

AFTER RECORDING MAIL TO:

Name Parkwood Place Holdings, LLC

Address 3311 S. Rainbow Blvd., Suite 209

City, State, Zip Las Vegas, NV 89146

Filed for Record at Request of:

Land Title and Escrow Company



Skagit County Auditor

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\$79.00

LAND TITLE OF SKAGIT COUNTY

DEED OF TRUST

146 292-DE (For use in the state of Washington only)

THIS DEED OF TRUST, made this 2nd day of August, 2013, between PW Creek, Inc., a Washington corporation, **GRANTOR** whose address is 504 E. Fairhaven Ave., Burlington, WA 98233, Land Title and Escrow Company, **TRUSTEE**, whose address is 111 East George Hopper Road, Burlington, WA 98233, and Parkwood Place Holdings, LLC, whose address is 3311 S. Rainbow Blvd., Suite 209, Las Vegas, NV 89146, **BENEFICIARY**,

WITNESSETH: Grantor(s) hereby bargain(s), sell(s), and convey(s) to Trustee in trust, with power of sale, the following described real property in Skagit County, Washington:

See Exhibit A attached hereto and incorporated herein by reference.

Assessor's Property Tax Parcel/Account Number: 340422-2-001-0138

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E 1/2 of NW 1/4 22-34-4

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 any wise appertaining, and the rents, issues, and profits thereof.

This deed is for the purpose of securing performance of each agreement of Grantor(s) herein contained, and payment of the sum of Two Million Three Hundred Forty Thousand Dollars (\$2,340,000) with interest, in accordance with the terms of a promissory note ("Note") of even date herewith, payable to Beneficiary or order, and made by Grantor(s), and all renewals, modifications, and extensions thereof, and also such further sums as may be advanced or loaned by Beneficiary to Grantor(s), or any of his/her/their successors or assigns, together with interest thereon at such rate as shall be agreed upon.

DUE DATE: The entire balance of the Note secured by this Deed of Trust, together with any and all interest accrued thereon, shall be due and payable in full on July 1, 2016.

To protect the security of this Deed of Trust, Grantor(s) covenant(s) and agree(s):

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 restore promptly any building, structure, or improvement thereon which may be damaged or 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 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.
4. 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.
5. Should Grantor(s) 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(s) and the Beneficiary, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.



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4. Grantor will be in default under this Deed of Trust upon the occurrence of any one or more of the following events that is not cured within the applicable cure period (some or all collectively, "Events of Default;" any one singly, an "Event of Default"):

(i) Grantor fails to perform any obligation to pay money which arises under this Deed of Trust or the Note, and does not cure that failure within ten (10) days after written notice from Beneficiary or Trustee; or

(ii) Grantor (a) fails to complete the Phase 1 improvements and plat finalization for a minimum of twenty (20) lots on the Property on or before July 1, 2014, or (b) fails to complete the Phase 2 improvements and plat finalization for a minimum of an additional twenty-two (22) lots on the Property on or before July 1, 2015, or (c) fails to perform any other obligation arising under this Deed of Trust other than one to pay money, and does not cure that failure either within thirty (30) days ("Initial Cure Period") after written notice from Beneficiary or Trustee, or within sixty (60) days after such written notice, so long as Grantor begins within the Initial Cure Period and diligently continues to cure the failure, and Beneficiary, exercising reasonable judgment, determine that the cure cannot reasonably be completed at or before expiration of the Initial Cure Period.

5. If an Event of Default occurs hereunder and is continuing, all sums secured hereby shall immediately become due and payable at the option of the 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.

6. 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(s) had or had the power to convey at the time of his/her/their execution of this Deed of Trust, and such as he/she/they may have acquired thereafter. The 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 encumbrancers for value.

7. 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.

8. 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



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not obligated to notify any party hereto of pending sale under any other Deed of Trust or of an action or proceeding in which Grantor(s), Trustee, or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

9. This Deed of Trust applies to, inures to the benefit of, and is binding not only on the parties hereto, but on his/her/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.

10. Upon the receipt of a written request from the Grantor, Beneficiary shall subordinate the lien of this Deed of Trust to a new construction loan deed of trust on a portion of the Property which shall not exceed ten (10) lots, as designated on the Preliminary Plat for Highlands West – LU05-024 (or The Plat of the Creek at Parkwood – which name Grantor can change at Grantor's discretion), and as agreed to by Lender, which consent will not be unreasonably withheld. The legal description for the subordination shall be by a metes and bounds description until such time as a final plat map has been recorded on the Property, at which time Lender shall partially reconvey the lien of this Deed of Trust on such ten Lots. The subordination and partial release shall not require the payment of any principal or interest to Beneficiary hereunder.

11. Upon (i) the recording of a final plat map on any Phase of the Property, and (ii) receipt of a written request from the Trustor, and (iii) payment of the amount of Fifty Thousand Dollars (\$50,000), together with all accrued interest due on said \$50,000, the Beneficiary shall cause to have a partial reconveyance deed prepared and recorded to release one (1) lot from the lien of this Deed of Trust. Grantor shall pay any fees and costs related to preparing and recording a partial reconveyance deed.

[SIGNATURE APPEARS ON FOLLOWING PAGE]



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REQUEST FOR FULL RECONVEYANCE - *Do not record. To be used only when note has been paid.*

TO: TRUSTEE

The undersigned is the legal owner and holder of the note and all other indebtedness secured by the within Deed of Trust. Said note, together with all other indebtedness secured by said Deed of Trust, has been fully paid 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, to cancel said note above mentioned, and all other evidences of indebtedness secured by said Deed of Trust delivered to you herewith, together with the 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 thereunder.

Dated:

Parkwood Place Holdings, LLC

By: Parkwood Managers, LLC

By: _____
William Dyer, Manager



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DESCRIPTION:

That portion of the Southeast ¼ of the Northwest ¼ and the Northeast ¼ of the Northwest ¼ of Section 22, Township 34 North, Range 4 East, W.M., being more particularly described as follows:

Beginning at the Northeast corner of Tract 4 of Short Plat No. 42-83, approved March 14, 1984 and filed March 19, 1984 in Book 6 of Short Plats, page 127, under Auditor's File No. 8403190045, records of Skagit County, Washington, said point being on the East line of the Southeast ¼ of the Northwest ¼ of said subdivision;

thence North 88°23'52" West along the North line of said Short Plat, a distance of 679.16 feet to the Northwest corner of Tract 3 of said Short Plat;

thence North 01°20'17" East, a distance of 648.89 feet;

thence North 21°10'00" West, a distance of 1,070.00 feet;

thence North 60°33'00" West, a distance of 289.66 feet to the West line of the Northeast ¼ of the Northwest ¼ of said subdivision;

thence North 01°30'33" East along said West line, a distance of 200.00 feet to the Northwest corner of the Northeast ¼ of the Northwest ¼ of said subdivision;

thence South 88°27'44" East along the North line of the Northeast ¼ of the Northwest ¼ of said subdivision, a distance of 1,343.62 feet to the Northeast corner of the Northeast ¼ of the Northwest ¼ of said subdivision;

thence South 01°20'17" West along the East line of said subdivision, a distance of 1,972.34 feet to the point of beginning.

Situate in the City of Mount Vernon, County of Skagit, State of Washington.



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