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01/23/2023 01:17 PM Pages: 1 of 10 Fees: \$213.50
Skagit County Auditor

WHEN RECORDED RETURN TO:
Henry Fresonke
14851 Jefferson St.
Anacortes, WA 98221

Document Title: Deed of Trust
Reference: 9165 E. Pressentin Drive, Concrete
Grantor: Hytte Homes, LLC, a Washington limited liability company
Trustee: Land Title & Escrow Company of Washington, a Washington Corporation
Beneficiaries: J&M Cougs, LLC, a Washington limited liability company
Legal Description: Lot 5, Pressentin Creek Wilderness #2
[Full Legal Description Below]
Tax Parcel Number: 3969-000-005-0008....aka.....68111

DEED OF TRUST

THIS DEED OF TRUST, is dated the 15th of March, 2022, between Hytte Homes, LLC, a Washington limited liability company, [hereinafter "Grantor"], whose address is 14851 Jefferson St, Anacortes, WA 98221 and Land Title & Escrow Company, a Washington Corporation, [hereinafter "Trustee"], whose address is 901 NE Midway Blvd, Oak Harbor, WA 98277, and **J&M COUGS, LLC**, a Washington limited liability company, whose address is 8101 119th Ave. SE, Newcastle, WA 98056. [hereinafter "Beneficiaries"].

CONVEYANCE AND GRANT: For valuable consideration, Grantor conveys to Trustee in trust, with power of sale, right of entry and possession and for the benefit of Beneficiaries, all of Grantor's right, title, and interest in and to that certain property located in the County of Island, State of Washington, more particularly described in Exhibit A attached hereto, and all improvements and fixtures thereon and all rights and interests appurtenant thereto (hereinafter collectively referred to as the "**Property**"), together with all rents, profits and proceeds thereof. This Deed of Trust also constitutes a security agreement in all of the property above described and for such purposes Grantor hereby grants to Beneficiaries a security interest therein.

This Deed is for the purpose of securing performance of the Promissory Note ("Note" or "Promissory Note"), and payment of the sum of TWO HUNDRED & SEVENTY-FIVE THOUSAND AND NO/100 Dollars (\$275,000.00) ("Indebtedness"), in accordance with the terms

of the Promissory Note of even date herewith, payable to Beneficiaries or order, and made by Grantor, and all renewals, modifications and extensions thereof, and also such further sums as may be advanced or loaned by Beneficiaries to Grantor, or any of their successors or assigns, together with interest thereon at such rate as shall be agreed upon.

1. **GRANTOR'S WARRANTIES OF TITLE.** Grantor warrants to Beneficiaries that it is the sole holder of fee simple absolute title to all of the Property and that said title is and shall be kept marketable.
2. **PAYMENT AND PERFORMANCE.** Except as otherwise provided in this Deed of Trust, Grantor shall pay to Beneficiaries all amounts secured by this Deed of Trust as they become due, and shall strictly and in a timely manner perform all of Grantor's obligations under the Note and this Deed of Trust.
3. **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 (1) remain in possession and control of the Property; (2) use, operate or manage the Property; and (3) collect the rents from the Property.
 - 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. **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. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), coal, clay, scoria, soil, gravel or rock products without Beneficiaries' prior written consent.
 - d. **Compliance with Governmental Requirements.** Grantor shall promptly comply, and shall promptly cause compliance by all agents, tenants or other persons or entities of every nature whatsoever who rent, lease or otherwise use or occupy the Property in any manner, with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. 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 Beneficiaries in writing prior to doing so and as long as in Beneficiaries' sole opinion, Beneficiaries' interests in the Property are not jeopardized. Beneficiaries may require Grantor to post

adequate security or a surety bond, reasonably satisfactory to Beneficiaries, to protect Beneficiaries' interest.

- e. **Duty to Protect.** Grantor agrees neither to abandon nor leave the Property unattended. 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.
4. **DUE ON SALE – CONSENT BY BENEFICIARIES.** Beneficiaries may, at Beneficiaries' option, (A) declare immediately due and payable all sums secured by this Deed of Trust or (B) increase the interest rate provided for in the Note or other document evidencing the Indebtedness and impose such other conditions as Beneficiaries deem appropriate, upon the sale or transfer, without Beneficiaries' prior written consent, of all or any part of the Property, or any interest in the Property. A "sale or transfer" means the conveyance of Property or any right, title or interest in the Property; whether legal, beneficial 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 or any beneficial interest in or to any land trust holding title to the Property, or by any other method of conveyance of an interest in the Property. However, this option shall not be exercised by Beneficiaries if such exercise is prohibited by federal law or by Washington law.
5. **TAXES AND LIENS.** The following provisions relating to the taxes and liens on the Property are part of this Deed of Trust:
- a. **Payment.** Grantor shall pay when due (and in all events prior to delinquency) 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.
 - 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 Beneficiaries' 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, with fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Beneficiaries, deposit with Beneficiaries cash or a sufficient corporate surety bond or other security satisfactory to Beneficiaries 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 Beneficiaries and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Beneficiaries as an additional obligee under any surety bond furnished in the contest proceedings.

- c. **Evidence of Payment.** Grantor shall upon demand furnish to Beneficiaries satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Beneficiaries at any time a written statement of the taxes and assessments against the Property.
6. **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 Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Beneficiaries. Grantor shall also procure and maintain comprehensive general liability insurance and construction insurance with minimum policy limits of \$1,000,000.00 with Trustee and Beneficiaries being named as additional insureds in such liability insurance policies.
7. **CONDEMNATION.** The following provision relating to condemnation proceedings are a part of this Deed of Trust:
- a. **Condemnation.** 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 of the award as may be necessary to fully satisfy the obligation secured hereby, shall be paid to Beneficiaries to be applied to said obligation.
8. **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, and Beneficiaries shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.
- b. **Addresses.** The mailing addresses of Grantor (debtor) and Beneficiaries (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.
9. **FULL PERFORMANCE.** If Grantor pays all the Indebtedness when due, and otherwise performs all the obligations imposed upon Grantor under this Deed of Trust, Beneficiaries 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 Beneficiaries' security interest in the rents and the personal property located on

the Property. Any reconveyance fee shall be paid by Grantor, if permitted by applicable law. The grantee in any reconveyance may be described as the "person or persons legally entitled thereto", and the recitals in the reconveyance of any matters or facts shall be conclusive proof of the truthfulness of any such matters or facts.

10. **EVENTS OF DEFAULT.** Each of the following, at Beneficiaries' option, shall constitute an Event of Default under this Deed of Trust:

- a. **Payment Default.** Grantor fails to make any payment when due under the Note or Related Documents.
- b. **Other Defaults.** Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Deed of Trust, the Note or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Beneficiaries and Grantor.
- c. **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.
- d. **Default in Favor of Third Parties.** Should Grantor default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Grantor's property or Grantor's ability to repay the Indebtedness or perform their respective obligations under this Deed of Trust or any of the Related Documents.
- e. **Death or Insolvency.** The death of any Grantor, the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor
- f. **Creditor or Forfeiture Proceedings.** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any property securing the Indebtedness.
- g. **Breach of Other Agreement.** Any breach by Grantor under the terms of any other agreement between Grantor and Beneficiaries that is not remedied within any grace period provided therein, including without limitation any agreement concerning any Indebtedness or other obligation of Grantor to Beneficiaries, whether existing now or later.

- h. Right to Cure.** If any default, other than a default in payment is curable and if Grantor has not been given a notice of a breach of the same provision of this Deed of Trust within the preceding twelve (12) months, it may be cured if Grantor, after receiving written notice from Beneficiaries demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Beneficiaries deem in Beneficiaries' sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

11. RIGHTS AND REMEDIES ON DEFAULT. If an Event of Default occurs under this Deed of Trust, at any time thereafter, Trustee or Beneficiaries may exercise any one or more of the following rights and remedies:

- a. Election of Remedies.** Election by Beneficiaries to pursue any remedy 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 Grantor's failure to perform, shall not affect Beneficiaries' right to declare a default and exercise its remedies.
- b. Accelerate Indebtedness.** Beneficiaries shall have the right at its option to declare the entire Indebtedness immediately due and payable.
- c. Foreclosure.** With respect to all or any part of the Property, the Trustee shall have the right to exercise its power of sale and to foreclose by notice and sale, and Beneficiaries 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. UCC Remedies.** With respect to all or any part of the personal property, Beneficiaries shall have all the rights and remedies of a secured party under the Uniform Commercial Code.
- e. Other Remedies.** Trustee or Beneficiaries shall have any other right or remedy provided in this Deed of Trust or the Note or available at law or in equity.
- f. Notice of Sale.** Beneficiaries shall give Grantor reasonable notice of the time and place of any public sale of any personal property or of the time after which any private sale or other intended disposition of any 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 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 Beneficiaries shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Beneficiaries shall be entitled to bid at any public sale on all or any portion of the Property.

12. **ATTORNEYS' FEES; EXPENSES.** If either party institutes any suit or action to enforce any of the terms of this Deed of Trust, the prevailing party in such suit or action shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Beneficiaries incur that 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 from the date of the expenditure until repaid.
13. **RIGHTS OF TRUSTEE.** Trustee shall have all of the rights and duties of Beneficiaries as set forth in this Deed of Trust.
14. **POWERS AND OBLIGATIONS OF TRUSTEE.** The following provisions relating to the powers and obligations of Trustee (pursuant to Beneficiaries' instructions) are part of this Deed of Trust:
 - a. **Obligations to Notify.** Trustee shall not be obligated to notify any other party of a pending sale under any other trust deed or lien, or of any action or proceeding in which Grantor, Beneficiaries, or Trustee shall be a party, unless required by applicable law.
 - b. **Trustee.** Trustee shall meet all qualifications required for Trustee under applicable 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 in accordance with the Deed of Trust Act of the State of Washington (RCW 61.24 as now existing or hereinafter amended), and Beneficiaries shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.
 - c. **Successor Trustee.** Beneficiaries, at Beneficiaries' option, may from time to time appoint a successor Trustee to any Trustee appointed under this Deed of Trust by an instrument executed and acknowledged by Beneficiaries and recorded in the office of the recorder of Island County, State of Washington. The instrument shall contain, in addition to all other matters required by state law, the names of the original Beneficiaries, Trustee, and Grantor, the book and page or the Auditor's file Number 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

Beneficiaries or their successors in interest. Additionally, Trustee may resign by an instrument in writing addressed to Beneficiaries.

15. **HAZARDOUS WASTE INDEMNITY.** Grantor shall permit no hazardous or dangerous objects, materials or products to be located upon or generated, stored, transported to or from, disposed of or used in any portion of the Property, nor permit any hazardous or dangerous use to be made of the Property. If the same do so exist, or hereafter exist on the Property, Grantor covenants to immediately cause the same to be collected, stored, treated, and removed and the Property restored to the extent required by all then applicable federal, state and local regulations and to immediately pay all of the costs thereof. Grantor agrees to defend, indemnify and hold Beneficiaries harmless against any and all costs, actual and foreseeable consequential damages, and losses arising from or related to the breach of any warranty or covenant in this Section.
16. **NONAGRICULTURAL PROPERTY.** Grantor covenants and warrants that the Property is not used principally for agricultural purposes.
17. **BENEFICIARIES RIGHT TO INSPECT.** Beneficiaries and their agents and representatives may enter upon the Property with prior notice at all reasonable times to attend to Beneficiaries' interests and to inspect the Property.
18. **TIME OF PERFORMANCE.** Time is of the essence hereof in connection with all obligations of the Grantor herein and in the Note and Related Documents.
19. **NOTICES.** Subject to applicable law, and except for notice required or allowed by law to be given in another manner, any notice required to be given under this Deed of Trust shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Deed of Trust.
20. **GOVERNING LAW.** This Deed of Trust will be governed by federal law applicable to Beneficiaries and, to the extent not preempted by federal law, the laws of the State of Washington without regard to its conflicts of law provisions. This Deed of Trust has been accepted by Beneficiaries in the State of Washington.
21. **SUCCESSORS AND ASSIGNS.** Subject to any 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, Beneficiaries, without notice to Grantor, may deal with Grantor's successors with reference to this Deed of Trust and the Indebtedness by way

GRANTOR:

Henry Fresonke
Henry Fresonke, Sole Member

STATE OF WASHINGTON)
)ss
COUNTY OF Skagit)

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

GIVEN UNDER my hand and official seal this 23 day of January, 2023.

Print name: Ed S
NOTARY PUBLIC in and for the State of WA
My appointment expires: 10-13-26

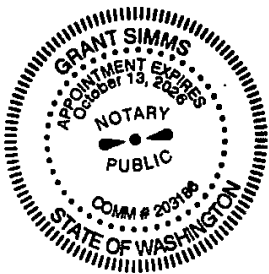


EXHIBIT "A"
Legal Description

For APN/Parcel ID(s): P68111 / 3969-000-005-0008

LOT 5, "PRESENTIN CREEK WILDERNESS DIV. NO. 2," AS PER PLAT RECORDED IN VOLUME 9
OF PLATS, PAGES 38 AND 39, RECORDS OF SKAGIT COUNTY, WASHINGTON.

SITUATE IN THE COUNTY OF SKAGIT, STATE OF WASHINGTON.

Handwritten signature: *Henry C. Friesche*
Date: *3/3/22*

This page is only a part of a 2016 ALTA® Commitment for Title Insurance issued by Chicago Title Insurance Company. This Commitment is not valid without the Notice; the Commitment to Issue Policy; the Commitment Conditions; Schedule A; Schedule B, Part I-Requirements; Schedule B, Part II-Exceptions; and a counter-signature by the Company or its issuing agent that may be in electronic form.

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