



201012210064  
Skagit County Auditor

Document Title:

Reference Number:

200909300060

Grantor(s):

additional grantor names on page \_\_\_

1. P. STEVEN HARMON AND JEWELL R. HARMON, TRUSTEES
2. ADAM R. PEARSON AND CHELSEA D. PEARSON

Grantee(s):

additional grantee names on page \_\_\_

1. WILLIAM C. BAILEY, TRUSTEE
2. W.T. BAILEY AND C.T. BAILEY TRUST

Abbreviated legal description:

full legal on page(s) \_\_\_

Assessor Parcel / Tax ID Number:

additional tax parcel number(s) on page \_\_\_

UNOFFICIAL DOCUMENT

**PROMISSORY NOTE**

**(This Note replaces Promissory Note dated: September 28, 2009)**

\$290,000.00  
Principal

October 15, 2010  
Date

Mount Vernon, WA  
City, State

**FOR VALUE RECEIVED, P. STEVEN HARMON and JEWELL R. HARMON, Trustees of THE P. STEVEN and JEWELL R. HARMON TRUST, UTD MARCH 22, 2009, and ADAM R. PEARSON and CHELSEA D. PEARSON "hereinafter Makers" promise to pay to WILLIAM C. BAILEY, Successor Trustee of the W.T. BAILEY and C.J. BAILEY TRUST, under Declaration dated March 25, 2009, hereinafter "Holder" or order at P.O. Box 715, Mount Vernon, WA 98273 or other such place as may be designated by the Holder from time to time, the principal sum of TWO HUNDRED NINETY THOUSAND AND NO/100 dollars (\$290,000.00), with interest thereon from the 15<sup>th</sup> day of October, 2010, on the unpaid principal at the rate of SIX AND ONE QUARTER percent (6.25%) per annum as follows:**

1. **INSTALLMENT PAYMENTS:** Maker shall pay **INTEREST ONLY PAYMENTS** on the outstanding principal balance.  
  
The installment payments shall begin on the **fifteenth** day of **November, 2010** and shall continue on the **fifteenth** day of each succeeding calendar month.
2. **DUE DATE:** The entire balance of this Note together with any and all interest accrued thereon shall be due and payable in full on **October 15, 2020**.
3. **DEFAULT INTEREST:** After maturity, or failure to make any payment, any unpaid principal shall accrue interest at the **rate of Ten percent (10.0%)** OR the maximum rate allowed by law, whichever is less, during such period of Maker's default under this Note.
4. **ALLOCATION OF PAYMENTS:** Each payment shall be credited first to any late charge due, second to interest, and the remainder to principal.
5. **PREPAYMENT:** Maker may prepay all or part of the balance owed under this Note at any time without penalty.
6. **CURRENCY:** All principal and interest payments shall be made in lawful money of the United States.
7. **LATE CHARGE:** If Holder receives any installment payment more than **Twenty-one** days after its due date, then a late payment charge of **Five percent (5.0%)** of the installment payment shall be added to the scheduled payment.
8. **DUE ON SALE: (OPTIONAL-Not applicable unless initialed by Holder and Maker to this Note)** If this Note is secured by a Deed of Trust or any other instrument securing repayment of this Note, the property described in such security instruments may not be sold or transferred without the Holder's consent. Upon breach of this provision, Holder may declare all sums due under this Note immediately due and payable, unless prohibited by applicable law.

ASHP  
Maker (Initials)

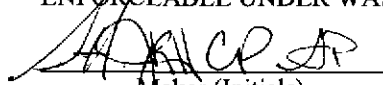
WCB  
Holder (Initials)

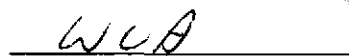


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9. **ACCELERATION:** If Maker fails to make any payment owed under this Note, or if Maker defaults under any Deed of Trust or any other instruments securing repayment of this Note, and such default is not cured within 30 days after written notice of such default, then Holder may, at its option, declare all outstanding sums owned on this Note to be immediately due and payable, in addition to any other rights or remedies that Holder may have under the Deed of Trust or other instruments securing repayment of this Note.
10. **ATTORNEY'S FEES AND COSTS:** Maker shall pay all costs incurred by Holder in collecting sums due under this Note after a default, including reasonable attorney's fees, whether or not suit is brought. If Maker or Holder sues to enforce this Note or obtain a declaration of its rights hereunder, the prevailing party in any such proceeding shall be entitled to recover its reasonable attorney's fees and costs incurred in the proceeding (including those incurred in any bankruptcy proceeding or appeal) from the non-prevailing party.
11. **WAIVER OF PRESENTMENTS:** Maker waives presentment for payment, notice of dishonor, protest and notice of protest.
12. **NON-WAVER:** No failure or delay by Holder in exercising Holder's rights under this Note shall be a waiver of such rights.
13. **SEVERABILITY:** If any clause or any other portion of this Note shall be determined to be void or unenforceable for any reason, such determination shall not affect the validity or enforceability of any other clause or portion of this Note, all of which shall remain in full force and effect.
14. **INTEGRATION:** There are no verbal or other agreements which modify or affect the terms of this Note. This Note may not be modified or amended except by written agreement signed by Maker and Holder.
15. **CONFLICTING TERMS:** In the event of any conflict between the terms of this Note and the terms of any Deed of Trust or other instruments securing payment of this Note, the terms of this Note shall prevail.
16. **EXECUTION:** P. Steven Harmon and Jewell R. Harmon are jointly responsible for 50% of this Note. Adam R. Pearson and Chelsea D. Pearson are jointly responsible for 50% of this Note. Makers' liability shall be joint and several.
17. **COMMERCIAL PROPERTY: (OPTIONAL-Not applicable unless initialed by Holder and Maker to this Note)** Maker represents and warrants to Holder that the sums represented by this Note are being used for business, investment or commercial purposes, and not for personal, family or household purposes.

**ORAL AGREEMENTS:** ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, TO EXTEND CREDIT, OR TO FOREBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

  
Maker (Initials)

  
Holder (Initials)

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18. **DEFINITIONS:** The word Maker shall be construed interchangeably with the words Borrower or Payer and the word Holder shall be construed interchangeably with the words Lender or Payee. In this Note, singular and plural words shall be construed interchangeably as may be appropriate in the context and circumstances to which such words apply.

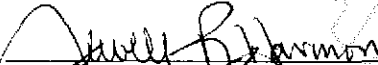
19. **ADDITIONAL TERMS AND CONDITIONS:**

- a. Property shall not be encumbered by any additional debt without prior consent of Holder.
- b. The rate of interest on this Promissory Note is: **SIX AND ONE QUARTER percent (6.25%)** per annum for the initial five (5) years. At the beginning of the sixth (6) year (October 15, 2016), the rate of interest will be adjusted to: The prime rate of interest charged to commercial banks as used by Skagit State Bank plus three percent (3%) not to exceed a total rate of ten percent (10%) per annum.

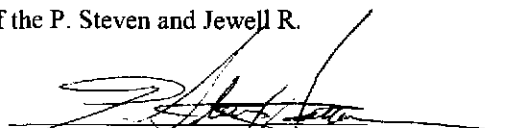
20. **THIS NOTE IS SECURED BY A DEED OF TRUST DATED SEPTEMBER 28, 2009 AND RECORDED UNDER AUDITOR FILE NUMBER: 200909300060.**


Maker (signatures)

P. Steven Harmon and Jewell R. Harmon, Trustees of the P. Steven and Jewell R. Harmon Trust, UTD March 12, 2004.

  
By: Jewell R. Harmon, Trustee

  
Adam R. Pearson

  
By: P. Steven Harmon, Trustee

  
Chelsea D. Pearson

Maker's address for all notices by Holder under this Note:  
17360 Lakeview Blvd., Mount Vernon, WA 98274

**DO NOT DESTROY THIS NOTE**

**WHEN PAID this original Note together with the Deed of Trust securing the same, must be surrendered to the Trustee for cancellation and retention before any reconveyance can be processed.**



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