

When recorded return to:

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Attorney at Law
1204 Cleveland Avenue
Mount Vernon, Washington 98273



201601120022

Skagit County Auditor \$80.00
1/12/2016 Page 1 of 7 11:35AM

SHORT FORM DEED OF TRUST

GRANTOR:

PW Creek, Inc., a Washington corporation.

GRANTEES:

1. Beneficiary

Pension Portfolio Services Retirement Plan, James E. Bolduc, Trustee; Michael A. Winslow, Attorney at Law, Inc., P.S. Retirement Plan, FBO Michael A. Winslow and FBO Susan P. Winslow, Michael A. Winslow, Trustee; and Gary VanderYacht, a married man as to his separate property.

2. Trustee

Land Title Company

Land Title and Escrow

LEGAL DESCRIPTION:

153965

Tracts A, F, G, H, K, L and Q, "PLAT OF TWIN BROOKS PHASE 2, LU-05-024", approved February 27, 2015 and recorded March 18, 2015, under Auditor's File No. 201503180026, records of Skagit County, Washington. Together with easement.

Situate in the County of Skagit, State of Washington.

**ASSESSOR'S PROPERTY TAX
PARCEL OR ACCOUNT NO.**

P132815 / 6023-000-999-0004
P132813 / 6023-000-000-0300
P132814 / 6023-000-000-0400
P132816 / 6023-000-999-0006
P132819 / 6023-000-999-0002
P132820 / 6023-000-999-0003
P132817 / 6023-000-999-0007

REFERENCE NOS OF DOCUMENTS

ASSIGNED OR RELEASED: None.

CONVEYANCE:

1. This Deed of Trust is made on January 4, 2016, between PW Creek, Inc., a Washington corporation, *Grantor*, whose address is 504 E. Fairhaven Avenue, Burlington, WA 98233; Land Title Company, *Trustee*, whose address is 111 E. George Hopper Road, Burlington, WA 98233; and Pension Portfolio Services Retirement Plan, James E. Bolduc, Trustee; Michael A. Winslow, Attorney at Law, Inc., P.S. Retirement Plan, FBO Michael A. Winslow and FBO Susan P. Winslow, Michael A. Winslow, Trustee; and Gary VanderYacht, a married man as to his separate property, *Beneficiary*, whose address is c/o LTV Lending Group, LLC, 336-A East Fairhaven Avenue, Burlington, WA 98233.

2. Grantor hereby irrevocably grants, bargains, sells, and conveys to Trustee in trust, with power of sale, all Grantor's estate, right, title, interest, claim and demand, now owned or hereafter acquired, in and to the following described property in Skagit County, Washington (the "Property," which term shall include all or any part of the Property, any improvements thereon and all the property described as follows:

Tracts A, F, G, H, K, L and O, "PLAT OF TWIN BROOKS PHASE 2, LU-05-024", approved February 27, 2015 and recorded March 18, 2015, under Auditor's File No. 201503180026, records of Skagit County, Washington.

TOGETHER WITH an easement for ingress, egress and utilities over that right-of-way delineated on the face of said "PLAT OF TWIN BROOKS PHASE 2, LU-05-024" as a continuation of 'Lupine Drive', 'Twin Brooks Drive' and 'Glacier Street', AND ALSO identified by the following provision on the face of said plat:

"Easement to the City of Mount Vernon for public sanitary sewer system and emergency vehicle access, and to Skagit PUD, over proposed future right-of-way easement to be relinquished when future plat phases dedicate right-of-way to public use."

And the right to construct such improvements necessary to obtain final plat approval of Phase 5 and 6.

Situate in the County of Skagit, State of Washington.

TOGETHER WITH all the tenements, hereditments and appurtenances now or hereafter belonging or in any way appertaining leases and other agreements for use and occupancy pertaining thereto and the rents, issues and profits thereof and all other property or rights of any kind or nature whatsoever further set forth in the Master Form Deed of Trust hereinafter referred to, SUBJECT, HOWEVER, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profit. This Deed of Trust shall constitute a security agreement under the Uniform Commercial Code of Washington between Grantors as debtor and Beneficiary as secured party. Grantors grant a security interest to Beneficiary in any of the property which is personal property and also grants a security interest in the property described in Section 2 of the Master Form Deed of trust hereinafter referred to, now owned or hereafter acquired by Grantors (the Property as defined above, and the property described in said Section 2 are hereafter referred to as the "Collateral").

3 THIS DEED IS FOR THE PURPOSE OF SECURING the following:

- (a) Payment of the sum of Four Hundred Thousand Dollars (\$400,000.00), with interest thereon according to the terms of a promissory note of even date herewith, payable to Beneficiary or order and made by Grantors (the "Note," which term shall include all notes evidencing the indebtedness secured by this Deed of Trust, including all renewals, modifications or extensions thereof);
- (b) Payment of any further sums advanced or loaned by Beneficiary to Grantors, or any of its successors or assigns, if:
 - (i) the note or other writing evidencing the future advance or loan specifically states that it is secured by this Deed of Trust; or
 - (ii) the advance, including costs and expenses incurred by Beneficiary, is made pursuant to this Deed of Trust or any other documents executed by Grantors evidencing, securing or relating to the Note and/or the Collateral, whether executed prior to, contemporaneously with or subsequent to this Deed of Trust (this Deed of Trust, the Note and such other documents, including any construction or other loan agreement are hereafter collectively referred to as the "Loan Documents") together with interest thereon at the rate set forth in the Note unless otherwise specified in the Loan Documents or agreed to in writing.
- (c) Performance of each agreement, term and condition set forth or incorporated by reference in the Loan Documents, including without limitation the loan agreement and/or commitment dated and assignment of leases and/or rents of even date herewith, which are incorporated herein by reference, or contained herein.

4. By executing and delivering this Deed of Trust and the Note secured hereby, the parties agree that all provisions of Paragraphs 1 through 65 inclusive of the Master Form Deed of Trust hereinafter referred to, except such paragraphs as are specifically excluded or modified herein, are hereby incorporated herein by reference and made an integral part hereof for all purposes the same as if set forth herein at length, and the Grantors freely make said covenants and agree to fully perform all of said provisions. The Master form Deed of Trust above referred to was recorded on the eleventh 11th day of August, 1987, in the Official Records of the offices of the county Auditors of the following counties in Washington in the book, and at the page designated after the name of each county, to-wit:

COUNTY	BOOK OR VOL.	PAGE NO.	AUDITOR'S FILE NO.
Adams	142	305	213404
Asotin			175404
Benton	493	1125	87-12850
Chelan	880	1663	8708110050
Clallam	784	278	594433
Clark		19	8708110009
Columbia	2H	296	H2135
Cowlitz			870811020
Douglas	M224	76	245733

Deed of Trust

Ferry	MF	251	205269
Franklin	0227		454027
Garfield		109	87248
Grant	634	18669	804746
Grays Harbor	87	1756	870811031
Island	559	338	87011073
Jefferson	243		309675
King		682	8708110560
Kitsap	432	212	8708110065
Kitittas	264	300	506597
Klickitat	141	154	206526
Lewis	365		960637
Lincoln		027	377660
Mason	384	2376	470654
Okanogan	70	348	741827
Pacific	8708	899	84496
Pend Oreille	74	0367	194502
Pierce	0440	341	8708110085
San Juan	188	58	87147097
Skagit	719	326	8708110057
Skamania	106	0467	1036446
Snohomish	2079	688	0708110076
Spokane	918	0434	8708110112
Stevens	115	769	8705730
Thurston	1511	256	8708110045
Wahkiakum	71	400	38075
Walla Walla	166	614	8706174
Whatcom			1580300
Whitman	48	977	521420
Yakima	1217		2807235

5. A copy of such Master Form Deed of Trust is hereby furnished to the person executing this Deed of Trust and by executing this Deed of Trust, the Grantors acknowledge receipt of such Master Form Deed of Trust. The Property which is the subject of this Deed of Trust is not used principally or primarily for agricultural or farming purposes. The undersigned Grantors request that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to him at the address hereinbefore set forth.

6. The specific provisions of this Deed of Trust, the Promissory Note secured hereby and the Loan Agreement (if any) shall control in the event of conflict with provisions with the Master Form.

7. Paragraph 17 of the Master Form Deed of Trust is deleted and the following language is substituted:

8. Due on Sale Clause. Beneficiary may, at its option, declare immediately due and payable all sums secured by this Deed of Trust upon the sale or transfer of all or any part of the real property, or any

interest therein, without the Beneficiaries' prior written consent. A "sale or transfer" means the conveyance of any property or any right, title or interest therein; whether legal or equitable, whether voluntary or involuntary, by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than ten years, lease/option to purchase contract; sale, assignment or transfer of any beneficial interest in or to any land trust holding title to the real property or any other method of conveyance of real property interests. A sale of the corporation, limited liability company or partnership interest greater than 49% of the voting stock, partnership interests, or member interests after date of the recording the Deed of Trust or dilution of the current voting stock, partnership or member interests through issuance of additional shares or interests shall likewise constitute a "transfer". In the case of a conveyance or contract to convey, the interest shall likewise increase to the default amount or the holder may consent to the conveyance or contract to convey and increase the interest rate provided for herein. However, this option shall not be exercised by Beneficiary if exercise is prohibited by federal or Washington law.

9. Paragraph 26 of the Master Form Deed of Trust is deleted and the following language is substituted:

Late Charge. Payments will be late if not received by Beneficiary or his successor within the date due as specified in the Promissory Note. If a payment is late, Makers agree to pay a late charge equal to five percent (5%) of the amount of the delinquency. If the event the full balance of the note is not paid on or before 30 days from the date due, the Maker shall pay a late charge equal to two percent (2%) of the balance of all principal and interest due. There will be no daily pro rata adjustment. All late charges shall accrue to the benefit of the Beneficiary. This paragraph shall not relieve the Grantor of the obligation to make payments on or before the date on which they are due nor do the terms of this paragraph in anyway affect Beneficiary's remedies pursuant to the terms of the Note secured hereby or this Deed of Trust.

10. Paragraph 47 of the Master Form Deed of Trust is deleted.

11. Paragraph 58(b) of the Master Form Deed of Trust is deleted and the following language is substituted:

(b) Grantors shall promptly comply with all statutes regulations and ordinances which apply to Grantors or the Property and with all orders, decrees or judgments of governmental authorities or courts having jurisdiction which Grantors are bound by, relating to the use, collection, storage, treatment, control, removal or cleanup of hazardous or toxic substances in, on or under the Property or in, on or under an adjacent property that becomes contaminated with hazardous or toxic substances as a result or construction, operations or other activities on, or the contamination of, the Property, at Grantors' expense. Beneficiary may, but is not obligated to, enter upon the Property and take such actions and incur such costs and expenses to effect such compliance as it deems advisable to protect its interest as Beneficiary; and whether or not Grantors have actual knowledge of the existence of hazardous or toxic substances in, on or under the Property or any adjacent property as of the date hereof, Grantor shall reimburse Beneficiary on demand for the full amount of all costs and expenses incurred by Beneficiary prior to Beneficiary acquiring title to the Property through foreclosure or deed in lieu of foreclosure, in connection with such compliance activities.

12. The term "Grantor" as used in this agreement includes the "Borrower" as defined in RCW 61.24, if the Borrower is a person or entity other than the Grantor.

13. To the extent permitted by law, including, without limitation, RCW 61.24.100, the Beneficiary hereunder may seek and obtain a deficiency judgment following the completion of a judicial foreclosure or a non-judicial trustee's sale of all or a portion of the security for the obligation secured by this Deed of Trust. This Deed of Trust does not secure any Guaranty Agreement, even though a Guaranty may be included in the definition of *Loan Documents* or *Related Documents* in this Deed of Trust or elsewhere. The Guaranties, if any, given in relationship to this loan are unsecured and shall not be affected by foreclosure against the Collateral, whether such foreclosure be judicial or non-judicial by their enforcement procedures.

14. Completion. Grantor has agreed to take all reasonable actions to maintain the status of development permits on the subject Property, per terms of the Loan Agreement. Failure to do so shall constitute a default under the Loan Agreement and this Deed of Trust. Upon default, Beneficiary (referred to hereafter in this clause as *Lender*) shall have the right to fulfill the duties of Grantor in protecting and maintaining the status of the development permits. To this end Lender may enter into possession of the Property and the Improvements and to perform any and all work and labor necessary to complete the Improvements substantially according to the Conditions of the Plat, the Plans and Specifications. All sums so expended by Lender shall be deemed to have been paid to Borrower as an additional Loan disbursement hereunder and shall be secured by the Trust Deed. For this purpose, Borrower hereby constitutes and appoints Lender its true and lawful attorney-in-fact as follows: (i) to use any funds of Borrower, including any balance which may be held in escrow and any funds which may not be advanced hereunder for the purpose of completing construction of the Improvements; (ii) to make such additions, changes and corrections in the Plans and Specifications as shall be necessary or desirable to complete construction of the Improvements; (iii) to employ such contractors, subcontractors, agents, architects, surveyors, development consultants and others as shall be required for said purposes; (iv) to pay, settle or compromise all existing bills and claims which may be the basis for liens or as may be necessary or desirable for the completion of construction of the Improvements; (v) to execute all applications and certificates in the name of Grantor/Borrower which may be required, including contract documents; (vi) to prosecute and defend all actions or proceedings in connection with the Property or the Improvements; and (vii) to do any and every act which Borrower might do in its own behalf. It is agreed that this power of attorney, which shall be deemed to be a power coupled with an interest, is irrevocable. Borrower shall execute all documents reasonably necessary to carry out the intent of this agreement, and in the absence of such cooperation a court of competent jurisdiction may appoint a referee to execute such approvals. Lender shall have the right to the appointment of a receiver.

15. Lender Not Mortgagee in Possession. Nothing herein shall constitute Lender a "mortgagee in possession" prior to its actual entry upon and taking possession of the Property. Entry upon and taking possession by a receiver shall not constitute possession by Lender.

16. Lender's Powers. Without affecting the liability of any person for payment or performance of the Secured Obligations or any of Lender's rights or remedies, Lender, at its option, may extend the time for payment of the Secured Obligations or any part thereof, reduce payment thereon, release anyone liable thereon, accept a renewal note or notes therefor, modify the terms and time of payment thereof, release the lien of this Deed of Trust on any part of the Property, take or release other or additional security, release or reconvey or cause to be released or reconveyed all or any part of the Property, or consent and/or cause Trustee to consent to the making of any map or plat of the Property, consent or

cause Trustee to consent to the granting of any easement or creating any restriction on the Property, or join or cause Trustee to join in any subordination or other agreement affecting this Deed of Trust or the lien or charge hereof. Borrower shall pay Lender a reasonable service charge, together with such title insurance premiums and attorneys' fees as may be incurred at Lender's option, for any such action if taken at Borrower's request.

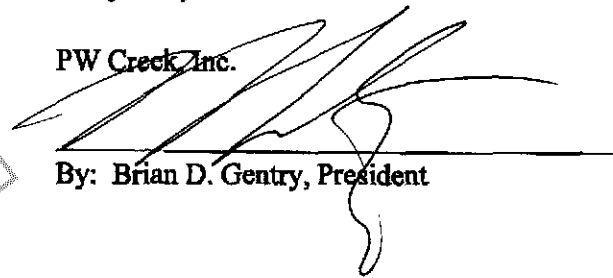
18. The parties covenant and agree that the loan for which this Deed of Trust is given is for commercial purposes only. The Grantor/Borrower expressly covenants and agrees that the loan proceeds will not be used for any personal, family, or household purpose.

Grantor's street address for service of process:

504 E. Fairhaven Avenue
Burlington, WA 98233

WITNESS the hand and seal of the Grantor on the day and year first above written.

PW Creek Inc.

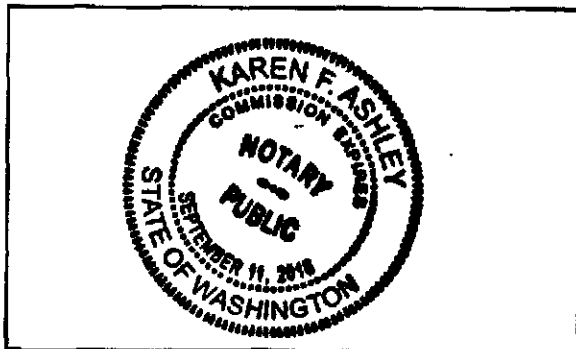


By: Brian D. Gentry, President

State of Washington)
)ss
County of Skagit)

I certify that I know or have satisfactory evidence that Brian D. Gentry is the person who appeared before me; that he acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged as the President of PW Creek, Inc., to be the free and voluntary act of him for the uses and purposes contained in the instrument.

DATE: January 12th, 2016.



PLACE NOTARY SEAL IN THIS BOX

Karen Ashley
Karen Ashley, Notary Public
My appointment expires 9-11-2018