v. The maximum **ANNUAL PERCENTAGE RATE** is reached.

vi. Government action prevents us from imposing the **ANNUAL PERCENTAGE RATE** provided for or impairs our security interest such that the value of the interest is less than 120 percent of the Account.

vii. A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice.

c. Change in Terms. If the index for variable rate loans is no longer available, we will choose a new index and margin that will result in an **ANNUAL PERCENTAGE RATE** that is substantially similar to your current rate at the time of the change. The Credit Union reserves the right to renew or extend the terms of this Account in the future. If the Credit Union renews or extends the draw period for advances on a line of credit the terms for advances and repayment will be the same as the original terms. The Credit Union reserves the right to temporarily reduce the variable rate. If we do so, we will notify you of the reduction and the period when the reduced rate will be in effect. We may make other changes in terms of this Agreement if you agree to the changes in writing, if the change is insignificant, or the change will unequivocally benefit you for the remainder of your account.

d. Delay in Enforcement. The Credit Union can delay enforcing any right under this Agreement without losing that right or any other right.

e. Notices. All notices will be sent to your address as shown in the application. You agree that you must notify us immediately of any change in your name, address, or employment.

f. Credit Information/Financial Statements. You authorize us to release information to others (e.g., credit bureaus, merchants, and other financial institutions) regarding the status and history of your line of credit. You agree to provide us annually (or more often, in our sole discretion) with a current financial statement and updated credit information upon request.

Initials

- 12. Tax Deductibility.** You understand that you should consult a tax advisor regarding the deductibility of interest and charges for the line.
- 13. Governing Law.** This Agreement will not take effect until it is approved by us in the State of Washington. This Agreement shall be governed by the laws of the State of Washington.
- 14. Billing Error Notice. NOTIFY US IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR BILL.** This Notice contains important information about your rights and our responsibilities under the Fair Credit Billing Act.

If you think your statement is wrong or if you need more information about a transaction on your bill, write us on a separate sheet at Industrial Credit Union of Whatcom County, P.O. Box 1767, Bellingham, WA 98227, or at the address listed on your statement. Write to us as soon as possible. We must hear from you no later than sixty (60) days after we sent you the first statement on which the error or problem appeared. You can telephone us, but doing so will not preserve your rights.

In your letter, give us the following information:

1. Your name and account number.
2. The dollar amount of the suspected error.
3. Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are not sure about.

If you have authorized us to pay your loan payment from any of your deposit accounts, you can stop the payment on any amount you think is wrong. To stop the payment, your letter must reach us three (3) business days before the automatic payment is scheduled to occur.

YOUR RIGHTS AND OUR RESPONSIBILITIES AFTER WE RECEIVE WRITTEN NOTICE

We must acknowledge your letter within thirty (30) days, unless we have corrected the error by then. Within ninety (90) days, we must either correct the error or explain why we believe the bill was correct. After we receive your letter, we cannot try to collect any amount you question or report you as delinquent. We can continue to bill you for the amount you question, including finance charges, and we can apply any unpaid amount against your credit limit. You do not have to pay any questioned amount while we are investigating, but you are still obligated to pay the parts of your bill that are not in question. If we find that we made a mistake on your bill, you will not have to pay any finance charges related to any questioned amount. If we did not make a mistake, you may have to pay finance charges, and you will have to make up any missed payments on the questioned amount. In either case, we will send you a statement of the amount you owe and the date on which it is due. If you fail to pay the amount that we think you owe, we may report you as delinquent. However, if our explanation does not satisfy you and you write to us within ten (10) days telling us that you still refuse to pay, we must tell anyone we report you to that you have a question about your bill. And, we must tell you the name of anyone we reported you to. We must tell anyone we report you to that the matter has been settled between us when it finally is. If we do not follow these rules, we cannot collect the first \$50.00 of the questioned amount, even if your bill was correct.

- 15. Acknowledgment and Agreement.** You understand and agree to the terms of this Agreement. You acknowledge that you have read this Agreement, the Home Equity Credit Account Disclosures provided earlier and the Line of Credit Deed of Trust.

16. Further Acknowledgements. You understand and agree:

- a. Your approved Credit Limit is \$12,000.00
- b. The Deed of Trust securing this Account is on your real property, occupied by you as your primary residence, located at 645 South Regent Street Burlington WA 98233.
- c. This property is is not occupied by you as your primary residence.
- d. Our current rates and fees for your Account are:

Index Rate	<u>4.750</u> %
Margin	<u>0.000</u> %
Annual Percentage Rate (APR)	<u>4.750</u> %
Daily Periodic Rate	<u>0.01301</u> %
Over-Limit/Returned Loan Check Fee:	\$25.00

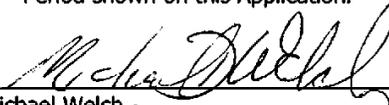
These rates and fees are subject to change as outlined in the Agreement.

- e. The following fees and costs are charged to establish your account:

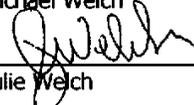
		Paid by Lender
Appraisal Fee	\$ <u>250.00</u>	<input checked="" type="checkbox"/>
Flood Hazard Check	\$ <u>15.00</u>	<input checked="" type="checkbox"/>
Reconveyance Fees	\$ _____	<input type="checkbox"/>
Recording Fees	\$ <u>163.05</u>	<input checked="" type="checkbox"/>
Title Insurance	\$ <u>114.50</u>	<input checked="" type="checkbox"/>
Other	\$ _____	<input type="checkbox"/>
TOTAL	\$ <u>542.55</u>	

These fees and costs will be paid in full in cash when this Agreement is signed or advanced against my Account.

- f. Draw Period Payments:
 - Interest Only
 - Traditional
- g. Credit Insurance is not available through us to cover this Account. If you have voluntarily requested Credit Insurance on your Loan Application, it will not apply to this Account because the potential term of this Account exceeds the maximum insurable Loan Repayment Period shown on this Application.



 Michael Welch



 Julie Welch

153941-5555

 Membership Account

February 14, 2020

 Date

February 14, 2020

 Date

Roshanna Miller NMLS# 922134

 Mortgage Loan Originator

Initials  