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AFTER RECORDING MAIL TO:

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Tax I.D. #340409-4-003-0006

9-34-4 SW-SE

980-1150105

Deed of Trust

(For Use in the State of Washington Only)



**First American Title
Insurance Company**

FIRST AMERICAN TITLE CO.

48378-2

*(this space for title company use
only)*

THIS DEED OF TRUST, made this 15th day of April, 1998, between SELF-HELP HOUSING, a Washington nonprofit corporation, GRANTOR, whose address is 405 Hong Road, Mount Vernon, Washington 98273, and FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation, as TRUSTEE, and SEAS, INC., a Washington corporation, BENEFICIARY, whose address is 1301 Riverside Drive, Mount Vernon, Washington, 98237 (fax: 360-424-5885/phone: 1-800-845-1031), WITNESSETH: Grantor hereby bargains, sells, and conveys to Trustee in trust, with power of sale, the real property legally described on attached **EXHIBIT A**, which real property is not used principally for agricultural or farming purposes, together with all the tenements, hereditaments, and appurtenances now or hereafter thereunto belonging or in anywise appertaining, and the rents, issues, and profits thereof (collectively, the "Property").

This Deed of Trust is for the purpose of securing performance of each agreement of grantor herein contained, and payment of the sum of FIVE HUNDRED THOUSAND, SEVEN HUNDRED AND SEVENTY-TWO DOLLARS (\$500,772) with interest, in accordance with the terms of a promissory note (the "Note") of even date herewith, payable to Beneficiary 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 Beneficiary to Grantor, or any of their successors or assigns, together with interest thereon at such rate as shall be agreed upon.

To protect the security of this Deed of Trust, Grantor covenants and agrees:

1. To keep the property in good condition and repair; to permit no waste thereof; to complete any building, structure or improvement being built or about to be built thereon; to promptly restore any building, structure, or improvement thereon which may be damaged or

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destroyed; and to comply with all laws, ordinances, regulations, covenants, conditions, and restrictions affecting the property.

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

3. To keep all buildings now or hereafter erected on the property described herein continuously insured against loss by fire or other hazards in an amount not less than the total debt secured by this Deed of Trust. All policies shall be held by the Beneficiary, and be in such companies as the Beneficiary may approve and have loss payable first to the Beneficiary, as its interest may appear, and then to the Grantor. The amount collected under any insurance policy may be applied upon any indebtedness hereby secured in such order as the Beneficiary shall determine. Such application by the Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, all rights of the Grantor in insurance policies then in force shall pass to the purchaser at the foreclosure sale.

4. To defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of title search and attorney's fees in a reasonable amount, in any such action or proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

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 attorney's fees actually incurred, as provided by statute.

6. Should Grantor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the property hereinabove described, Beneficiary may pay the same, and the amount so paid, with interest at the rate set forth in the note secured hereby, shall be added to and become a part of the debt secured in this Deed of Trust.

IT IS MUTUALLY AGREED THAT:

1. In the event any portion of the property is taken or damaged in an eminent domain proceeding, the entire amount of the award or such portion as may be necessary to fully satisfy the obligation secured hereby, shall be paid to Beneficiary to be applied to said obligation.

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.

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 obligation secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.

4. Upon default by Grantor in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, and if such default is not cured within ten (10) days after written notice to Beneficiary, all sums secured hereby shall immediately become due and payable upon notice from Beneficiary. In such event and upon written request of Beneficiary, Trustee shall sell the trust property, in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. Any person except Trustee may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (1) to the expense of the sale, including a reasonable Trustee's fee and attorney's fee; (2) to the obligation secured by this Deed of Trust; and (3) the surplus, if any, shall be distributed to the persons entitled thereto.

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

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.

7. In the event of the death, incapacity, disability or resignation of Trustee, Beneficiary may appoint in writing a successor trustee, and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded, the successor trustee shall be vested with all powers of the original trustee. The trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Grantor, Trustee, or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

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

ADDITIONAL COVENANTS

9. Subordination. With respect to the Phase I Parcel, legally described on attached **EXHIBIT B**, this Deed of Trust shall be subordinate to, and only to, the certain Deeds of Trust (the "Development Loan Deeds of Trust") that secure loans to Grantor for the construction of improvements on the Phase I Parcel (the "Development Loans"), subject to the conditions set forth below. There shall be no more than three (3) Development Loan Deeds of Trust. The Development Loan Deeds of Trust shall secure loans that (a) collectively have a principal loan balance no greater than Two Million Five Hundred Thousand Dollars (\$2,500,000) and

(b) secure loans that have a maturity date no earlier than that of the Note. Beneficiary and Grantor each agree to execute and acknowledge such reasonable documents as may be required by the lenders under the Development Loans to document the subordination described above.

10. Phase I Partial Reconveyances. Subject to the conditions precedent set forth below, Grantor may request Beneficiary at any time, and from time to time, before the Note matures, to release from the lien of this Deed of Trust one or more parcels (the "Release-Lot(s)") all or a portion of which are located on the Phase I Parcel. Beneficiary shall not be required to release any Release-Lot(s) unless all of the following conditions precedent are satisfied:

(i) Grantor shall not be in default under the Note or this Deed of Trust or any other documents related to the loan serviced hereby;

(ii) Grantor shall have delivered to Beneficiary a written request that a release be made, specifically describing the Release-Lot(s);

(iii) The Release-Lot(s) shall be a legal lot or lots;

(iv) Beneficiary shall have received the "Lot Release Price" (defined below);

(v) All remaining Lots after any such partial release shall have adequate legal access and be capable in Seller's reasonable judgment of development; and

(vi) Buyer shall pay Seller's reasonable costs and expenses incurred in connection with such partial reconveyance, not to exceed \$200 per lot.

The "Lot Release Price" with respect to lots in Phase I is \$4000 for a single family lot and \$3000 for a duplex lot (meaning a lot upon which one-half of a common-wall duplex may be built).

The Phase I Parcel will be divided into lots substantially as shown on the site plan attached hereto as **EXHIBIT C** and incorporated herein by this reference.

11. Due on Sale or Encumbrance. Except as set forth in Section 10 above, the Note secured by this Deed of Trust shall be due and payable in full at the sole discretion of the Beneficiary if all or any portion of the Property is sold, conveyed, leased, further encumbered or otherwise transferred, directly or indirectly, including by operation of law. Beneficiary hereby consents to Grantor encumbering the Property with the restrictive covenants and dedications directly related to the Plat and Planned Unit Development that Grantor is developing on the Property.

12. **ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW. R.C.W. 19.36.**

STATE OF WASHINGTON)
) ss.
COUNTY OF Skagit)

On this day personally appeared before me Dianek Doran, to me known to be Vice President of SEAS, INC., the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that she is is authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said corporation.

GIVEN under my hand and official seal this 15th day of April, 1998.



Peggy A. Brown
PEGGY A. BROWN

(Print name of notary)

NOTARY PUBLIC in and for the State of
Washington, residing at Barlinton

My commission expires 4-1-99

EXHIBIT A

[Legal Description of the Property]

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

PARCEL "A":

The Southwest 1/4 of the Southeast 1/4 of Section 9, Township 34 North, Range 4 East, W.M., EXCEPT the East 99 feet of the South 440 feet thereof, AND EXCEPT road along the South line thereof; AND EXCEPT that portion beginning at a point on the North line of the Martin County Road, 150 feet East of the East line of 30th Street, which point is 180 feet East of the West line of said subdivision; thence North parallel to the East line of 30th Street; 871.2 feet; thence East parallel to the North line of Martin Road, 300 feet; thence South parallel to 30th Street, 871.2 feet to the North line of Martin Road; thence West along the North line of Martin Road, 300 feet to the point of beginning.

EXCEPT mineral rights as reserved in Deed recorded December 10, 1926, in Volume 142 of Deeds, Page 146.

EXHIBIT B

[Legal Description - Parcel I]

That portion of the Southwest $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 9, Township 34 North, Range 4 East, W.M. described as follows:

- BEGINNING at the Southwest corner of said subdivision (South $\frac{1}{4}$ Corner);
thence North $0^{\circ}47'05''$ West 530.00 feet along the West line of said subdivision, also being the centerline of North 30th Street;
thence North $89^{\circ}12'55''$ East 55.00 feet;
thence North $0^{\circ}47'05''$ West 64.33 feet to a point of curvature;
thence along the arc of said curve to the right having a radius of 300.00 feet, a central angle of $66^{\circ}37'05''$, an arc distance of 348.81 feet to a point of tangency;
thence North $65^{\circ}49'58''$ East 317.00 feet;
thence South $24^{\circ}10'02''$ East 120.00 feet;
thence South $6^{\circ}05'19''$ East 98.00 feet;
thence North $85^{\circ}52'22''$ East 70.00 feet to a point on a curve;
thence Southerly along the arc of said curve, concave to the East, having an initial tangent bearing of South $7^{\circ}54'41''$ West, a radius of 400.00 feet, a central angle of $12^{\circ}11'54''$, an arc distance of 85.16 feet;
thence North $85^{\circ}42'47''$ East 20.00 feet to a point on a curve;
thence Southerly along the arc of said curve concave to the East, having an initial tangent bearing of South $4^{\circ}17'13''$ East, a radius of 380.00 feet, through a central angle of $1^{\circ}24'52''$, and arc distance of 9.34 feet to a point of compound curvature;
thence along the arc of said curve to the left having a radius of 184.00 feet, through a central angle of $41^{\circ}17'12''$, an arc distance of 132.59 feet to a point of compound curvature;
thence along the arc of said curve to the left having a radius of 26.80 feet, through a central angle of $73^{\circ}02'06''$, an arc distance of 33.69 feet to a point of compound curvature;
thence along the arc of said curve to the left having a radius of 184.00 feet, through a central angle of $12^{\circ}07'02''$, an arc distance of 38.91 feet;
thence South $43^{\circ}48'51''$ East 47.36 feet to a point on a curve;

EXHIBIT B (Continued)

[Legal Description - Parcel I]

thence Southwesterly along the arc of said curve concave to the Southeast, having an initial tangent bearing of South 36°55'12" West, a radius of 184.00 feet, through a central angle of 9°29'15", an arc distance of 30.47 feet;
thence South 43°48'51" East 71.44 feet;
thence North 80°19'18" East 21.75 feet;
thence South 43°48'51" East 92.42 feet to a point on a curve;
thence Easterly along the arc of said curve concave to the Southeast, having an initial tangent bearing North 53°19'52" East, a radius of 320.00 feet, through a central angle of 7°28'25", an arc distance of 41.74 feet;
thence South 29°11'43" East 40.00 feet;
thence North 60°48'17" East 40.00 feet;
thence South 29°11'43" East 74.00 feet;
thence South 89°54'20" East 151.40 feet, more or less, parallel with the South line of said subdivision to the West line of the East 99.00 feet of said subdivision;
thence South 0° 42' 00" East 382.56 feet along said West line to the South line of said subdivision;
thence North 89° 54' 20" West 1214.12 feet along said South line to the POINT OF BEGINNING.

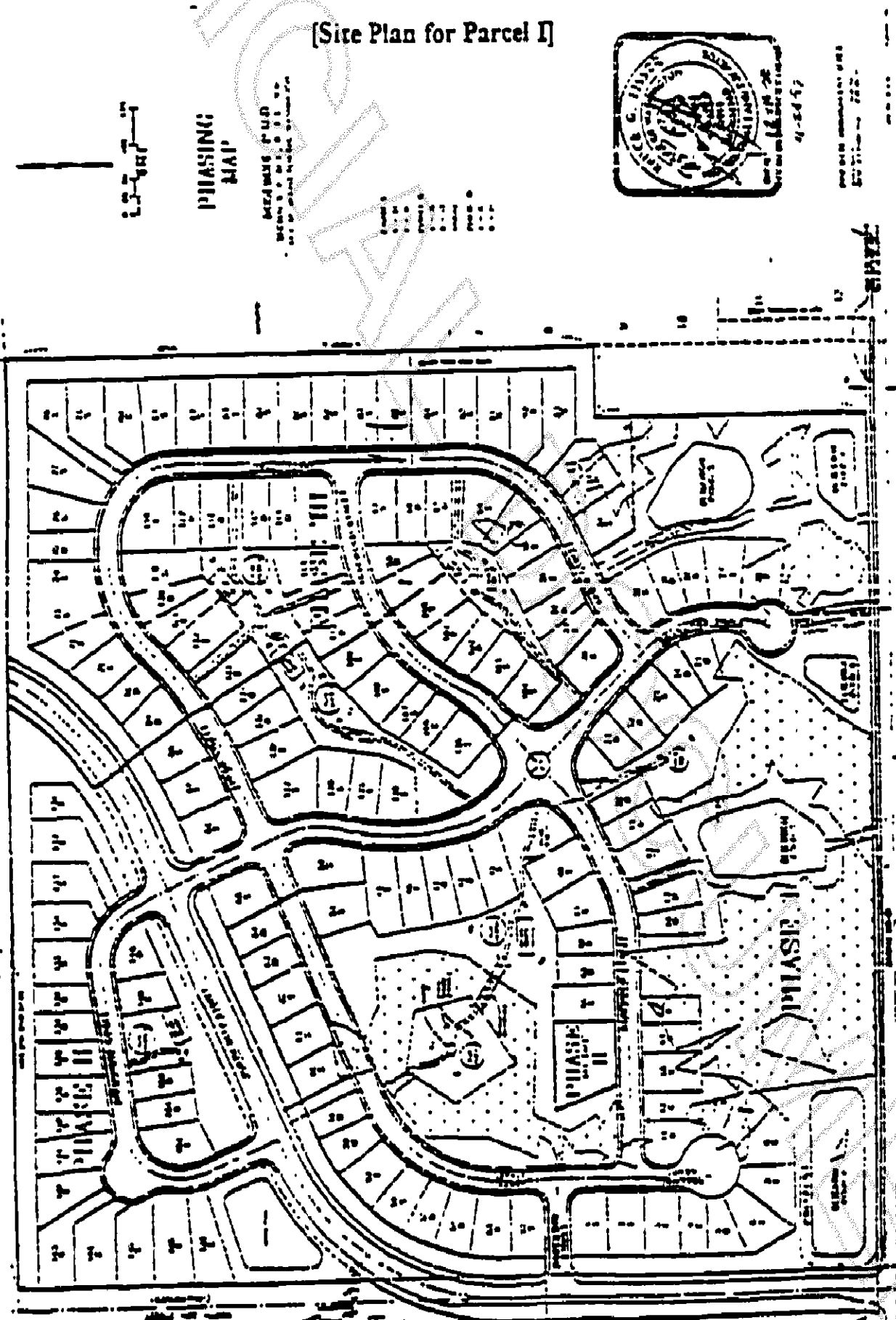
EXCEPT road along the South and West lines thereof,

AND EXCEPT mineral rights as reserved in Deed recorded December 10, 1926, in Volume 142 of Deeds, Page 146.

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EXHIBIT C

[Site Plan for Parcel I]



PHASING MAP

MEASUREMENTS IN FEET
AS SHOWN ON THIS MAP

- Proposed
- Existing
- Easement
- Right-of-Way
- Other



PROFESSIONAL ENGINEER
STATE OF FLORIDA
LICENSE NO. 41-2447