

After recording, please return to:
Jonny B. Watson & Martha H. DeWees
c/o AIC
380 Q Street, Suite 240
Springfield, OR 97477

Land Title 02-176365-0E

DEED OF TRUST -3875L

THIS DEED OF TRUST, made this March 6th, 2020, is between:

Progressive Design Builders, Inc, an Oregon corporation, as GRANTOR,
whose address is: PO Box 727, Albany, OR 97321-0246;

Land Title & Escrow of Skagit County, as TRUSTEE,
whose address is: 3010 Commercial Ave., Anacortes, WA 98221; and

Jonny B. Watson and Martha H. DeWees, husband and wife or the survivor, as BENEFICIARY,
whose address is: c/o AIC, 380 Q Street, Suite 240, Springfield, OR 97477

WITNESSETH: Grantor hereby bargains, sells, and conveys to Trustee in trust, with power of sale,
the following described real property in Skagit County, Washington:

ATTACHED AS EXHIBIT "A"

Abbreviated Legal: Lots 24 and 25, Woods At Sunset Cove.;

Street Address: 2718 and 2720 Geer Lane Anacortes, WA 98221;

Tax Account Number(s): P126731 and P126732, ~~9941-000-024-0000~~, ~~9941-000-025-0000~~

attached hereto and by this reference made a part hereof (the "property"), together with any and all mineral rights, oil and gas rights, air rights, water rights, water service contract rights, drainage rights, zoning rights, and other similar rights or interests that benefit or are appurtenant to the property or the improvements thereon or both, and any of their proceeds, and all tenements, hereditaments, and appurtenances in any manner belonging, relating, or appertaining to the property and the rents, issues and profits thereof and all fixtures now or hereafter attached to or hereafter used in connection with the property. Said real property is not used principally for agricultural or farming purposes.

This Deed of Trust is for the purpose of securing performance of each agreement of Grantor contained in this Deed of Trust, and payment of the sum of seven hundred ten thousand and no/100 dollars (\$710,000.00) with interest, in accordance with the terms of a promissory note of even date herewith, payable to Beneficiary or order, and made by Grantor, and all renewals, modifications, and extensions thereof, and also such further sums as may be advanced or loaned by Beneficiary to Grantor, or any of Grantor's successors or assigns, together with interest thereon at such rate as shall be agreed upon. In the event there is no hand-written date of execution appearing hereinabove, the date the signature of the Grantor herein is acknowledged by Notary hereinafter is the date of execution of this document.

DUE DATE: The entire balance of the promissory note secured by this Deed of Trust, together with all interest accrued thereon, SHALL BE DUE AND PAYABLE IN FULL ON February 6, 2022. 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 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 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 Beneficiary, and be in such companies as Beneficiary may approve and have loss payable first to Beneficiary, as its interest may appear, and then to Grantor. The amount collected under any insurance policy may be applied upon any indebtedness hereby secured in such order as Beneficiary shall determine. Such application by Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, all rights of 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 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.
5. To pay all costs, fees, and expenses in connection with this Deed of Trust, including the expenses of Trustee incurred in enforcing the obligation secured hereby and Trustee's and attorney's fees actually incurred, as provided by statute.

6. Should Grantors 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.
7. DUE ON SALE: The property described in this security instrument may not be sold or transferred without Beneficiary's consent. Upon breach of this provision, Beneficiary may declare all sums due under the note secured by this Deed of Trust immediately due and payable, unless prohibited by applicable law.
8. ASSIGNMENT OF RENTS: Grantor does hereby unconditionally and absolutely assign, transfer and set over unto Beneficiary as further security for the indebtedness and covenants secured hereby, all rentals and deposits which may be received or contracted for under any existing or future leases of the property encumbered hereby or any portion thereof, including if applicable and without limitation, rental agreements for mobile home and trailer sites, all of the Grantor's present and future interests in said existing future leases, and all of its right, interest and title in and to the plans, drawings, specifications, permits, surveys, engineering reports and land planning maps, which is now has or may hereafter acquire with regard to any improvements now or to be constructed upon the Property, and in the event of any default hereunder or under the promissory note this Deed of Trust secures, Grantor shall deliver possession of same to the Beneficiary forthwith upon demand. In the event the default of Grantor under the promissory note or any loan document, and if any lessee, sublessee or assignee under any lease assigned under this paragraph files or has filed against it any petition in bankruptcy or for reorganization or undertakes or is subject to similar action, the Beneficiary shall have and is hereby assigned by the Grantor all of the rights which would otherwise inure to the benefit of Grantor in such proceeding, including, without limitation, the right to seek "adequate protection" of its interests, to compel rejection of any such lease, and to seek such claims and awards as may be sought or granted in connection with the rejection of any such lease. Unless otherwise agreed to by Beneficiary in writing, Beneficiary's exercise of any of the rights provided in this paragraph shall preclude Grantor from the pursuit and benefit thereof without any further action or proceeding of any nature. The rights granted in this paragraph shall be in addition to and not in derogation of any similar or related rights granted Beneficiary in any separate assignment of leases and rents; Beneficiary may require any tenant to make payments of its rent or fees directly to Beneficiary or Beneficiary's agent, regardless of whether Beneficiary has taken possession of the Property. If any rents are collected by Beneficiary, then Grantor irrevocably designates Beneficiary as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants to Beneficiary in response to Beneficiary's demand shall satisfy the obligation for which the payments are made, whether or not any proper grounds for demand existed. Beneficiary may exercise its rights under this paragraph either in person, by agent or through a receiver; Grantor shall permit Beneficiary or its agents the opportunity to inspect the Property, including the interior of any structures comprising the Property, at all reasonable and lawful times. If required by applicable law, Grantor shall provide notices to tenants timely announcing such interior inspections by Beneficiary or Beneficiary's agent. In addition, Grantor shall at its sole cost and expense provide to Beneficiary all inspection reports, studies and tests related to the Property as Beneficiary may reasonably request from time to time, all in a form and scope reasonably satisfactory to Beneficiary; the entering upon and taking possession of said property, the collection of such rents, issues and profits, or the proceeds of fire and other insurance policies or compensation or awards for any taking or damage of the property, and the application or release thereof as aforesaid, shall not cure or waive any default or notice of default thereunder or invalidate any act done pursuant to such notice.

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 by this Deed of Trust shall be paid to Beneficiary to be applied to said obligation.
2. By accepting payment of any sum secured by this Deed of Trust 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. 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 Grantor and Beneficiary, or upon satisfaction of the obligation secured and written request for reconveyance made by Beneficiary or the person entitled thereto.
4. Upon default by Grantor in the payment of any indebtedness secured by this Deed of Trust or in the performance of any agreement contained in this Deed of Trust, all sums secured hereby shall immediately become due and payable at the option of Beneficiary subject to any cure period provided in the note secured by this Deed of Trust. 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 in accordance with the requirements of law 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 all right, title and interest in the real and personal property which Grantor had or had the power to convey at the time of the execution of this Deed of Trust, and such as Grantor 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 encumbrancers for value.
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; Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.
7. In the event of the death, incapacity, disability, or resignation of Trustee, or at the discretion of Beneficiary, 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. Trustee is 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, Trustee, or Beneficiary shall be a party unless such action or proceeding is brought by Trustee.
8. 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 Beneficiary herein.
9. DIRECTION TO TENANTS: Grantor hereby irrevocably authorizes and directs the tenants under all leases to pay all amounts owing to Grantor thereunder to Beneficiary following

receipt of any written notice from Beneficiary that states that an event of default remains uncured and that all such amounts are to be paid to Beneficiary. Grantor further authorizes and directs all such tenants to pay all such amounts to Beneficiary without any right or obligation to inquire as to the validity of Beneficiary's notice and regardless of the fact that Grantor has notified any such tenants that Beneficiary's notice is invalid or has directed any such tenants to not pay such amounts to Beneficiary.

10. At any time until this Trust Deed has been paid and satisfied in full, and within ten days of written demand delivered to Grantor's last known mailing address, Grantor hereby agrees to fully execute, acknowledge, initial, have notarized, deliver or perform any other task necessary to correct, complete, add to or replace any document in connection with or referred to in the documents and correspondence associated with the loan being made by Beneficiary to Grantor, secured by this Trust Deed and evidenced by the Promissory Note secured thereby; this paragraph is intended to assure Beneficiary that there are means available to address any error or omission in the creation, execution or transmission of documents necessary to properly and fully complete the loan transaction between Beneficiary and Grantor; Grantor's failure to perform under this paragraph within ten days after written notice as provided herein shall constitute an event of default hereunder.

--SIGNATURES ON FOLLOWING PAGE--

THE GRANTOR HEREBY DECLARES, REPRESENTS AND AFFIRMS THAT THE LOAN SECURED BY THIS DEED OF TRUST IS BEING MADE FOR THE BUSINESS PURPOSES OF THE UNDERSIGNED.

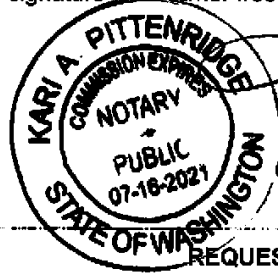
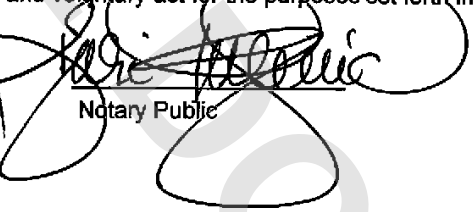
GRANTOR:


Progressive Design Builders, Inc.

Stephan Smith, President

State of WA)
County of Snohomish) ss:
)

The foregoing instrument was acknowledged before me on March 6, 2020 by Stephan Smith, who is President of Progressive Design Builders, Inc., who is personally known to me or has produced drivers license as identification, and furthermore, the aforementioned person has acknowledged that his/her signature was his/her free and voluntary act for the purposes set forth in this instrument.



Notary Public

REQUEST FOR FULL RECONVEYANCE

To Trustee:

The undersigned is the legal owner and holder of all indebtedness secured by the foregoing trust deed. All sums secured by said trust deed have been fully paid and satisfied. You are hereby directed, on payment to you of any sums owing to you under the terms of said trust deed pursuant to statute, to cancel all evidences of indebtedness secured by said trust deed, which are delivered to you herewith together with said trust deed, and to reconvey, without warranty, to the parties designated by the terms of said trust deed the estate now held by you under the same. Mail reconveyance documents to Grantor at PO Box 727, Albany, OR 97321-0246.

Dated: _____

Beneficiary

Beneficiary

EXHIBIT "A"

For APN/Parcel ID(s): P126731 and P126732

Lots 24 and 25, "THE WOODS AT SUNSET COVE," approved October 15, 2007, recorded October 17, 2007 under Auditor's File No. 200710170081, records of Skagit County, Washington.

Situated in the City of Anacortes, County of Skagit, State of Washington.