

RECORDED AT THE REQUEST OF  
AND AFTER RECORDING RETURN TO:

Skagit County Public Health  
Attention: George Kosovich  
700 South Second Street, #301  
Mount Vernon, WA 98273

**LEASEHOLD DEED OF TRUST  
(Skagit County Loan)**

**Grantor (Borrower):** HOUSING AUTHORITY OF SKAGIT COUNTY MOUNT  
VERNON FARMWORKER HOUSING LLLP,  
a Washington limited partnership

**Grantee (Beneficiary):** SKAGIT COUNTY, WASHINGTON  
a Washington municipal corporation

**Grantee (Trustee):** FIRST AMERICAN TITLE INSURANCE COMPANY

**Abbreviated Legal Description:** SW NW of Sec. 15, Twp. 34 N., R. 4 E., WM  
(Full Legal Description on Exhibit A)

**Assessor's Tax Parcel  
ID Number:** P24832

THIS LEASEHOLD DEED OF TRUST (this "*Deed of Trust*"), is made as of October 21st, 2021, by **HOUSING AUTHORITY OF SKAGIT COUNTY MOUNT VERNON FARMWORKER LLLP**, a Washington limited liability limited partnership, the address of which is c/o Housing Authority of Skagit County 1650 Port Drive, Burlington, Washington 98233 ("*Grantor*") in favor of **FIRST AMERICAN TITLE INSURANCE COMPANY**, a Nebraska corporation, the address of which is 920 Fifth Avenue, Suite 1200, Seattle, Washington, 98104, and its successors in trust and assigns ("*Trustee*"), and **SKAGIT COUNTY**, a Washington municipal corporation ("*Beneficiary*"), the address of which is 700 South Second Street, #301 Mount Vernon, WA 98273

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1. Grant. Grantor hereby bargains, sells and conveys to Trustee in trust, for the benefit of Beneficiary, with power of sale, all of Grantor's right, title, and interest in and to that certain leasehold estate created pursuant to that certain Ground Lease Agreement by and between Grantor and Beneficiary (the "Lease"), evidenced by that certain Memorandum of Lease, and which said leasehold estate embraces and covers certain real property located in the City of Mount Vernon, State of Washington legally described on Exhibit A attached hereto (the "Property"), together with all tenements, privileges, reversions, remainders, irrigation and water rights and stock, oil and gas rights, royalties, minerals and mineral rights, hereditaments and appurtenances belonging or in any way pertaining to the Property, and the rents issues and profits thereof. Said Property is not used principally, or at all, for agricultural or farming purposes.

2. Obligations Secured. This deed is given for the purpose of securing (a) payment in the amount of Two Hundred Fifty Thousand and 0/100 Dollars (\$250,000.00) according to the terms of a Promissory Note (the "Note") of even date herewith, payable by Grantor to the Beneficiary including all renewals, modifications and extensions thereof.

3. Lien Priority. This Deed of Trust shall be in a subordinate lien priority position against the Property pursuant to that certain Priority and Subordination Agreement to be recorded simultaneously herewith.

4. Protection of Security. To protect the security of this Deed of Trust, 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 thereon which may be damaged or destroyed; and to comply with all laws, ordinances, conditions and restrictions affecting the Property.

4.2. To pay before delinquent all lawful taxes and assessments upon the Property; and to keep the Property free and clear of all other charges, liens or encumbrances impairing the security of this Deed of Trust.

4.3. To keep all buildings now or hereafter on the Property continuously insured against loss by fire or other hazards in an amount not less than the replacement cost of the Property.

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 reasonable costs of title search and reasonable attorneys' fees, in any such 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, Beneficiary may pay the same, and the amount so paid shall be added to and become a part of the debt secured by this Deed of Trust.

5. General Conditions. The parties hereto agree that:

5.1. In the event of any fire or other casualty to the Project (as defined in the Partnership Agreement) or eminent domain proceedings resulting in condemnation of the Project or any part thereof, subject to the rights of senior lien holders, Grantor shall have the right to use all available insurance or condemnation proceeds therefor to restore and rebuild the Project, provided that (a) such proceeds are sufficient to keep the Note in balance and rebuild the Project in a manner that provides adequate security to Beneficiary for repayment of the Note or, if such proceeds are insufficient, then Grantor shall have funded any deficiency; (b) Beneficiary shall have the right to approve plans and specifications for any major rebuilding of the Project and the right to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement; and (c) no material default then exists under the Note or this Deed of Trust. If the casualty or condemnation affects only part of the Project and total rebuilding is infeasible, then proceeds may be used for partial rebuilding and partial repayment of the Note in a manner that provides adequate security to Beneficiary for repayment of the remaining balance of the Note. If Grantor elects not to rebuild, the entire amount of the award or such portion as may be necessary to fully satisfy this obligation secured hereby, 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 covered by this Deed of Trust to the person entitled thereto on written request of the Grantor and the Beneficiary, or upon satisfaction of the obligations secured hereby and written request for reconveyance made by the Beneficiary or the person entitled thereto substantially in the form of Exhibit B attached hereto.

5.4. Power of Sale. Pursuant to Chapter 61.24 of the Revised Code of Washington, upon default by Grantor without timely cure, and after written notice of thirty (30) days, in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, all sums secured hereby shall immediately become due and payable. In such event and upon written notice of Beneficiary, the Property shall be sold, in accordance with the Deed of Trust Act of the State of Washington, by public auction to the highest bidder. Any person may bid at the Trustee's sale. Subject to the rights of the beneficiary or beneficiaries of any senior deed of trust, the proceeds of the sale shall be applied as follows: (1) to the expense of the sale, including a reasonable Trustee's fee and reasonable attorneys' fees; (2) to the obligation secured by this Deed of Trust; (3) the surplus, if any, shall be distributed to the person or persons entitled thereto. However, notwithstanding the foregoing, prior to taking any actions under this Section 5.4 or Section 5.6 hereunder, Beneficiary shall give notice to Grantor's limited partner (the "*Limited Partner*") as defined by the First Amended and Restated Limited Partnership Agreement of Grantor (the "*Partnership Agreement*") :

Wincopin Circle LLLP  
c/o Enterprise Community Asset Management, Inc.  
70 Corporate Center  
11000 Broken Land Parkway, Suite 700  
Columbia, MD 21044  
Attn: General Counsel

With a copy to:

Bocarsly Emden Cowan Esmail & Arndt LLP  
7700 Old Georgetown Road, Suite 600  
Bethesda, MD 20814  
Attn: Craig A. Emden, Esq.

Beneficiary shall additionally provide such party an opportunity to cure pursuant to Section 7 of the Note.

5.5. A Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the Property, which Grantor had or had the power to convey at the time of the execution of this Deed of Trust, and such as Grantor may have acquired thereafter. Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of a bona fide purchaser 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.

5.7. Beneficiary may at any time appoint or discharge the Trustee.

5.8. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto and their successors and assigns. The terms "Grantor," "Trustee," and "Beneficiary" include their respective successors and assigns.

5.9. The withdrawal, removal, and/or replacement of a general partner of Grantor, pursuant to the terms of the Partnership Agreement shall not constitute a default under this Deed of Trust or the Note, nor require the consent of Beneficiary. In addition, any transfer or assignment of any of the limited partner interest in Grantor shall not constitute a default under this Deed of Trust or the Note, nor require the consent of Beneficiary.

6. Standstill. Beneficiary will not commence during the Compliance Period (as defined in the Partnership Agreement) (i) foreclosure proceedings with respect to the Property hereunder or under the Note, or exercise any other rights or remedies it may have hereunder or under the Note, including, but not limited to, accelerating the Note, collecting rents, appointing (or seeking the appointment of) a receiver or exercising any other rights or remedies thereunder; or (ii) join with any other creditor in commencing any bankruptcy reorganization, arrangement, insolvency or liquidation proceedings with respect to the Grantor.

7. Loan Sale or Assignment. Beneficiary agrees that it shall not assign or transfer the Note (or any interest therein) to any third party without the prior written consent of the Grantor and the Limited Partner.

IN WITNESS WHEREOF, the undersigned have executed this Deed of Trust as of the day and year first written above.

**GRANTOR:**

**HOUSING AUTHORITY OF SKAGIT COUNTY  
MOUNT VERNON FARMWORKER LLLP,  
a Washington limited liability limited partnership**

By: Housing Authority of Skagit County,  
a public body corporate and politic of the  
State of Washington  
Its: General Partner


By:   
Melanie Corey, Executive Director

STATE OF WASHINGTON )  
 ) ss.  
County of Skagit )

I certify that I know or have satisfactory evidence that Melanie Corey is the person who appeared before me and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the Executive Director of the Housing Authority of Skagit County, a public body corporate and politic of the State of Washington, the General Partner of Housing Authority of Skagit County Mount Vernon Farmworker LLLP, a Washington limited liability limited partnership, to be the free and voluntary act of such party, on behalf of such limited liability limited partnership, for the uses and purposes mentioned in the instrument.

Dated: 10/14/2021  
(SEAL)

Notary Public  
State of Washington  
Renee C Sinclair  
Commission No. 207424  
My Commission Expires 5/1/2023

  
Notary Public for Washington  
Print Name: Renee C Sinclair  
Residing at: Skagit County  
My Commission expires: 5/1/2023

**EXHIBIT A  
LEGAL DESCRIPTION**

The Land referred to herein below is situated in the County of Skagit, State of Washington, and is described as follows:

**PARCEL A:**

**THE SOUTH 616 FEET OF THE FOLLOWING DESCRIBED PROPERTY:**

**THE EAST 1/2 OF THE EAST 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 15, TOWNSHIP 34 NORTH, RANGE 4 EAST, W.M.**

**EXCEPT THAT PORTION CONVEYED TO THE STATE OF WASHINGTON BY DEED DATED MAY 29, 1986 AND RECORDED UNDER AUDITOR'S FILE NO. 8610010020, RECORDS OF SKAGIT COUNTY, WASHINGTON.**

**SITUATE IN THE CITY OF MOUNT VERNON, COUNTY OF SKAGIT, STATE OF WASHINGTON.**

**PARCEL B:**

**AN EASEMENT FOR STORMWATER POND AS ESTABLISHED UNDER OPERATIONS, MAINTENANCE, AND EASEMENT AGREEMENT FOR DRAINAGE AND STORMWATER FACILITIES RECORDED October 21, 2021, UNDER RECORDING NO. 202110210093**

**EXHIBIT B  
REQUEST FOR FULL RECONVEYANCE**

**TO BE USED ONLY WHEN ALL OBLIGATIONS HAVE BEEN PAID AND ALL  
DUTIES PERFORMED UNDER THIS DEED OF TRUST.**

TO: TRUSTEE

The obligations thus secured have been fully paid, the duties performed and satisfied, and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, including contingent interest, to cancel evidence of indebtedness secured by said Deed of Trust delivered to you with said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you hereunder.

\_\_\_\_\_  
Dated

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title