

When Recorded Return To:
Furlong Butler Attorneys
825 Cleveland Avenue
Mount Vernon, WA 98273

Attention: Laura Minton Breckenridge



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DOCUMENT TITLE: DEED OF TRUST
GRANTOR: Gary K. Pocklington
BENEFICIARIES: Ries Niemi and Sheila Klein, husband and wife
GRANTEE (Trustee): Land Title and Escrow Company
ABBREVIATED LEGAL DESCRIPTION: Lots 19 & 20, Blk 2, Samish Terrace
TAX PARCEL No.: 3992-002-020-0030 P68827

LAND TITLE OF SKAGIT COUNTY

150605-09

DEED OF TRUST

THIS DEED OF TRUST is made this 5th day of November 2014, 2014, between **Gary K. Pocklington**, GRANTOR, whose address is 3964 Sparrow Lane, North Vancouver, BC V7G 2M8, Canada; **Land Title and Escrow Company**, TRUSTEE, whose address is 111 East George Hopper Road, Burlington, WA 98233; and **Ries Niemi and Sheila Klein, husband and wife**, BENEFICIARIES, whose address is 6988 Bayview-Edison Road, Bow, WA 98232.

WITNESSETH: As security for a loan made by Beneficiaries to Grantor, Grantor hereby grants, transfers, conveys and assigns to Trustee in Trust, with power of sale, the following described real property in Skagit County, Washington:

SEE ATTACHED EXHIBIT "A" HERETO FOR LEGAL DESCRIPTION

~~Lots 19 and 20, Block 2, SAMISH TERRACE as per plat recorded in Volume 7 of Plats, Page 20, records of Skagit County, Washington.~~

Situate in the County of Skagit, State of Washington.

(Parcel No./Tax Account Number: P68827/3992-002-020-0030)

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which real property is not used principally for agricultural or farming purposes, together with all the tenements, hereditaments, appurtenances easements, water rights, and water certificates with respect to the real property now or hereafter thereunto belonging or in any way pertaining to the real property, and the rents, issues and profits thereof (collectively "Real Property").

THIS DEED OF TRUST IS FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of Grantor contained in the Promissory Note ("Note"), this Deed of Trust and the Pledge Agreement, all entered into concurrently with this Deed of Trust and payment of the sum of One Hundred Sixty Four Thousand Five Hundred and No/100 Dollars (\$164,500.00), with interest, in accordance with the terms of the Note payable to Beneficiaries or order, and made by Grantor, and all renewals, modifications or extensions thereof, and also such further sums as may be advanced or loaned by Beneficiaries to Grantor or any of their successors or assigns, together with interest thereon at such rate as set forth in the Note ("Secured Obligations").

For purposes of Article 9 of the Uniform Commercial Code (RCW 62A.9A), this Deed of Trust constitutes a Security Agreement with Grantor being the Debtor and Beneficiaries being the Secured Party. This Deed of Trust also constitutes a Financing Statement filed as a fixture filing pursuant to Article 9 of the Uniform Commercial Code, RCW 62A.9A-502(c). In consideration of the loan evidenced by the Note and other Loan documents ("Loan"), Grantor hereby irrevocably GRANTS, TRANSFERS, CONVEYS and ASSIGNS to Trustee, IN TRUST, WITH POWER OF SALE, all of Grantor's present and future estate, right, title, claim and interest, either in law or in equity, in and to the following:

- a. The Real Property, together with all rights to the alleys, streets and roads adjoining or abutting the real property, all easements, access, air and development rights, minerals and oil, gas and other hydrocarbon substances, water, water rights, water certificates and water stock, and all other rights, hereditaments, privileges and appurtenances now or hereafter belonging or in any way appertaining to such Real Property ("Land").
- b. All buildings, improvements and tenements now or hereafter located on the Land ("Improvements"), including, without limitation, all fixtures, articles and accessions of property attached to, or used or adapted for use in the ownership, development, operation or maintenance of the Land and Improvements (whether such items are leased, owned or subject to any title-retaining or security instrument); all heating, cooling, air-conditioning, ventilating, plumbing, generating, power, lighting, cooking, gas and electric fixtures, equipment and apparatus; all conduits, pipes, pumps, tanks, ducts, boilers, water heaters and furnaces; all ranges, stoves, disposals,

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refrigerators and other appliances; all baths, sinks, all cabinets, partitions, mantels, built-in mirrors, window shades, blinds, screens, awnings, storm doors, windows and sash; all carpeting, underpadding, floor covering, paneling, and draperies; and all shrubbery and plants. All such items shall be deemed part of the Land and not severable wholly or in part without material injury to the freehold.

c. All of the present and future rents, revenues, issues, accounts, general intangibles, profits and income of the Land and Improvements, and all present and future leases and other agreements for the occupancy or use of all or any part of the Land and Improvements, including, without limitation, all cash or security deposits, and deposits or payments of a similar nature.

The above shall be collectively referred to in this Deed of Trust as "Property."

DUE DATE: The Note secured by this Deed of Trust, together with any and all interest accrued thereon, shall be due and payable as provided for in the Note.

ASSIGNMENT OF RENTS AND LEASES: As security for the Secured Obligations, Grantor assigns and transfers to Beneficiaries and grants Beneficiaries a security interest in and to all right, title and interest of Grantor in and to: (a) any and all present and future leases, subleases and other agreements for the occupancy or use of all or any part of the Property, and any and all extensions, renewals and replacements thereof ("Leases"); (b) all cash or security deposits, advance rentals and deposits of a similar nature under the Leases; (c) any and all guarantees of tenants' or occupants' performances under any and all Leases; and (d) all rents, issues, profits and revenues ("Rents") now due or which may become due or to which Grantor may now or shall hereafter become entitled or may demand or claim (including Rents coming due during any redemption period), arising or issuing from or out of any and all Leases, including, without limitation, minimum, additional, percentage and deficiency rents and liquidated damages.

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

1. To keep the Property in good condition and repair; to permit no waste or deterioration of the Property thereof; to complete any building, structure or improvement being built or about to be built thereon; to restore promptly, and in a good and workmanlike manner, 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.

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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 and encumbrances.

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

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

5. To pay all costs, fees and expenses in connection with this Deed of Trust, including the expenses of the Trustee incurred in enforcing the obligation secured hereby and Trustee's and attorneys' fees and costs actually incurred, as provided by statute.

6. Should Grantor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the Property hereinabove described, Beneficiaries may pay the same, but shall not be obligated to do so, and any amount so paid, with interest at the rate set forth in the Note, shall be added to and become a part of the debt secured in this Deed of Trust.

7. The Property described in this Deed of Trust may not be sold or transferred without the Beneficiaries' prior written consent. Upon a breach of this provision, Beneficiaries may declare all sums due under the Note and this Deed of Trust immediately due and payable.

8. Grantor shall not further encumber the Property until Beneficiaries have released Beneficiaries' security interest in the Property. As an express condition of Beneficiaries making the Loan secured by this Deed of Trust, Borrower shall not further encumber, pledge, mortgage, hypothecate, place any lien, charge or claim or allow by operation of law the encumbrance of the Property, or any interest therein without the prior written

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consent of Beneficiaries even though such encumbrance may be junior to the encumbrance created by this Deed of Trust. Encumbrance of the Property contrary to the provisions of this Section shall constitute a default and Beneficiaries may, at Beneficiaries' option, declare all sums due under the Note and this Deed of Trust immediately due and payable.

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 Beneficiaries to be applied to said obligation.
2. By accepting payment of any sum secured hereby after its due date, Beneficiaries do not waive its right to require prompt payment when due of all other sums so secured or to declare default for failure to so pay.
3. The Trustee shall reconvey all or any part of the Property covered by this Deed of Trust to the person entitled thereto on written request of the Grantor and the Beneficiaries, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiaries or the person entitled thereto.
4. Upon default by Grantor in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein or in other documents evidencing the Loan, all sums secured hereby shall immediately become due and payable at the option of the Beneficiaries. In such event and upon written request of Beneficiaries, 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 fees and costs and attorneys' fee and costs; (2) to the obligation secured by this Deed of Trust; (3) the surplus, if any, shall be distributed to the persons entitled thereto.
5. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the Property which Grantor had or had the power to convey at the time of his execution of this Deed of Trust, and such as he may have acquired thereafter, Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchaser and encumbrances for value.

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6. The power of sale conferred by this Deed of Trust and by the Deed of Trust Act of the State of Washington is not an exclusive remedy; Beneficiaries may cause this Deed of Trust to be foreclosed as a mortgage and/or may pursue any other remedies available to it, including bringing an action on the Note.

7. In the event of the death, incapacity, disability or resignation of Trustee, Beneficiaries 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.

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

9. Grantor and Beneficiaries hereby agree to use a contract collection agency ("Contract Collection Agency") to collect the monthly principal and interest payments due under the Note from Grantor, the sums to be paid upon the maturity date of the Loan, together with the additional sums needed to pay taxes, assessments, premiums and other impositions and assessments all on behalf of, or as directed by, Beneficiaries. Grantor and Beneficiaries agree to provide additional direction and instructions to the Contract Collection Agency to carry out these directives. Grantor and Beneficiaries agree to share, on an equal basis with each paying one-half, of the administrative costs of the Contract Collection Agency for these services and further agree that Beneficiaries may select and/or change the Contract Collection Agency.

10. **EVENT OF DEFAULT.** Any one or more of the events listed in Section 5 of the Note is an "Event of Default" under this Deed of Trust and upon any Event of Default, Beneficiaries may, at their option upon fifteen (15) days written notice of default is given to Grantor, exercise any one or more of the following actions:

- a. Declare all of the Secured Obligations immediately due and payable.
- b. Bring a court action to enforce the provisions of this Deed of Trust or any of the other Loan Documents.
- c. Foreclose this Deed of Trust as a mortgage.
- d. Cause any or all of the Property to be sold under the power of sale granted by this Deed of Trust in any manner permitted by applicable law.
- e. Elect to exercise their rights with respect to the leases and rents.



f. Exercise any or all of the other rights and remedies under this Deed of Trust and the other Loan documents.

g. Exercise any other right or remedy available under law or in equity.

To the extent permitted by law, every right and remedy provided in this Deed of Trust is distinct and cumulative to all other rights or remedies under this Deed of Trust or afforded by law or equity or any other agreement between Beneficiaries and Grantor, and may be exercised concurrently, independently or successively, in any order whatsoever. Grantor shall pay all of Beneficiaries' and Trustee's expenses incurred in any efforts to enforce any terms of this Deed of Trust, whether or not any suit is filed, including, without limitation, legal fees and costs, foreclosure costs, title charges, and expenses incurred in any bankruptcy, reorganization, liquidation, receivership or similar proceeding. All such sums, with interest thereon, shall be additional indebtedness of Grantor secured by this Deed of Trust. Such sums shall be immediately due and payable and shall bear interest from the date of disbursement at the lesser of the default rate set forth in the Note, or the maximum rate permitted by law.

11. MISCELLANEOUS.

a. **ENTIRE AGREEMENT; MODIFICATION AND WAIVERS.** This Deed of Trust together with the other Loan documents constitute the entire understanding and agreement of Grantor and Beneficiaries with respect to the Loan. The Loan documents supersede all prior negotiations, discussions, and agreements with respect to the Loan, may not be contradicted by evidence of any alleged oral agreement, and may not be waived, changed, discharged or terminated except by an instrument in writing signed by the party against whom enforcement of any waiver, change, discharge or termination sought.

b. **NOTICE.** Any notice under this Deed of Trust or the Loan documents shall be delivered or mailed, certified mail with return receipt requested, to the parties at the addresses noted above together with written notice to also be provided to Beneficiaries via email at the email addresses provided by Beneficiaries to Grantor.

c. **GOVERNING LAW.** Except to the extent that the federal laws of the United States of America provide Beneficiary with greater rights or remedies, this Deed of Trust shall be governed by the laws of the State of Washington. If any provision or clause of this Deed of Trust conflicts with applicable law, such conflicts shall not affect other provisions or clauses hereof which can be given effect without the conflicting provision, and to this end the provisions hereof are declared to be severable.

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d. **DEFINITIONS.** As used herein: the term "Grantor" means Grantor herein named, together with any subsequent owner of the Property or any part thereof or interest therein; the term "Trustee" means the Trustee herein named, together with any successor Trustee; and the term "Beneficiaries" means Beneficiaries herein names, together with any subsequent owner or holder of the Note or any interest therein, including pledgees, assignees and participants.

e. **SUCCESSORS AND ASSIGNS; AGENTS.** This Deed of Trust shall bind and inure to the benefit of the parties hereto and their respective heirs, devisees, legatees, administrators, executors, successors and assigns, subject to the provisions of Page 6, Section 7 above. In exercising any rights hereunder or taking actions provided for herein, Beneficiaries and Trustee may act through their respective agents as authorized by Beneficiaries and Trustee.

f. **ASSIGNMENT OF LOAN DOCUMENTS.** Beneficiaries may assign the Loan documents in whole or in part.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LEND MONEY, EXTEND CREDIT, OR FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

GRANTOR:

By:  _____ Date Signed: NOV 4 / 2014
Gary K. Pocklington



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: _____

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EXHIBIT A

Lots 19 and 20, Block 2, "SAMISH TERRACE," as per plat recorded in Volume 7 of Plats, page 20, records of Skagit County, Washington.

ALSO, an undivided 1/80th interest in the following described real estate:

Beginning at the Southeast corner of Government Lot 1, Section 26, Township 36 North, Range 2 East, W.M.;

thence North $1^{\circ}38'45''$ East along the section line, a distance of 1164.02 feet to the meander corner between Sections 25 and 26;

thence South $82^{\circ}30'$ West, a distance of 483.15 feet to the true point of beginning;

thence continue South $82^{\circ}30'$ West, a distance of 50.64 feet;

thence South $1^{\circ}38'45''$ West, a distance of 477.07 feet to the North edge of the H.R. Roney Road;

thence Southeasterly along the North line of the said H.R. Roney Road, a distance of 51.0 feet;

thence North $1^{\circ}38'45''$ East, a distance of 495.3 feet to the true point of beginning.

Situate in the County of Skagit, State of Washington.



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