



201208020031

Skagit County Auditor

8/2/2012 Page 1 of 15 10:29AM

Veritas Development, Inc.
19305 Olympic View Drive
Edmonds, WA 98020



201207260281 15 PGS
07/26/2012 10:50am \$76.00
SNOHOMISH COUNTY, WASHINGTON

**AMENDMENT TO DEED OF TRUST
AND
SPREADING AGREEMENT**

- A. REFERENCE NO: 201201040162
- B. GRANTOR: RANDY S. PREVIS
KATIE L. PREVIS
DOLPHIN COVE, LLC
- C. BENEFICIARY: VERITAS DEVELOPMENT, INC.
- D. LEGAL DESCRIPTION: PTN. LOT 8, BLK D, WOODWAY PARK, V. 16, PG. 12
(Snohomish);
PTN GL 3, SE ¼-NW ¼, SEC 1, TWP 36 N, RG 2 W, WM
(San Juan); and
LOT 8, SURVEY AFN 200303250116 (Skagit)
- E. ASSESSOR'S PROPERTY TAX ACCOUNT NOS: 003847-004-008-02
260113004000
3842-048-016-0007 P60768

THIS AMENDMENT TO DEED OF TRUST AND SPREADING AGREEMENT (the "Amendment"), is made and entered into as of the 15th day of July 2012, by and among **RANDY S. PREVIS AND KATIE L. PREVIS**, husband and wife (hereinafter collectively referred to as "Previs"), and **DOLPHIN COVE, LLC**, a Washington limited liability company (hereinafter "Dolphin Cove,"), as **GRANTORS** and **ASSIGNORS**, whose mailing address is 22819 Woodway Park Road, Woodway, WA 98020, for the sole and exclusive benefit of **VERITAS DEVELOPMENT, INC.**, a Washington corporation, **BENEFICIARY** and **ASSIGNEE** (hereinafter "Veritas,") whose mailing address is 19305 Olympic View Drive, Edmonds, WA 98020.

WITNESSETH:

WHEREAS, Previs executed and delivered a Promissory Note (the "Note") to Veritas payable to its order in the principal amount of **EIGHT HUNDRED FIFTY THOUSAND DOLLARS AND 00/100 CENTS (\$850,000.00)**. The Note is presently secured by real property described in that certain Deed of Trust, dated December 30, 2011, made by Previs, as Grantor, in favor of Veritas, as Beneficiary, recorded on January 4, 2012 under Auditor's file number 201201040162 in the real property records of Snohomish County, Washington (the "DOT").

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Previs, Dolphin Cove and Veritas hereby agree as follows with respect to the DOT:

1. Definitions. All capitalized terms used herein, unless otherwise defined, shall have their same respective meanings herein as defined in the DOT and the Note.
2. Additional Real Property Collateral. Dolphin Cove hereby grants, bargains, sells, conveys, assigns, transfers, mortgages, pledges, delivers, sets over, warrants, confirms and hypothecates to Veritas a security interest in the real property lying and being located in San Juan County, Washington and Skagit County, Washington, on the same terms and conditions as set forth in the DOT, legally described as follows:

San Juan County Property:

Abbreviated Legal: Portion of Government Lot 3 and the Southeast Quarter of the Northwest Quarter, Section 1, Township 36 North, Range 2 West, W.M, more particularly described on Exhibit A attached hereto; and

Skagit County Property:

Lot 8 of that certain Survey recorded under Auditor's File Number 200303250116, Records of Skagit County, Washington;

(the "Additional Real Property Collateral"). The "Additional Real Property Collateral" is also security for the payment of the Note, together with interest thereon, and all other obligations and indebtedness of Previs, to Veritas, whether now existing or hereafter arising under that Note and any other loan documents related to that obligation. Whenever reference is made in the DOT or in any other loan documents to the term "Real Property" or "Property," the same shall be deemed to include, without limitation, the "Additional Real Property Collateral" described herein.

3. Additional Personal Property Collateral. Previs also hereby grants, bargains, sells, conveys, assigns, transfers, mortgages, pledges, delivers, sets over, warrants, confirms and hypothecates to Veritas a security interest in their right, title and interest in Dolphin Cove, LLC,



a Washington limited liability company. Furthermore, Veritas hereby accepts such assignment on the terms and conditions set forth in the Security Agreement attached hereto as Exhibit B ("Security Agreement") and authorizes Previs to amend the existing UCC 1 filed under 2012-003-0833-4 and recorded with the Snohomish County Auditor as AFN 201201040163 to reflect the assignment set forth herein and the Additional Personal Property Collateral.

4. Acknowledgment. Veritas agrees that Previs has complied with each and every term, covenant and condition of the DOT, the Note and all other agreements relating thereto, and that Veritas, as of the date hereof, has no set off, claim or defense of any nature against Previs relating to the DOT, the Note and any and all other agreements relating thereto.

5. Representations and Warranties. Previs hereby makes and remakes each of the representations and warranties contained in the DOT, the Note and any and all other agreements relating thereto as of the date hereof, which representations and warranties shall be deemed continuing and shall survive the execution and delivery hereof.

6. DOT Amendment and Security Agreement. The DOT is hereby amended by adding the "Additional Real Property Collateral" to the DOT, by Previs executing the Security Agreement attached as Exhibit B for the "Additional Personal Property Collateral," by the amendment to the existing UCC-1 and by Previs delivering the fully executed Security Agreement attached as Exhibit B, a copy of the amended UCC-1 and a copy of this Amendment after recording to Veritas as soon as those documents are available.

7. Reaffirmation. Except as modified herein, the DOT, the Note and any and all other agreements relating thereto shall remain in full force and effect according to their original terms, covenants and conditions (which are hereby incorporated herein by reference). This Agreement shall not be deemed a waiver by Veritas of any rights contained in the DOT, the Security Agreement attached as Exhibit B, the Note and any and all other agreements relating thereto, including, without limitation, Veritas exercise of its rights under any of these agreements in the event of a default under the Note or in any or all of the other agreements relating thereto.

8. Parties Bound. This Agreement shall be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

GRANTORS:



RANDY S. PREVIS



KATIE L. PREVIS



STATE OF WASHINGTON)
) ss.
COUNTY OF SNOHOMISH)

I hereby certify that I know or have satisfactory evidence that RANDY S. PREVIS and KATIE L. PREVIS are the persons who appeared before me, and said persons acknowledged that they signed this instrument and acknowledged it to be their free and voluntary act for the uses and purposes therein mentioned in this instrument.

SUBSCRIBED AND SWORN TO before me this 18th day of ~~June~~ ^{July}, 2012.



Print Name: Todd WARSAW
NOTARY PUBLIC in and for the State of
Washington, residing at Edmonds WA
My commission expires: December 8th 2015

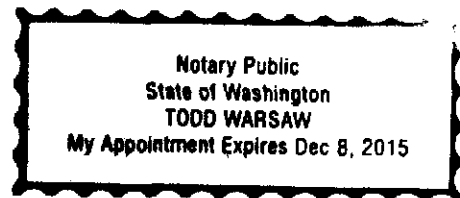


EXHIBIT "A"

PARCEL A:

That portion of Government Lot 3 and the Southeast Quarter of the Northwest Quarter of Section 1, Township 36 North, Range 2 West, W.M., in San Juan County, Washington, lying East of the following described line:

Commencing at a concrete monument marking the Southwest corner of Section 1;
thence along the West line of said Section 1 North 1°16'15" West 2,655.59 feet to a concrete monument marking the West Quarter of said Section 1;
thence North 89°10'50" East 2,680.17 feet, along the North line of the Southwest Quarter of said Section 1, to the Southwest corner of said Government Lot 3, which point is the true point of beginning of the line being described;
thence from said true point of beginning South 89°10'50" West 60.0 feet;
thence North 0°29'01" West 133.63 feet;
thence North 34°11'34" East 492.28 feet;
thence North 36°35'17" West 676.73 feet;
thence North 60°03'45" West 131.72 feet;
thence North 70°18'48" West 501.07 feet to a point on the North line of said Southeast Quarter of the Northwest Quarter and the point of termination of the described line;

EXCEPT that portion lying Southerly and Easterly of the following described line:

Commencing at the above described Southwest corner of Government Lot 3;
thence South 89°10'50" West 60.00 feet;
thence North 0°29'01" West 133.63 feet;
thence North 34°11'34" East 492.28 feet to the true point of beginning;
thence said line runs South 74°17'05" East 210.99 feet;
thence North 25°00'00" East 150.00 feet;
thence North 1°01'19" East 120.76 feet to a point on the Easterly boundary of said Government Lot 3 and the terminus of this line description.

PARCEL B:

An easement for access and utility purposes as set out and described in instrument recorded December 7, 1988 under Auditor's File No. 88154758, records of San Juan County, Washington, and amended November 11, 1989 under Auditor's File No. 89161602, records of said county.

EXHIBIT A



201208020031
Skagit County Auditor

SECURITY AGREEMENT:

LLC INTERESTS

This Security Agreement ("Agreement" herein) is made and entered into as of the ___ day of June 2012, by and among **RANDY S. PREVIS AND KATIE L. PREVIS**, husband and wife (hereinafter collectively referred to as "Previs"), whose mailing address is 22819 Woodway Park Road, Woodway, WA 98020, as to their interests in **DOLPHIN COVE, LLC**, a Washington limited liability company (hereinafter "Dolphin Cove"), as **BORROWERS**, for the sole and exclusive benefit of **VERITAS DEVELOPMENT, INC.**, a Washington corporation, as **SECURED PARTY** (hereinafter "Secured Party") whose address is 19305 Olympic View Drive, Edmonds, WA 98020.

In consideration of a mutual covenants and promises set forth herein, Borrowers and Secured Party agrees as follows:

I. CREATION OF SECURITY INTEREST

A. Borrowers hereby grant a security interest in the Collateral described in Section II of this Security Agreement to Secured Party to secure the performance and payment of Secured Party's Promissory Note, in the amount of **EIGHT HUNDRED FIFTY THOUSAND DOLLARS AND 00/100 CENTS (\$850,000.00)** (the "Note"), payable as to principal and interest as therein provided together with all costs and expenses incurred by Secured Party in the collection and enforcement of the Note, and other indebtedness of Borrowers, with future advances to be evidenced by like notes to be made to Secured Party at the option of the Secured Party; and all liabilities of Assignees to Secured Party now existing or hereafter incurred, matured or un-matured, direct or contingent, and any renewals and extensions thereof and substitutions therefore.

II. DESCRIPTION OF COLLATERAL

A. The Collateral of this Security Agreement ("Collateral" herein) consists of: (i) all of Borrowers' right, title and interest, in Dolphin Cove, whether now owned or hereafter acquired or arising, whether direct or indirect, whether legal, beneficial or economic, whether fixed or contingent, whether arising under the Organizational Documents, under applicable Laws or otherwise; (ii) as a member in and to Dolphin Cove, LLC, including Borrowers' limited liability company membership and/or ownership interest therein (the "Ownership Interests"); (iii) in all rights to dividends and distributions, whether in cash or other property, real or personal, from or through Dolphin Cove to Borrowers, or otherwise in connection with the any of the Ownership Interests (each a "Distribution"); (iv) all of Borrowers' right, title and interest, including, without limitation, the right to receive sale proceeds and payments of any kind, in and

SECURITY AGREEMENT

1
EXHIBIT B



to any and all purchase agreements and contracts (“the “Contracts”) entered into between Borrowers and any other party for the sale of any real property owned by Dolphin Cove that is encumbered by one or more mortgages or deeds of trust granted by Borrowers for the benefit of a lender; (v) in all proceeds (as that term is defined in the Uniform Commercial Code, including claims against third parties), payments, claims, products, offspring, rents, revenues, issues, profits, royalties, income, benefits, additions and accessions to, under or of any of the foregoing Ownership Interests and Contracts; (vi) in all replacements and substitutions of or for any of the foregoing; (vii) in all books and records (in whatever form or media, including without limitation computerized records, software and disks) relating to any of the foregoing; (vii) all of Dolphin Cove’s right to acquire real property pursuant to any purchase agreement, contract right, auction, foreclosure sale or other arrangement to which Dolphin Cove is a party, or in which Dolphin Cove has participated, as the case may be; (viii) all of Dolphin Cove’s right to receive a refund of any payment made by Dolphin Cove at any foreclosure sale, auction or similar proceeding and (ix) in all documents, instruments, certificates, agreements or other evidence of any of the foregoing, whether or not in written form and whether heretofore or hereafter in existence or acquired.

B. Borrowers hereby assign all of their right, title and interest in the Collateral to Secured Party, *for security purposes only*, to secure payment of the Note, payable as to principal and interest as therein, with future advances to be evidenced by like notes to be made to Secured Party at the option of the Secured Party; and all liabilities of Assignees to Secured Party now existing or hereafter incurred, matured or un-matured, direct or contingent, and any renewals and extensions thereof and substitutions therefore and other indebtedness of Borrowers, on the terms and conditions set forth in the DOT, the Note and this Security Agreement.

III. BORROWERS’ OBLIGATIONS, GENERALLY

A. **WARRANTIES AND REPRESENTATIONS.** Borrowers warrant in connection with the Collateral covered by this Security Agreement that:

1. It arises under a bona fide debt, validly executed in Borrowers’ favor and Borrowers’ title thereto is absolute;
2. It is not subject to any existing or subsequent assignment, claim, lien or other security interest of any character, or to attachment, levy, garnishment or other judicial process, or to claim for set-off, counterclaim, deduction or discount except as disclosed to Secured Party in writing; and
3. Borrowers have not received any notice of the filing of a bankruptcy petition by Dolphin Cove, LLC, a Washington limited liability company.



B. BORROWERS FURTHER COVENANTS, WARRANTS AND AGREES TO:

1. Notify Secured Party in writing immediately of any delay in performance, or proposed change in the Collateral, or of any condition adverse to the security interest of Secured Party under this Security Agreement;
2. Keep accurate and complete records of performance and accounts relating to the Collateral; give Secured Party or its representatives unqualified right of access, inspection, extraction of records and the right to demand audit by a certified public accountant of its choice at Borrowers' expense in respect to all records or instruments relating to the security interest of Secured Party under this Security Agreement;
3. Immediately deliver the *originals* evidencing ownership of any of the Collateral, if requested by Secured Party, to hold and possess so long as any obligation remains outstanding under the Note and Borrowers hereby waives presentment, demand, notice of dishonor, protest and notice of protest and all other notices relating thereto;
4. Neither grant nor permit a security interest, pledge, lien, encumbrance or levy to be created or exist in relation to the Collateral, or to borrow on the security thereof, without prior written consent of Secured Party so long as any obligation remains outstanding under the Note; and

C. Subject to any limitations stated therein or in connection therewith, Borrowers warrants that all information furnished to Secured Party concerning the Collateral or otherwise for the purpose of obtaining credit or an extension of credit is or will be at the time such information is furnished, correct in all material respects and complete insofar as completeness may be necessary to give Secured Party accurate knowledge of the subject matter.

D. Borrowers shall perform all covenants and conditions set forth in this Security Agreement.

IV. SECURED PARTY'S OBLIGATION

A. Secured Party acknowledges having made the loan to Previs, as agreed, and as evidenced by the Note; and

B. Secured Party further acknowledges that the Note is current as of the date of this Security Agreement.

SECURITY AGREEMENT

3
EXHIBIT B



201208020031
Skagit County Auditor

V. PROCEEDS OF COLLATERAL

A. Borrowers hereby grant to Secured Party a security interest in and to all proceeds of Collateral, as defined by RCW 62A.9A-315. This provision shall not be construed to mean that Borrowers are authorized to sell, lease, or otherwise dispose of Collateral without the written consent of Secured Party unless otherwise provided in this Security Agreement.

VI. COLLECTION OF ACCOUNT AND CONTRACT PAYMENTS

A. Secured Party will apply all payments when received by it to the satisfaction of Note, the method or order of application to be at the discretion of Secured Party. Secured Party may at any time without cause notify the payor of the Collateral to make payment directly to Secured Party, who may then take direct control of all proceeds. In the absence of written notice thereof, Borrowers shall act as agents for Secured Party to collect and enforce all rights to such payments, but Borrowers shall hold such collections separately as an express trust for the security of the obligations created by this Security Agreement. Borrowers shall pay all expenses, costs, attorneys' fees and liabilities of or resulting from collection and enforcement, whether incurred by Secured Party or Borrowers, and shall in any event be liable for the amount of any deficiency remaining after the exercise of the rights of Secured Party under this Security Agreement.

B. Borrowers hereby irrevocably authorize Secured Party to demand, collect, compound and prosecute any suit or proceeding on any or all sums assigned under this Security Agreement in its name or in the name of Borrowers and for its use and benefit, without notice and to indorse in the name of Borrowers any checks, drafts or other remittances for application to the indebtedness secured by this Security Agreement.

VII. DECREASE IN VALUE OF COLLATERAL

A. If in the reasonable judgment of Secured Party, the Collateral has materially decreased in value, or if Secured Party shall at any time deem itself insecure, Borrowers shall on demand by Secured Party either provide additional Collateral sufficient to satisfy Secured Party or reduce the total indebtedness by an amount sufficient to satisfy Secured Party.

VIII. FINANCING STATEMENT

A. Borrowers hereby consent to the electronic filing and/or recording of any and all financing statements and any amendments thereto to perfect Secured Party's security interest in the Collateral in a form satisfactory to Secured Party. Borrowers further consent to pay the cost of filing such statements, including all statutory fees. Borrowers will further execute and pay the cost of filing all other instruments deemed necessary by Secured Party. Borrowers warrant that no financing statement covering the Collateral described in Section II of this Security Agreement or any part thereof or any proceeds thereof is presently on file in any public office.

SECURITY AGREEMENT

4
EXHIBIT B



201208020031
Skagit County Auditor

8/2/2012 Page

10 of 15 10:29AM

IX. REIMBURSEMENT OF EXPENSES

A. At the option of Secured Party and at any time, Secured Party may discharge taxes, liens, or interest on the Collateral, may perform or cause to be performed for and on behalf of Borrowers any actions and conditions, obligations, or covenants that Borrowers have failed or refused to perform, or may pay for the maintenance and preservation of Collateral. All sums so expended shall bear interest from the date of payment at the default rate stated in the Note and be payable to Secured Party at the address of Secured Party given at the beginning of this Security Agreement, and shall be secured by this Security Agreement.

X. TIME OF PERFORMANCE

A. In performing any acts under this Security Agreement and the obligations secured hereby, time shall be of the essence.

XI. WAIVER

A. The failure of Secured Party to exercise any right or remedy, or the acceptance by Secured Party of partial or delinquent payments, shall not constitute a waiver of any obligation of Borrowers or right of Secured Party or constitute a waiver of any similar default occurring subsequently.

XII. DEFAULT

A. If Borrowers fail to pay when due any amount payable on the Note or on any other indebtedness of the Borrowers secured by this Security Agreement, or fails to observe or perform any of the provisions of this Security Agreement, Borrowers shall be in default. In addition, at the election of Secured Party and without necessity of demand or notice, all or any part of the indebtedness of Borrowers shall become immediately due and payable irrespective of any agreed maturity date on the occurrence of any of the following events.

1. The dissolution of Dolphin Cove;
2. The appointment of a receiver or the commencement of bankruptcy proceedings by or against Borrowers or affecting the properties of Borrowers;
3. The making of an assignment by Borrowers for the benefit of creditors; or
4. If Secured Party in good faith believes that the prospect of payment or performance of any of the obligations of Borrowers arising under this Security Agreement is substantially impaired.

XIII. REMEDIES

A. On default by Borrowers and at any time thereafter:

1. Secured Party may declare all obligations secured by this Security Agreement immediately due and payable and may proceed to enforce payment and exercise any and all of the rights and remedies provided by RCW 62A.9A-101 to RCW 62A.9A-709, as well as any and all other rights and remedies possessed by Secured Party at law or in equity.

2. Secured Party shall have the right to remove Collateral from Borrowers' premises and may require Borrowers to assemble Collateral and make it available to Secured Party at any place designated by Secured Party reasonably convenient to both parties. For purposes of removal and possession of Collateral, Secured Party or its representatives may enter any premises of Borrowers without legal process, and Borrowers hereby waive and release Secured Party of an from any and all claims in connection therewith or arising there-from.

3. Unless Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party shall give Borrowers reasonable notice of the time and place of any public sale of Collateral or of the date after which any private sale or any other intended disposition of Collateral is to be made including, but not limited to, exercising Secured Party's rights under this Security Agreement. The requirements of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of Borrowers shown at the beginning of this Security Agreement at least thirty (30) calendar days before the time of any sale or disposition of the Collateral. The expenses of retaking, holding, preparing for sale, selling or the like shall include actual attorney's fees and expenses of Secured Party.

XIV. GOVERNING LAW

A. The validity of this Security Agreement and any provision thereof shall be determined under and shall be construed according to RCW 62A.9A-101 to RCW 62A.9A-709 and other applicable laws of the State of Washington, and all obligations of the parties created hereunder are performable in the State of Washington.

B. All terms used in this Security Agreement that are defined in RCW 62A.9A-101 to RCW 62A.9A-709 shall have the same meaning in this Security Agreement as therein defined.

In witness whereof, Secured Party and the Borrowers have executed this Security Agreement at Seattle, Washington the day and year first written above.

SIGNATURE PAGES TO FOLLOW:

SECURITY AGREEMENT

6
EXHIBIT B



BORROWER:

DATE: _____

_____ Randy S. Previs

STATE OF WASHINGTON)

) ss

COUNTY OF KING)

On _____, before me, _____ a Notary Public, personally appeared RANDY S. PREVIS, personally known to me - OR - proved to me on the basis of satisfactory evidence, to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

SUBSCRIBED AND SWORN TO before me this _____ day of _____ 2012.

Name: _____

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

My commission expires: _____

SECURITY AGREEMENT

7
EXHIBIT B



201208020031
Skagit County Auditor

BORROWER:

DATE: _____

Katie L. Previs

STATE OF WASHINGTON)

) ss

COUNTY OF KING)

On _____, before me, _____ a Notary Public, personally appeared KATIE L. PREVIS, personally known to me - OR - proved to me on the basis of satisfactory evidence, to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

SUBSCRIBED AND SWORN TO before me this ____ day of _____ 2012.

Name: _____
NOTARY PUBLIC in and for the State of
Washington, residing at _____
My commission expires: _____

SECURITY AGREEMENT

8
EXHIBIT B



201208020031
Skagit County Auditor

SECURED PARTY:

VERITAS DEVELOPMENT, INC,
a Washington limited liability company:

DATE: _____

By: _____
ASHLEY E. PREVIS, President

STATE OF WASHINGTON)

) ss.

COUNTY OF KING)

On _____, before me, _____ a Notary Public, personally appeared ASHLEY E. PREVIS, the President of VERITAS DEVELOPMENT, INC., a Washington corporation, personally known to me - OR - proved to me on the basis of satisfactory evidence, to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

SUBSCRIBED AND SWORN TO before me this _____ day of _____ 2012.

Name: _____
NOTARY PUBLIC in and for
the State of Washington,
residing at _____
My commission expires _____

SECURITY AGREEMENT

9
EXHIBIT B



201208020031
Skagit County Auditor