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**RECORDED AT THE REQUEST OF:  
AND AFTER RECORDING RETURN TO:**

Skagit County Auditor \$234.00  
9/12/2014 Page 1 of 18 9:43AM

**Lang, Richert & Patch  
Attn: Michael J. Gomez  
5200 N. Palm Ave, Suite 400**

**DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING**

**Grantor:** CASE LANTING and JANE LANTING, husband and wife

**Grantee #1 (Trustee):** CHICAGO TITLE COMPANY OF WASHINGTON, a Washington corporation

**Grantee #2 (Beneficiary):** FARM CREDIT WEST, PCA

**Abbreviated Legal Description:** 16619 Otter Pond Road Mt. Vernon, WA 98274, Parcel # P30463 and Parcel # P30464 30-34-05  
Official Legal Description on Exhibit A

**Assessor's Tax Parcel ID#:** P30463 and P30463

**Reference No.:**

**PRINCIPAL RESIDENCE DEED OF TRUST, SECURITY AGREEMENT AND  
FIXTURE FILING**

**THIS PRINCIPAL RESIDENCE DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING** ("Deed of Trust"), is made this 25th day of July 2014 between CASE LANTING and JANE LANTING, husband and wife, the address of which is 16619 Otter Pond Road Mt. Vernon, WA 98274 (collectively "Grantor"); CHICAGO TITLE COMPANY OF WASHINGTON, a Washington corporation, the address of which is 4717 South 19<sup>th</sup>, Suite 201, Tacoma, Washington 98405, and its successors in trust and assigns ("Trustee"), and FARM CREDIT WEST, PCA, a cooperative association, organized and existing under the laws of the State of California, the address of which is 1478 Stone Point Drive, Suite 450, Roseville, CA 95561 ("Beneficiary").

**1. GRANTING CLAUSE.** Grantor, in consideration of the acceptance by Trustee of the trust hereunder, and of other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in order to secure the payment of the indebtedness evidenced by the Note (as hereinafter defined) with interest thereon, and any other sums payable thereunder and hereunder, and to secure the performance of the obligations contained herein, grants, bargains, sells, and conveys to Trustee and its successors in trust and assigns, forever, in trust, with power of sale, all of Grantor's estate, right, title, interest, claim and demand in and to the property in the county of Skagit, state of Washington, described as follows (all of the property described in all parts of this Section 1 and all additional property, if any, described in Section 2 is herein called the "Property"):

**1.1 Land and Appurtenances.** The land described on Exhibit A hereto, and all tenements, hereditaments, rights-of-way, easements, appendages and appurtenances thereto belonging or in any way appertaining, including without limitation all of the right, title and interest of Grantor in and to any avenues, streets, ways, alleys, vaults, strips or gores of land adjoining that property, and all claims or demands of Grantor either in law or in equity in possession or expectancy of, in and to that property; and

**1.2 Improvements and Fixtures.** All buildings, structures and other improvements now or hereafter erected on the property described in 1.1 above, and all facilities, fixtures, machinery, apparatus, installations, equipment, furniture and other properties of whatsoever nature (including without limitation all heating, ventilating, air conditioning, plumbing and electrical equipment, all elevators and escalators, all sprinkler systems, all engines and motors, all lighting, laundry, cleaning, fire prevention and fire extinguishing equipment, all ducts and compressors, all refrigerators, stoves and other appliances, attached cabinets, partitions, rugs, carpets and draperies, all building materials and supplies and all construction forms and equipment), now or hereafter located in or used or procured for use in connection with that property, it being the intention of the parties that all property of the character hereinabove described which is now owned or hereafter acquired by



Grantor and which is affixed or attached to or used in connection with the property described in 1.1 above shall be, remain or become a portion of that property and shall be covered by and subject to the lien of this Deed of Trust, together with all contracts, agreements, permits, plans, specifications, drawings, surveys, engineering reports and other work products relating to the construction of the existing or any future improvements on the Property, any and all rights of Grantor in, to or under any architect's contracts or construction contracts relating to the construction of the existing or any future improvements on the Property, and any performance and/or payment bonds issued in connection therewith; and

**1.3 Enforcement and Collection.** Any and all rights of Grantor without limitation to make claim for, collect, receive and receipt for any and all rents, income, revenues, issues, royalties, and profits, including mineral, oil and gas rights and profits, insurance proceeds, condemnation awards and other moneys, payable or receivable from or on account of any of the Property, including interest thereon, or to enforce all other provisions of any other agreement (including those described in Section 1.2 above) affecting or relating to any of the Property, to bring any suit in equity, action at law or other proceeding for the collection of such moneys or for the specific or other enforcement of any such agreement, award or judgment, in the name of Grantor or otherwise, and to do any and all things which Grantor is or may be or become entitled to do with respect thereto, provided, however, that no obligation of Grantor under the provisions of any such agreements, awards or judgments shall be impaired or diminished by virtue hereof, nor shall any such obligation be imposed upon Trustee or Beneficiary; and

**1.4 Leases.** All of Grantor's rights as landlord in and to all existing and future leases and tenancies, whether written or oral and whether for a definite term or month to month, now or hereafter demising all or any portion of the property described in 1.1 and 1.2 above, including all renewals and extensions thereof and all rents and deposits received or receivable thereunder. In accepting this Deed of Trust neither Beneficiary nor Trustee assumes any liability for the performance of any such lease, and

**1.5 Personal Property.** All facilities, fixtures, machinery, apparatus, installations, equipment, furniture and other properties of whatsoever nature (including without limitation all heating, ventilating, air conditioning, plumbing and electrical equipment, all elevators and escalators, all sprinkler systems, all engines and motors, all lighting, cleaning, fire prevention and fire extinguishing equipment, all ducts and compressors, all refrigerators, stoves and other appliances, attached cabinets, partitions, rugs, carpets and draperies, all building materials and supplies, and all construction forms and equipment), now or hereafter located in or used or procured for use in connection with the land described on Exhibit A hereto, together with all contracts, agreements, permits, plans, specifications, drawings, surveys, engineering reports and other work products relating to the construction of the existing or any future improvements on such land, any and all rights of the Debtor in, to or under any architect's contracts or construction contracts relating to the construction of the existing or any future improvements on such land, and any performance and/or payment bonds issued in connection therewith, and together with all rents and other miscellaneous income, accounts, and accounts receivable generated from such land including,



without limitation, income from concessions, vending machines, storage and parking income. Notwithstanding anything to the contrary in this Deed of Trust, the Property shall not include (a) any of Grantor's books or financial records, (b) any of Grantor's personal property constituting a "trade secret," as such term is defined in RCW 19.108.010, as amended from time to time, including, without limitation, any designs, plans, methods, or schematics pertaining to other vessels or portions of vessels that Grantor has manufactured or has been engaged to manufacture, or (c) any personal property located at the Property that is owned by a person other than Grantor, including, without limitation, personal property owned by Grantor's issue.; and

**1.6 Miscellaneous Income and Accounts Receivable.** All other income, accounts, and accounts receivable of any nature whatsoever generated from the Property. and

**1.7 Books and Records.** All books and records of Grantor relating to the foregoing in any form and all computer software necessary or useful to reading such books and records.

**2. SECURITY AGREEMENT.** To the extent any of the property described in Section 1 is personal property, Grantor as debtor, grants to Beneficiary, as secured party, a security interest therein together with a security interest in all other personal property of whatsoever nature which is located on or used or to be used in connection with any of the property described in Section 1, and any products or proceeds of any thereof, pursuant to the Uniform Commercial Code as enacted in the state of Washington (the "UCC"), on the terms and conditions contained herein except that where any provision hereof is in conflict with the UCC, the UCC shall control, provided that notwithstanding anything to the contrary in this Deed of Trust, such property shall not include (a) any of Grantor's books or financial records, (b) any of Grantor's personal property constituting a "trade secret," as such term is defined in RCW 19.108.010, as amended from time to time, including, without limitation, any designs, plans, methods, or schematics pertaining to other vessels or portions of vessels that Grantor has manufactured or has been engaged to manufacture or (c) any personal property located at the Property that is owned by a person other than Debtor, including, without limitation, personal property owned by Grantor's issue. Beneficiary hereby assigns such security interest to Trustee, in trust, for the benefit of Beneficiary to be dealt with as a portion of the "Property" except as otherwise specified herein. This Deed of Trust shall be deemed to be a security agreement and fixture filing with respect to all property subject to the UCC. Information concerning this security interest can be obtained from Beneficiary at the address set forth in Section 8.2. Grantor authorizes Beneficiary to file such financing statements as Beneficiary deems necessary or advisable to perfect the security interests herein granted.

**3. OBLIGATIONS SECURED.** This Deed of Trust is given for the purpose of securing:

**3.1 Performance and Payment.** The performance of the obligations contained herein and the payment of SEVEN HUNDRED FIFTY THOUSAND AND 00/100 DOLLARS (\$750,000.00) or such final amount as is determined pursuant to the Note as



defined below, with interest thereon, according to the terms of a secured promissory note dated July 25, 2014, or Note "A" (as defined in the Settlement Agreement, defined below) made by Grantor, payable to Beneficiary or order, and any and all extensions, renewals, modifications or replacements thereof, whether the same be in greater or lesser amounts (the "Note"), which Note contains provision for a fixed rate of interest and deferral and addition to principal of a portion of the interest accruing thereunder under certain circumstances; and

**3.2 Future Advances.** The repayment of any and all sums advanced or expenditures made by Beneficiary subsequent to the execution of this Deed of Trust for the maintenance or preservation of the Property or advanced or expended by Beneficiary pursuant to any provision of this Deed of Trust subsequent to its execution, together with interest thereon.

**3.3 Continued Guaranty Made by Grantor.** The performance of the obligations contained in the separate Settlement and Reaffirmation Agreement of even date herewith (the "Settlement Agreement"), which has been executed and delivered by Grantor, as guarantor, for the benefit of Beneficiary.

**4. WARRANTIES AND COVENANTS OF GRANTOR.** Grantor warrants, covenants, and agrees:

**4.1 Warranties.**

(a) Grantor has full power and authority to grant the Property to Trustee and warrants the Property to be free and clear of all liens, charges, and other encumbrances.

(b) None of the Property is presently or will during the term of this Deed of Trust be used principally or at all for agricultural purposes.

(c) The Property is free from damage and no matter has come to Grantor's attention (including, but not limited to, knowledge of any construction defects or nonconforming work) that would materially impair the value of the Property as security.

(d) The obligation secured by this Deed of Trust is originally a "commercial loan," as that term is defined in RCW 61.24.005(7).

(e) Guarantor specifically waives RCW 61.24.100(6) and Borrower's right to homestead under RCW 6.13.030.

**4.2 Preservation of Lien.** Grantor will preserve and protect the priority of this Deed of Trust as a first lien on the Property.

**4.3 Repair and Maintenance of Property.** Grantor will keep the Property in good condition and repair, which duty shall include, but is not limited to, continual



cleaning, painting, landscaping, repairing and refurbishing of the Property; will complete and not remove or demolish, alter, or make additions to any building or other improvement which is part of the Property without the express written consent of Beneficiary; will underpin and support when necessary any such building or other improvement and protect and preserve the same; will complete or restore promptly and in good and workmanlike manner any such building or other improvement which may be damaged or destroyed and pay when due all claims for labor performed and materials furnished therefor; will not commit, suffer or permit any act upon the Property in violation of law; and will do all other acts which from the character or use of the Property may be reasonably necessary for the continued operation of the Property in a safe and legal manner, the specific enumerations herein not excluding the general. The foregoing paragraph shall not apply to the Ways No. 1 building.

**4.4 Insurance.**

**4.4.1 Hazard.** Grantor will provide, maintain and deliver to Beneficiary, as further security for the faithful performance of this Deed of Trust, insurance covering all risks (including insurance against flood, if the Property is situated in a designated flood zone) in an amount equal the value of the Property or such other stated value at which Grantor's insurer may in good faith value the Property and naming Beneficiary as first loss payee under a form of mortgagee's non-contributory loss payable endorsement acceptable to Beneficiary. The amount collected under any insurance policies required to be maintained by Grantor pursuant to this Section 4.4.1 may be applied by Beneficiary in its sole discretion upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at the option of Beneficiary, the entire amount so collected or any part thereof may be released to Grantor. Beneficiary shall in no case be obligated to see to the proper application of any amount paid over to Grantor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

**4.4.2 Liability.** Grantor will maintain comprehensive general liability insurance covering the legal liability of Grantor against claims for bodily injury, death, or property damage occurring on, in, or about the Property with coverage to adequately insure the Property, and naming Beneficiary an additional insured.

**4.4.3 Insurance Survey.** Grantor shall provide to Beneficiary any and all information provided to its current insurer, or such other reputable insurer as Grantor may from time to time select, in connection with the purchase or renewal of such insurance as Grantor is required to maintain pursuant to Section 4.4.1 of this Deed of Trust within five (5) business days of providing the same to such insurer. Grantor shall obtain such additional coverages or make such increases in the amounts of existing coverage as may be reasonably requested by Beneficiary on the basis of such information.

**4.4.4 General Provisions.** All policies of insurance required to be maintained by Grantor pursuant to this Section 4.4 shall be in form and substance and with companies acceptable to Beneficiary, and contain waiver of any co-insurance clauses. Beneficiary reserves the right, in its reasonable discretion, to increase the amount of the



required coverages, require insurance against additional risks, or withdraw approval of any insurance company at any time. Grantor shall obtain renewals of any policies which expire and deliver evidence of such renewals (or, if requested by Beneficiary, the original policy) to Beneficiary no later than ten (10) days prior to the expiration date of the policy being replaced. All policies and renewals thereof shall contain provision for thirty (30) days' notice to Beneficiary prior to any cancellation thereof. Notwithstanding any of the foregoing, neither Trustee nor Beneficiary shall be responsible for any such insurance or for the collection of any insurance moneys, or for any insolvency of any insurer or insurance underwriter. Any and all unexpired insurance shall inure to the benefit of and pass to the purchaser of the Property at any trustee's or sheriff's sale held hereunder.

**4.5 Right of Inspection.** Grantor shall permit Beneficiary or its agents, at all reasonable times, to enter upon and inspect the Property.

**4.6 Preservation of Licenses, Etc.** Grantor shall observe and comply with all requirements necessary to the continued existence and validity of all rights, licenses, permits, privileges, franchises and concessions relating to any existing or presently contemplated use of the Property, including but not limited to any zoning variances, special exceptions and nonconforming use permits.

**4.7 Further Assurances.** Grantor will, at its expense, from time to time execute and deliver any and all such instruments of further assurance and other instruments and do any and all such acts, or cause the same to be done, as Trustee or Beneficiary deems necessary or advisable to grant to Trustee the Property or to carry out more effectively the purposes of this Deed of Trust.

**4.8 Legal Actions.** Grantor will appear in and defend any action or proceeding before any court or administrative body purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and will pay all costs and expenses, including cost of evidence of title and any attorneys' fees incurred by Beneficiary and Trustee, in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary or Trustee to foreclose this Deed of Trust.

**4.9 Taxes, Assessments and Other Liens.** Grantor will pay not later than when due all taxes, assessments, encumbrances, charges, and liens with interest, on the Property or any part thereof, which at any time appear to be or are alleged to be prior and superior hereto, including but not limited to any tax on or measured by rents of the Property, the Note, this Deed of Trust, or any obligation or part thereof secured hereby.

**4.10 Trust Expenses.** Grantor will pay all costs, fees and expenses of this trust including all such costs, fees and expenses incident to any default hereunder, including reasonable attorneys' fees.

**4.11 Repayment of Expenditures.** Grantor will pay immediately and without demand all sums expended hereunder by Beneficiary or Trustee with interest from



date of expenditure at the Default Rate of interest specified in the Note and the repayment thereof shall be secured hereby.

**4.12 Financial & Operating Information.** On or before October 30 of each calendar year, Grantor will furnish an income and expense statement on the Property for the immediately preceding calendar year, current financial statements on Grantor and any guarantors of the loan secured hereby, a current rent roll for the Property, and such other information as Beneficiary may reasonably request, all certified as to accuracy by Grantor or an independent outside accountant.

**4.13 Sale, Transfer, or Encumbrance of Property.** Grantor will not sell, transfer, or otherwise convey the Property or any interest therein, further encumber the Property or any interest therein, cause or permit any change in the entity, ownership or control of Grantor, or agree to do any of the foregoing without first repaying in full the Note and all other sums secured hereby.

**4.14 Information for Participants.** Grantor agrees to furnish such information and confirmation as may be required from time to time by Beneficiary on request of potential loan participants and agrees to make adjustments in this Deed of Trust, the Note, and the other documents evidencing or securing the loan secured hereby to accommodate such participant's requirements, provided that such requirements do not substantially vary the economic terms of the loan secured hereby.

**4.15 Intentionally Left Blank.**

**4.16 Tax and Insurance Reserves.** In addition to the payments required by the Note, Grantor agrees to pay Beneficiary, at Beneficiary's request, such sums as Beneficiary may from time to time estimate will be required to pay, at least 30 days before due, the next due taxes, assessments, insurance premiums, and similar charges affecting the Property, less all sums already paid therefor divided by the number of months to elapse before one month prior to the date when such taxes, assessments and premiums will become delinquent, such sums to be held by Beneficiary without interest or other income to the Grantor to pay such taxes, assessments and premiums. Should this estimate as to taxes, assessments and premiums prove insufficient, the Grantor upon demand agrees to pay Beneficiary such additional sums as may be required to pay them before delinquent.

If the total of the above-described payments in any one year shall exceed the amounts actually paid by Beneficiary for taxes, assessments and premiums, such excess may be credited by Beneficiary on subsequent payments under this section. If there shall be a default hereunder for which Beneficiary elects to realize upon this Deed of Trust, then at the time of the Trustee's sale or final decree of foreclosure, Beneficiary shall apply any balance of funds it may hold pursuant to this Section 4.16 first to interest on and then to the principal of the Note. If Beneficiary acquires the Property in lieu of realizing on this Deed of Trust, the balance of funds it holds shall become the property of Beneficiary.





Any transfer in fee of all or a part of the Property shall automatically transfer to the grantee all or a proportionate part of Grantor's rights and interest in the fund accumulated hereunder.

The requirement for deposit of tax and insurance reserves pursuant to this Section 4.16 shall be deemed to have been waived by Beneficiary so long as: (i) no default hereunder or under the Note has continued beyond the expiration of any applicable cure period; and (ii) all taxes and insurance premiums are paid by Grantor on a timely basis, and Beneficiary is furnished with proof of such payment on demand. If any of the foregoing requirements is violated at any time during the term of the loan secured hereby, then Grantor shall be required to make tax and insurance reserve deposits pursuant to this Section 4.16 for the remainder of the loan term, provided that, notwithstanding any provision to the contrary in this Deed of Trust, Grantor shall not be required to pay Beneficiary any sums required to pay any portion of any real property taxes that may be owed by Grantor as of the date of this Deed of Trust until the Note is paid in full.

**4.17 Personal Property.** Except for Grantor's books, financial records, any of Grantor's personal property constituting a "trade secret," as such term is defined in RCW 19.108.010, as amended from time to time, including, without limitation, any personal property located at the Property that is owned by a person other than Grantor, all personal property which is located at the Property or used in connection with the operation of the Property shall be owned outright by Grantor and subject to a first lien in favor of Beneficiary.

## 5. DEFAULT.

**5.1 Definition.** Any of the following shall constitute an "Event of Default" as that term is hereinafter used:

(a) Any representation or warranty made by or for the benefit of Grantor herein or elsewhere in connection with the loan secured hereby, including but not limited to any representations in connection with the security therefor, shall prove to have been incorrect or misleading in any material respect;

(b) Grantor or any other person or entity liable therefor shall fail to pay when due any indebtedness secured hereby;

(c) Grantor or any other signatory thereto shall default in the performance of any covenant or agreement contained in this Deed of Trust, the Note, the Settlement Agreement, or any other agreement securing the indebtedness secured hereby;

(d) The Borrowers (as defined in the Settlement Agreement) default under the Loan Documents (as defined in the Settlement Agreement), as may be modified or restructured;



(e) Grantor defaults under the Settlement Agreement or Obligation 1 or Obligation 3, as defined in the Settlement Agreement;

(f) Grantor files for bankruptcy;

(g) Grantor or any other person or entity liable for the repayment of the indebtedness secured hereby shall become unable or admit in writing its inability to pay its debts as they mature, or file, or have filed against it, a voluntary or involuntary petition in bankruptcy, or make a general assignment for the benefit of creditors, or be adjudicated bankrupt or insolvent;

(h) Grantor permits a lien, other than for real property taxes, to be charged against the land described on Exhibit "A"; or

(i) A tax, charge or lien shall be placed upon or measured by the Note, this Deed of Trust, or any obligation secured hereby which Grantor does not or may not legally pay in addition to the payment of all principal and interest as provided in the Note.

**5.2 Acceleration Clause/Beneficiary's and Trustee's Right to Perform.**

Upon the occurrence of an Event of Default, the entire obligations and indebtedness evidenced by the Note, together with interest thereon at the Default Rate, shall, at the option of Beneficiary, become and be immediately due and payable. Beneficiary or Trustee, but without the obligation so to do and without notice to or demand upon Grantor and without releasing Grantor from any obligations hereunder, may: make any payments or do any acts required of Grantor hereunder in such manner and to such extent as either may deem necessary to protect the Property, Beneficiary or Trustee being authorized to enter upon the Property for such purposes; commence, appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien in accordance with the following paragraph; and in exercising any such powers, pay necessary expenses, employ counsel and pay a reasonable fee therefor. All sums so expended shall be payable on demand by Grantor, be secured hereby and bear interest at the Default Rate of interest specified in the Note from the date advanced or expended until repaid.

Beneficiary or Trustee in making any payment herein and hereby authorized, in the place and stead of the Grantor, in the case of a payment of taxes, assessments, water rates, sewer rentals and other governmental or municipal charges, fines, impositions or liens asserted against the Property, may make such payment in reliance on any bill, statement or estimate procured from the appropriate public office without inquiry into the accuracy of the bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof; in the case of any apparent or threatened adverse claim of title, lien, statement of lien, encumbrance, deed of trust, claim or charge Beneficiary or Trustee, as the case may be, shall be the sole judge of the legality or validity of same; and in the case of a payment for any other purpose herein and hereby authorized, but not enumerated in this paragraph, such payment may be made whenever, in the sole judgment and discretion of



Trustee or Beneficiary, as the case may be, such advance or advances shall seem necessary or desirable to protect the full security intended to be created by this instrument, provided further, that in connection with any such advance, Beneficiary at its option may and is hereby authorized to obtain a continuation report of title prepared by a title insurance company, the cost and expenses of which shall be repayable by the Grantor without demand and shall be secured hereby.

The above notwithstanding, Beneficiary may not make advances hereunder to cure defaults under the Indemnity Agreement.

**5.3 Remedies on Default.** Upon the occurrence of any Event of Default, all sums secured hereby shall become immediately due and payable, without notice or demand, at the option of Beneficiary and Beneficiary may:

- (a) Have a receiver appointed as a matter of right, without regard to the sufficiency of the Property or any other security for the indebtedness secured hereby;
- (b) Foreclose this Deed of Trust as a mortgage or otherwise realize upon the Property;
- (c) Sue on the Note according to law;
- (d) Cause Trustee to exercise its power of sale; or
- (e) To the extent permitted by law, including, without limitation, RCW 61.24.100, seek and obtain a deficiency judgment following the completion of a judicial foreclosure or a trustee's sale of all or a portion of the security for the obligations secured by this Deed of Trust.

**5.4 No Waiver.** By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums so secured or to declare an Event of Default for failure to do so.

**5.5 Remedies Cumulative.** No remedy or right of Beneficiary hereunder or under any of the Settlement Agreement or otherwise, or available under applicable law, shall be exclusive of any other right or remedy, and each remedy or right shall be in addition to every other remedy or right now or hereafter existing under any of those documents or under applicable law. No delay in the exercise of, or omission to exercise, any remedy or right accruing on an Event of Default shall impair that remedy or right or be construed to be a waiver of any Event of Default or an acquiescence thereto, nor shall it affect any subsequent Event of Default of the same or a different nature. Every remedy or right may be exercised concurrently or independently, when and as often as may be deemed expedient by Beneficiary. All obligations of Grantor, and all rights, powers and remedies of Beneficiary, expressed herein shall be in addition to, and not in limitation of, those provided by applicable



law or in the Settlement Agreement or any other written agreement or instrument relating to any of the guaranteed obligations or any security therefor.

**6. CONDEMNATION.** Any award of damages, whether paid as a result of judgment or prior settlement, in connection with any condemnation or other taking of any portion of the Property, for public or private use, or for injury to any portion of the Property is hereby assigned and shall be paid to Beneficiary which may apply such moneys received by it in the same manner and with the same effect as provided in Section 4.4.1 above for disposition of proceeds of hazard insurance.

**7. TRUSTEE.**

**7.1 General Powers and Duties of Trustee.** At any time or from time to time, without liability therefor and without notice and without affecting the liability of any person for the payment of the indebtedness secured hereby, upon written request of Beneficiary, payment of its own fees and presentation of this Deed of Trust and the Note for endorsement (in case of full reconveyance, for cancellation or retention), Trustee may:

- (a) Consent to the making of any map or plat of the Property;
- (b) Join in granting any easement or creating any restriction thereon;
- (c) Join in any subordination or other agreement affecting this Deed of Trust or the lien or charge thereof; or
- (d) Reconvey, without warranty, all or any part of the Property.

**7.2 Reconveyance.** Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and the Note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals in any reconveyance executed under this Deed of Trust of any matters of fact shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto".

**7.3 Powers and Duties on Default.** The procedure for exercise of the Trustee's power of sale shall be as follows:

Upon written request therefor by Beneficiary specifying the nature of the default, or the nature of the several defaults, and the amount or amounts due and owing, Trustee shall execute a written notice of breach and of its election to cause the Property to be sold to satisfy the obligation secured hereby, and shall cause such notice to be recorded and otherwise given according to law.



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Notice of sale having been given as then required by law and not less than the time then required by law having elapsed after recordation of such notice of breach, Trustee, without demand on Grantor, shall sell the Property at the time and place of sale specified in the notice, as provided by statute, either as a whole or in separate parcels and in such order as it may determine, at public auction to the highest and best bidder for cash in lawful money of the United States, payable at the time of sale. Grantor agrees that such a sale (or a sheriff's sale pursuant to judicial foreclosure) of all the Property as real estate constitutes a commercially reasonable disposition thereof, but that with respect to all or any part of the Property which may be personal property Trustee shall have and exercise, at Beneficiary's sole election, all the rights and remedies of a secured party under the UCC. Whenever notice is permitted or required hereunder or under the UCC, ten (10) days shall be deemed reasonable. Trustee may postpone sale of all or any portion of the Property, and from time to time thereafter may postpone such sale, as provided by statute. Trustee shall deliver to the purchaser its deed and bill of sale conveying the Property so sold, but without any covenant or warranty, express or implied. The recital in such deed and bill of sale of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person other than Trustee, including Grantor or Beneficiary, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this trust, including the cost of evidence of title search and reasonable counsel fees in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof not then repaid, with accrued interest at the Default Rate of interest specified in the Note; all other sums then secured hereby; and the remainder, if any, to the clerk of the superior court of the county in which the sale took place, as provided in RCW 61.24.080.

**7.4 Reassignment of Security Interest.** At the request of Beneficiary, Trustee shall reassign to Beneficiary the security interest created hereby and after such reassignment Beneficiary shall have the right, upon the occurrence or continuance of any Event of Default, to realize upon the personal property subject to this Deed of Trust, independent of any action of Trustee, pursuant to the UCC. In that regard, Beneficiary shall have the right to collect all accounts and accounts receivable that are encumbered by this Deed of Trust directly from the obligors at any time after the occurrence of an event of default hereunder.

**7.5 Acceptance of Trust.** Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto except Beneficiary of pending sale under any other deed of trust or of any action or proceeding in which Grantor, Beneficiary or Trustee shall be a party unless brought by Trustee.

**7.6 Reliance.** Trustee, upon presentation to it of an affidavit signed by Beneficiary setting forth facts showing a default by Grantor under this Deed of Trust, is authorized to accept as true and conclusive all facts and statements therein, and to act thereon hereunder.



7.7 **Replacement of Trustee.** Beneficiary may, from time to time, as provided by statute, appoint another trustee in place and stead of Trustee herein named, and thereupon Trustee herein named shall be discharged and the trustee so appointed shall be substituted as Trustee hereunder, with the same effect as if originally named Trustee herein.

7.8 **No Impairment of Right to Pursue Unsecured Obligations.** The foreclosure of this Deed of Trust or sale by Trustee of the Property through the exercise of its power of sale granted hereunder shall not preclude or impair any action to collect or enforce any obligation of Grantor or any guarantor or other party liable for any of the obligations secured by this Deed of Trust, or the substantial equivalent of such obligation, which obligation is not secured by this Deed of Trust including, without limitation, the obligations of Grantor under the Indemnity Agreement and the obligations of each such guarantor under its guaranty. All of such obligations (and all substantial equivalents of such obligations) shall constitute separate recourse obligations of Grantor and each such guarantor or other party and shall not be deemed to be evidenced by the Note or secured by this Deed of Trust.

## 8. NOTICES.

8.1 **Trustee.** Any notice or demand upon Trustee shall be sent to the following address:

CHICAGO TITLE COMPANY OF WASHINGTON  
4717 South 19<sup>th</sup>, Suite 201  
Tacoma, Washington 98405

8.2 **Grantor and Beneficiary.** Any notice to or demand upon Grantor (including any notice of default or notice of sale) or notice to or demand upon Beneficiary shall be sent to the following address:

Case and Jane Lanting  
16619 Otter Pond Road  
Mt. Vernon, WA 98274

If to Beneficiary:  
Farm Credit West, PCA  
Farm Credit West, PCA  
1478 Stone Point Drive, Suite 450  
Roseville, CA 95561  
Attention: Kevin Ralph

with a copy to:

Lang, Richert & Patch  
Attn: Michael J. Gomez



5200 N. Palm Ave, Suite 400  
Email: mjpg@lrplaw.net

or to such other address as may be filed in writing by Grantor or Beneficiary with Trustee.

**8.3 Method of Giving Notice.** Notices shall be delivered personally or by reputable overnight courier service (such as Federal Express) and shall be deemed given when actually received or rejected by the intended recipient.

**8.4 Waiver of Notice.** The giving of notice may be waived in writing by the person or persons entitled to receive such notice, either before or after the time established for the giving of such notice.

**9. MODIFICATIONS.** Upon written request of any party then liable for any sum secured hereby, Beneficiary reserves the right to extend the term, or otherwise modify the terms, hereof or of the Note as Beneficiary and such person may from time to time deem appropriate and any such change shall not operate to release, in any manner, the liability of the original Grantor or Grantor's successors in interest.

**10. SUCCESSORS AND ASSIGNS.** All provisions herein contained shall be binding upon and inure to the benefit of the respective successors and assigns of the parties.

**11. GOVERNING LAW; SEVERABILITY.** This Deed of Trust shall be governed by Washington law without regard for any choice of law principles that may otherwise require the application of the law of any other jurisdiction. Venue for any action or proceeding related to or arising out of this Deed of Trust shall lie in a federal or state court located in Skagit County, Washington. In the event that any provision or clause of this Deed of Trust or the Note conflicts with applicable law, the conflict shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision and to this end the provisions of this Deed of Trust and the Note are declared to be severable.

**12. GRANTOR'S RIGHT TO POSSESSION.** Grantor may be and remain in possession of the Property for so long as it is not in default hereunder or under the terms of the Note or the Deed of Trust and Grantor may, while it is entitled to possession of the Property, use the same.

**13. MAXIMUM INTEREST.** No provision of this Deed of Trust or of the Note shall require the payment or permit the collection of interest in excess of the maximum permitted by law. If any excess of interest in such respect is herein or in the Note provided for, neither Grantor nor its successors or assigns shall be obligated to pay that portion of such interest which is in excess of the maximum permitted by law, and the right to demand the payment of any such excess shall be and is hereby waived and this Section 13 shall control any provision of this Deed of Trust or the Note which is inconsistent herewith.



**14. MISCELLANEOUS.**

**14.1** Whenever the context so requires the singular number includes the plural herein, and the impersonal includes the personal.

**14.2** The headings to the various sections have been inserted for convenient reference only and shall not modify, define, limit or expand the express provisions of this Deed of Trust.

[Signature on the following page.]







**EXHIBIT A**

**Legal Description**

**16619 Otter Pond Road Mt. Vernon, WA 98274**

**Parcel # P30463 and Parcel #P30464**

A PARCEL OF LAND LOCATED IN THE STATE OF WA, COUNTY OF SKAGIT, WITH A SITUS ADDRESS OF 1687-A HWY 9, MOUNT VERNON WA 98273 R009 CURRENTLY OWNED BY LANTING CASE HAVING A TAX ASSESSOR NUMBER OF P30463 AND BEING THE SAME PROPERTY MORE FULLY DESCRIBED AS (3.700 AC) O/S#54 AF# 751841 1973 PTN GOV LTS 3 & 4 DAF BAT NW COR OF S1/2 GOV LT 3 TH N 89-53-48 E 520FT TH DUE S 614.99FT TH DUE W TO W LI SEC TH N POB LESS RT 0-008-01 DATED 0 AND RECORDED 0.

**APN: P30463**

A PARCEL OF LAND LOCATED IN THE STATE OF WA, COUNTY OF SKAGIT, WITH A SITUS ADDRESS OF 16619 OTTER POND DR, MOUNT VERNON WA 98274-8169 R009 CURRENTLY OWNED BY LANTING CASE HAVING A TAX ASSESSOR NUMBER OF P30464 AND BEING THE SAME PROPERTY MORE FULLY DESCRIBED AS (3.7600 AC) N 314.99FT OF W 520.00FT OF S1/2 GOV LT 3 O/S#52-84 AF#8411060030 DATE DUE 12-18-84 DATED 0 AND RECORDED 0.

**APN: P30464**



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Skagit County Auditor

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