

After Recording Return To:
Snohomish County Office of Housing
and Community Development
3000 Rockefeller Ave., MS 305
Everett, WA 98201

Deed of Trust

GRANTOR: Snohomish County, a political subdivision of the State of Washington

GRANTEE:

Project: Veterans Housing Assistance Project

Legal Description:

Abbreviated form:

A portion of Tract 22, Block 8, Alderwood Manor No. 3
(Additional Legal on Exhibit A)

Assessor's Tax Parcel ID No(s): 00372800802203

Reference No(s). of Related Document(s):

- Statutory Warranty Deed AF # _____
- Deed Restriction Covenant Agreement # _____
- Promissory Note # _____

DEED OF TRUST

THIS DEED OF TRUST, made this ____ day of _____, 2011, by and among XYZ Agency and its designation, GRANTOR, whose address is Agency Business Address ; _____, a XYZ organization, TRUSTEE, whose address is _____; _____ and Snohomish County, a political subdivision of the State of Washington, BENEFICIARY, whose address is 3000 Rockefeller Avenue, MS 305?, Everett, WA 98201.

WITNESSETH: Grantor hereby bargains, sells and conveys to Trustee in Trust, with power of sale, the real property in Snohomish County, Washington described in Exhibit 1 attached hereto and incorporated herein by this reference (the "Premises"), which real property is not used principally for agricultural or farming purposes, 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 (the "Property").

This Deed of Trust is for the purpose of securing performance of each agreement of Grantor contained herein and in the Snohomish County Sales Tax Interim Loan Agreement dated the ____ day of _____, 2011 ("Sales Tax Interim Loan Agreement"), entered into between Beneficiary and [Agency name and designation , whose address is 123 address (the "Agency"), which Sales Tax Interim Loan Agreement was assigned by Grantor], and payment of the sum of (specify the amount of funds issued) with interest, in accordance with the terms of a promissory note of even date herewith (the "Note"), payable to Beneficiary or order, made by Agency 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.

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

1. To keep the Premises in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building that may be constructed, damaged, or destroyed, and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting the Premises or requiring any alterations or improvements to be made; not to commit or permit waste thereof; not to commit, suffer, or permit any act upon the Premises in violation of law; and to do all other acts which from the character or use of the Premises may be reasonably necessary to preserve and conserve its value.

2. To pay before delinquent all taxes, assessments and any other charges affecting the Property when due; and to keep the Property free and clear of all other encumbrances, charges, and liens impairing the security of this Deed of Trust, subject to the Grantor's right to contest such taxes, assessments and other charges in good faith.

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 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. Subject [to the Priority Agreement (as that term is defined in the Sales Tax Interim Loan Agreement) and] to Section TBD of the Note, 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 Grantee in insurance policies then in force shall pass to the Grantor.

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 attorneys' 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 the Trustee incurred in enforcing the obligations secured hereby and Trustee's and attorneys' fees actually incurred, as provided by statute.

6. Should Grantee 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. Except as otherwise set forth in the **Sales Tax Interim Loan Agreement** or the Note, 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 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. Upon default by Grantee in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, all sums secured hereby shall, at the option of the Beneficiary, immediately become due and payable in accordance with the **Sales Tax Interim Loan Agreement**, the Note, this Deed of Trust, the Deed Restriction Covenant Agreement, [the Priority Agreement,] the Subordination Agreement(s), if any, or any other loan documents (collectively, the "Loan Documents"). 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 attorneys' fee; (2) [subject to the Priority Agreement,] to the obligation secured by this Deed of Trust; and (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 its execution of this Deed of Trust, and such as it 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.

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, 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.

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

GRANTOR FURTHER AGREES:

1. Grantee will perform each and every obligation contained in the **Sales Tax Interim Loan Agreement** and any amendments thereof.

2. Grantee will charge rent to tenants of the **Sales Tax Interim Loan Agreement** Units (as defined in the **Sales Tax Interim Loan Agreement contract**) according to (i) the rent restriction provisions contained in Attachment A to the **Sales Tax Interim Loan Agreement** and (ii) the **Deed Restriction Covenant Agreement** attached and contained within Attachment F to the HOME Agreement and to be recorded against the Property.

3. Grantee will ensure that the County **Sales Tax Interim Loan Agreement** Units will remain affordable to **Low-Income Veteran persons** pursuant to the terms of the **Sales Tax Interim Loan Agreement** without regard to the term of any other deed of trust or the transfer of ownership, for not less than the term of this Deed of Trust, except that, **upon foreclosure of the Property described herein by another lender or other transfer in lieu of such a foreclosure**, the affordability period of this Deed of Trust shall be terminated if that foreclosure or other transfer recognizes any contractual or legal rights of public agencies, non-profit sponsors, or others to take actions that would avoid the termination of low-income affordability. However, the affordability restrictions of this Deed of Trust shall be revived according to the original terms set forth herein if, during the period hereunder, the owner of record before foreclosure under any other deed of trust or other transfer, or any entity that includes the former owner or those with whom the former owner has or had family business ties, obtains an ownership interest in the Property described herein, in which event the affordability period shall be revived according to its original terms as set hereunder.

4. If Grantee fails to perform any obligation hereunder and the Beneficiary elects to perform the same and expends any monies therefor, such expenditure shall be deemed in addition to the amount secured by this Deed of Trust and be immediately due and payable in accordance with the loan documents.

5. If Grantee fails to make payment on the sum secured hereunder when due, or defaults under the terms of the foregoing **Sales Tax Interim Loan Agreement**, the whole indebtedness secured thereby shall be due and payable in accordance with the loan documents and the Beneficiary may proceed to foreclose this Deed of Trust. If the Beneficiary shall incur any costs and expenses, including reasonable attorneys' fees and costs of any title reports, in connection with the performance of any of its rights hereunder including foreclosure, such costs and expenditures shall remain secured by this Deed of Trust and shall be immediately due and payable by Grantee.

GRANTOR:

AGENCY NAME AND DESIGNATION

By: _____

Name:

Its:

Exhibit 1

Property Legal Description

ACKNOWLEDGEMENT

STATE OF WASHINGTON)
) ss.
COUNTY OF SNOHOMISH)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me and said person acknowledged that [he/she] signed this instrument, on oath stated that [he/she] was authorized to execute the instrument and acknowledged it as the _____ of, a _____, to be the free and voluntary act of said entity for the uses and purposes mentioned in the instrument.

GIVEN under my hand and official seal this _____ day of _____, 201__.

NOTARY PUBLIC in and for
the State of Washington, residing at
_____.

My commission expires:

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 _____
