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Filed for record at the request of:
Puget Sound Investors
P.O. Box 2116
Mount Vernon, WA 98273

DOCUMENT TITLE:	**DEED OF TRUST**
GRANTOR:	**MCPEAKE, DAVID T., and MCPEAKE, LINA M.**
GRANTEE/BENE.:	**COOK, JAMES A. JR., AND COOK, TERRI E.**
GRANTEE/TRUSTEE:	**REAL ESTATE MANAGEMENT CORPORATION**
LEGAL DESC.:	**Section 31, Township 35 North, Range 4 East; Ptn. NW-SE (aka Tracts A and B, Short Plat #77-1)**
TAX PARCEL NOS.:	**P38164, 350431-4-004-0105, P38165, 350431-4-004-0204**

113805
GUARDIAN NORTHWEST TITLE CO.

DEED OF TRUST

THIS DEED OF TRUST, made this 26 day of April, 2017, between DAVID T. MCPEAKE and LINA M. MCPEAKE, husband and wife, GRANTORS, whose address is 546 Glenwood Inn Rd., Eastsound, WA 98245, REAL ESTATE MANAGEMENT CORPORATION, a Washington Corporation, TRUSTEE, the address of which is P.O. Box 2116, Mount Vernon, WA 98273, and JAMES A. COOK JR. and TERRI E. COOK, husband and wife, BENEFICIARIES, whose address is 26135 Minkler Road, Sedro-Woolley, WA 98284.

WITNESSETH: 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 promissory note of even date, 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 and assigns forever, in trust, with power of sale, right of entry, and possession and for the benefit of the Beneficiary, all of Grantor's estate, right, title, interest, claim and demand in the property located in King County, State of Washington, described as follows:

(a) Legal Description:

Tract "A" and Tract "B" of Short Plat No. 77-1, approved September 20, 1977, and recorded September 26, 1977, under Auditor's File No. 865497, in Volume 2 of Short Plats, page 130, records of Skagit County, Washington, being a portion of the Northwest 1/4 of the Southeast 1/4 of Section 31, Township 35 North, Range 4 East, W.M.

(b) All buildings, structures and other improvements now or hereafter erected on the real property;
(c) All fixtures and trade fixtures used in association with the improvements on the real property;
(d) All personal property placed upon or used in conjunction with the real property;
(e) All of the Grantor's rights as landlord in and to all existing and future leases and tenancies, whether written or oral, and any issues or profits thereof.
(f) The rights to the proceeds of sale of any of the foregoing.

The described real property is not used principally for agricultural purposes (which is defined as an operation to produce crops, livestock or aquatic goods), together with all the tenements, hereditaments, and appurtenances now or hereafter thereunto belonging or in any wise appertaining, and the rents, issues and profits thereof.

This deed is for the purpose of securing performance of each agreement of grantor herein contained, and as provided in the attached Exhibit 'A' Construction Rider, and payment of the sum of **EIGHT HUNDRED SIX THOUSAND and NO/100 Dollars ($806,000.00)** 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 their successors or assigns, together with interest thereon at such rate as shall be agreed upon. 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.

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. Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the property or any portion of the property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), soil, gravel, or rock products without the prior written consent of Lender.
3. Lender and its agents and representatives may enter upon the Real Property at all reasonable times to attend to Lenders interests and to inspect the property for purposes of Grantor compliance with the terms and conditions of this Deed of Trust.
4. 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.
5. 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 Beneficiary, and be in such companies as the Beneficiary may approve and have loss payable first to the Beneficiary, as its interest may appear, and then to the Grantor. The amount collected under any insurance policy may be applied upon any indebtedness hereby secured in such order as the Beneficiary shall determine. Such application by the Beneficiary 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.
6. 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 be Beneficiary to foreclose this Deed of Trust.
7. 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 fees, attorney's fees, appraisal fees (including those related to any action for a deficiency judgment) actually incurred, as provided by statute.
8. Should Grantor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the property hereinabove described, Beneficiary may pay the same, and the amount so paid, with interest at the rate set forth in the note secured hereby, shall be added to and become a part of the debt secured in this Deed of Trust.

IT IS MUTUALLY AGREED THAT:

1. In the event any portion of the property is taken or damaged in an eminent domain proceeding, the entire amount of the award or such portion as may be necessary to fully satisfy the obligation secured hereby, shall

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be paid to Beneficiary to be applied to said obligation.

2. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right to require prompt payment when due of all other sums so secured or to declare default for failure to so pay.

3. The Trustee shall reconvey all or any part of the property covered by this Deed of Trust to the person entitled thereto, on written request of the Grantor and the Beneficiary, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.

4. Each of the following, at the option of the Beneficiary, shall constitute an event of default under this Deed of Trust:

a. Default in Indebtedness: Failure of Grantor to make any payment when due on the indebtedness.

b. Default on Other Payments: Failure of Grantor within the time required by this Deed of Trust to make any payment for taxes or any other payment necessary to prevent filing of or to effect discharge of any lien.

c. Compliance Default: Failure of Grantor to comply with any other term, obligation, covenant or condition contained in this Deed of Trust or Note.

d. Defective Collateralization: This Deed of Trust ceases to be in full force and effect at any time for any reason.

e. Foreclosure: Commencement of foreclosure proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any of the real property described herein.

5. Upon occurrence of any event of default and at any time thereafter, all sums secured hereby shall immediately become due and payable, at the option of the Beneficiary. In such event and upon written request of Beneficiary, Trustee shall sell the trust property, in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. If this deed of trust encumbers both real and personal property, the trustee is authorized to sell all or any portion of the grantor's interest in the real and personal property at the trustee's sale. 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; (3) the surplus, if any, shall be distributed to the persons entitled thereto. With regard to any personal property, fixtures, assignments of choses, such security may be foreclosed as provided herein, or as may otherwise be provided by law.

6. Nothing herein contained shall prohibit Beneficiary from pursuing any other remedy available to it or its successor at law. Specifically, Beneficiary or Trustee shall be entitled to take possession of any property defined as security hereunder, to marshal the assets defined as security hereunder, and to the appointment of a receiver in the manner provided by law, without regard to the sufficiency of the property or any other security for the indebtedness secured hereby, which receiver shall be entitled to collect the rents, profits, proceeds of sale, or other income generated by the property used as security hereunder, and the application of such sums to the indebtedness owed Beneficiary. Beneficiary, or Beneficiary's agent or designee, shall be entitled to act in the capacity of receiver without necessity of appointment by the court having jurisdiction, and without bond. In the event Beneficiary obtains the appointment of a receiver from a court of competent jurisdiction, Beneficiary may so act or may designate Beneficiary's agent so to act, without bond to the extent allowed by law. The costs of such receivership shall be added to and become a part of the debt secured by this Deed of Trust.

7. 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 purchasers and encumbrancers for value.

8. 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.

9. In the event of the death, incapacity, disability or resignation of Trustee or the election of the beneficiary to replace the trustee, Beneficiary may appoint in writing a successor trustee, and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded, the successor trustee shall be vested with all powers of the original trustee. The trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Grantor, Trustee or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

10. This Deed of Trust applies to, 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 Beneficiary shall mean

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the holder and owner of the note secured hereby, whether or not named as Beneficiary herein.

11. This Deed of Trust is personal to the Grantor herein. In the event of the sale, lease, assignment or transfer of all or a part of the Grantor's interest in the real property, whether legal, beneficial or equitable, without the prior written consent of the Beneficiaries, the full balance of principal and interest due on the Note secured by this Deed of Trust this note may become due and payable in full at the option of the Beneficiaries.

Address for service of process:
546 Glenwood Inn Rd., Eastsound, WA 98245

DAVID T. MCPEAKE

LINA M. MCPEAKE

STATE OF WASHINGTON)
) ss.
County of Skagit)

On this day personally appeared before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, DAVID T. MCPEAKE and LINA M. MCPEAKE, to me known to be individuals who executed the foregoing instrument, and acknowledged the said instrument to be their free and voluntary act and deed for the uses and purposes therein mentioned.

Witness my hand and official seal this 26th day of April, 2017.

NOTARY PUBLIC in and for the State of Washington, residing at Sedro Woolley.
My appointment expires 3/6/18.

ELAINE M. DAWS NOTARY PUBLIC COMMISSION EXPIRES 03-06-2018 STATE OF WASHINGTON

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REQUEST FOR FULL RECONVEYANCE
Do Not Record. To be used only when note has been paid.

TO: TRUSTEE

The undersigned is the legal owner and holder of the note and all other indebtedness secured by the within Deed of Trust. Said note, together with all other indebtedness secured by said Deed of Trust, has been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel said note above mentioned, and all other evidences of indebtedness secured by said Deed of Trust delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you thereunder.

Dated this _____ day of _____, 20_____.

_____

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CONSTRUCTION RIDER, EXHIBIT 'A'

This Construction Rider is made a part of that certain Deed of Trust to be entered into by and between DAVID T. MCPEAKE and LINA M. MCPEAKE, as Grantors (also sometimes referred to herein as Borrower) under the Deed of Trust, and JAMES A. COOK JR. and TERRI E. COOK, husband and wife, as Beneficiaries of the said Deed of Trust concerning Skagit County Tax Parcel Numbers 350431-4-004-0105 P38164 and 350431-4-004-0204 P38165. The following terms and conditions become a part of the Deed of Trust and modify the terms set forth therein. To the extent that any of the provisions set forth below conflict with any provisions of the Form Deed of Trust, the provisions contained in this Rider shall be controlling.

1. Construction. The Grantor shall complete construction work on the property secured by this Deed of Trust within the time frames specified in the Construction Loan Agreement, or amendments thereto. If construction plans are required for the project, the Grantor will provide these to Lenders. Grantor shall perform construction in accordance with its construction budget, as provided to Lenders.

2. Use of Funds. The loan funds which are secured by this Deed of Trust shall be used solely by the Grantor for the purpose of the construction of the apartment units referenced in the preceding paragraph. No part of the loan proceeds shall be used to pay charges not directly connected with development of the described real property and the construction of improvements on the mortgaged premises.

3. Conditional Release of Funds. Project improvement funds shall be released when the Beneficiary's construction inspector provides notice to the Beneficiaries, by written certification, that the work is completed by the general contractor/Grantor in accordance with the approved budget, specifications and the schedule stated in the Construction Loan Agreement, or amendments thereto.

4. Failure to Complete. Construction of the work to be completed on the mortgaged premises shall be in accordance with the approved budget, specifications and completion schedule referenced herein above, with construction to be completed to the reasonable satisfaction of the Beneficiaries and their representative, based on the agreed budget. If the work on such construction or remodel ceases before completion and the work remains abandoned for a period of thirty days, or in the event the work is not completed to the reasonable satisfaction of the Beneficiaries, then the entire principal sum secured by this Deed of Trust and interest thereon may at once become due and payable at the option of the Beneficiaries.

5. Compliance with Building Regulations. Grantor will comply with all statutes, ordinances and governmental requirements affecting the mortgaged premises and the erection, repair, or removal of any buildings or other improvements thereon. If the Grantor neglects, refuses to so comply, and such failure or refusal continues for a period of thirty days after written notice, then at the option of the Beneficiaries hereunder and upon written notice thereof, the entire balance of the principal sums secured hereby, together with all accrued interest, will immediately become due and payable.

6. Beneficiary's Right to Complete Construction. In the event the work on the construction of the building or buildings to be erected on the mortgaged premises is abandoned for a period of thirty days, the Beneficiaries may, at their option, enter upon the premises through such agents and contractors as they may hereafter elect and complete construction of the building or buildings in accordance with the plans and specifications approved by the county building authority. In such event, Grantor gives the Beneficiaries full power and authority to make such entry and to enter into such contracts or arrangements as may be necessary to complete the building or buildings. Money expended by the Beneficiaries in connection with such completion of construction shall be payable by the Grantor on demand and until such payment is made shall be added to the principal amount of the Note secured by this Deed of Trust

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and shall bear interest at the rate set forth in the Note. The Beneficiaries shall have the right to seek the appointment of a receiver in order to enforce the rights granted hereunder by the Grantor. In the event that the Lenders find it necessary to obtain an injunction or obtain other equitable relief, which might require the posting of a bond by the Beneficiaries, the Beneficiaries shall have the right to obtain such relief without the necessity of posting a bond as a condition of granting such relief or injunction. In furtherance of the right to complete construction, Grantor hereby grants to Beneficiary a security interest in the building and other construction related permits, the plans and specifications, the orders of materials and supplies from vendors to the project, the mitigation, connection or development fees paid by Grantor to municipal entities or utility services, and the right to execute assignment of such permits or entitlements in the name of Grantor for the benefit of Beneficiary.

7. Rights of Lender. If, in the opinion of Lender, any work in connection with construction of the Improvements has not been done, or is not being done in accordance with good building practices, in accordance with any Law (as defined above), or in accordance with the approved Plans and Specifications, or is otherwise unsatisfactory, Lender shall have the right, without waiver of default or of any other right of Lender, to stop said work and order its replacement or correction, whether or not such work has theretofore been incorporated in the Improvements, and shall be entitled to withhold all further disbursements until such work has been corrected. Failure of Borrower to make corrections, within fifteen (15) days after demand from Lender, or other reasonable period as is then applicable and approved shall constitute a further event of default hereunder.

8. Disbursements. Disbursement of loan funds may be paid to Borrower, or, at the option of Lender, to Borrower jointly with the contractor, materialmen, laborers, or subcontractors engaged in the construction work, or, at the option of Lender, directly to the contractor, materialmen, laborers or subcontractors engaged in the construction work, and at such times as the construction has, to the satisfaction of Lender, reached certain stages in accordance with the Plans and Specifications. Borrower agrees that Lender may stamp the back of any Loan proceeds check, or Borrower check with a "Lien Waiver" stamp. In the alternative, Borrower will prepare a Lien Release, in a form satisfactory to Lender for signature by either the contractor, materialmen, laborers or subcontractors, in exchange for payment, as more fully described below.

9. Lien Releases. Prior to each and any disbursement, Lender may require, as a condition to such advance, that Borrower obtain from all subcontractors and materialmen, an acknowledgment of payment and release of lien through the date covered by the last advance, or the last date on which the contractor, subcontractor, or materialman performed services on or furnished material for the construction, as the case may be. Such acknowledgment and release shall be in standard form approved by Lender and shall cover all work done, labor performed and materials furnished or rented with respect to the Property and/or the Improvements

10. Discharge of Liens. Borrower shall not allow any lien (statutory or otherwise) of any type to be recorded with respect to the Property, any Improvement or any portion of the same. Borrower shall give to Lender immediate written notice of the filing or recording of any such lien. In the event that any such lien is recorded, Lender may, without waiver of such default by Borrower or of any of Lender's other rights or remedies, cause such lien to be discharged (or may accept an assignment of rights of lienholder) by any lawful means. All costs incurred by Lender in connection with such lien shall be repaid to Lender immediately upon demand, and until repaid such sums shall bear interest at the applicable rate under the Note and shall be secured by the Trust Deed. Borrower's obligations under this paragraph is subject to Borrower's right to dispute and contest in good faith any lien filed against the Property, so long as such dispute or contest does not materially impair the Lender's security and there is deposited with Lender or the Title Company an amount sufficient to satisfy said lien, any interest that may accrue thereon, and any

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expenses, including attorney's fees, which may or could be incurred in connection therewith, such amount generally shall be in the amount of the lien, plus $100.00, unless a bond is posted by the Borrower to the satisfaction of the Lender. Borrower shall be required to obtain from the Title Company an endorsement to Lender's title policy insuring that Lender's Deed of Trust is in a prior position and insuring against any loss by reason of said lien. Written acknowledgment and consent to contest a lien shall be received from Lender, in advance and in Lender's sole discretion.

11. Insurance. Prior to Closing, Borrower shall obtain, and thereafter Borrower shall keep continuously in effect, the property and casualty policies of insurance, in such form and issued by such companies as are reasonably acceptable to Lender. Verification of insurance coverage shall be delivered to Lender in writing and shall provide for thirty (30) days written notice to Lender prior to cancellation or amendment and for full waiver of subrogation in favor of Lender.

12. Diligent Completion. The Grantor hereunder agrees to diligently pursue completion of the construction work upon the subject premises once the same is commenced and to engage in all reasonable acts to protect the collateral from waste and vandalism.

13. Granting of Consents. The Beneficiaries and their representatives shall not unreasonably withhold their consents or approvals to any matters requiring approval by them.

Read and Approved on the 26 day of April, 2017, by:

Grantors:

David T. McPeake
DAVID T. MCPEAKE

Lina M. McPeake
LINA M. MCPEAKE

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