

Filed for Record at Request of

The Fortune Oil Company, Inc.
5936 Sixth Avenue South
Seattle, WA 98108



199908110041

Kathy Hill, Skagit County Auditor

8/11/1999 Page 1 of 7 10:41:48AM

DEED OF TRUST

THIS DEED OF TRUST, made this 14th day of March, 1999 between Ki Kim, GRANTOR whose address is 1301 Highway 9, Clear Lake, WA 98235 Transamerica Title Insurance Company, a Washington corporation, TRUSTEE, whose address is 320 108th Ave. NE, Bellevue, WA 98004, and Fortune Oil Company, BENEFICIARY, whose address is 5936 Sixth Avenue South, Seattle WA 98108.

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

PARCEL No. P24594 340412-0-041-0102

12-34-4

Parcel "A":

All that certain 100 foot wide strip of land conveyed to the Seattle Lake Shore and Eastern Railway Company by Deed recorded July 11, 1890, in Volume 10 of Deeds, page 647, in Government Lot 1, of Section 12, Township 34 North, Range 4 East, W.M., lying Northerly of a line drawn at right angles to the centerline of said strip of land at a point 244 feet Southerly of the North Line of said Government Lot 1, EXCEPT any portion thereof lying within the as-built and existing County Road right-of-way, known as the Beaver Lake Road.

Parcel "B":

That portion of Government Lot 1 of Section 12, Township 34 North, Range 4 East, W.M., lying Easterly of that 100 foot wide strip of land conveyed to the Seattle Lake Shore and Eastern Railway Company by Deed recorded in Volume 10 of Deeds, page 647, and lying Northerly of the as-built and existing County Road right-of-way, known as the Beaver Lake Road, and lying Westerly of the West line of the as-built and existing County Road right-of-way known as South Front Street.

Parcel "C":

That portion of vacated Buchanan Street lying between the Westerly line of the Northern Pacific Railroad right-of-way and the Easterly line of the State Highway, and South of the South line of Lot 1, Block 3, "FLAT OF CLEAR LAKE, SKAGIT COUNTY, WASHINGTON", as per plat recorded in Volume 4 of Plats, pages 22 and 23, records of Skagit County, Washington.

Parcel "D":

That portion of Government Lot 1, Section 12, Township 34 North, Range 4 East, W.M., described as follows:

Beginning at a point 396 feet East of the quarter section post on the North boundary of said Section 12, at a point where the Easterly line of the State Highway intersects the North boundary line of said Section 12; thence Southerly along the Easterly line of said State Highway, 100 feet, more or less, to a point of intersection with the Westerly line of the right-of-way of the Northern Pacific Railroad; thence Northerly along said Westerly line, 103 feet, more or less, to the North boundary line of said Section 12; thence West along said North boundary line, 45 feet, more or less, to the place of beginning, EXCEPT that portion lying within the Beaver Lake County Road.

Situate in Skagit County, Washington.



199908110041

Kathy Hill, Skagit County Auditor

8/11/1999 Page 2 of 7 10:41:48AM

Which real property is not used principally for agricultural or farming purpose, 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 payment of the sum of each agreement of grantor herein contained, and payment 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 to 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 Sees 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, 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



199908110041

Kathy Hill, Skagit County Auditor

8/11/1999 Page 3 of 7 10:41:48AM

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.

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, and 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 attorney's fees 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, 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 that an portion of the property is taken or damaged in an eminent domain proceeding, the entire



199908110041

Kathy Hill, Skagit County Auditor

8/11/1999 Page 4 of 7 10:41:48AM

amount of the award or such portion thereof 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 all other sums so secured or to declare default for failure to so pay.

IT IS MUTUALLY AGREED THAT:

1. In the event that any portion of the property is taken or damaged in an eminent domain proceeding, the entire amount of the award or such portion thereof 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 Grantor in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, 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, (as amended), at public auction to the highest bidder. Any person except Trustee may bid at Trustee's sale. Trustee



199908110041

Kathy Hill, Skagit County Auditor

8/11/1999 Page 5 of 7 10:41:48AM

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, of any, shall be distributed to the persons entitled thereto or may be deposited (less clerk's filing fee) with the clerk of the superior court of the county in which sale takes place.

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 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 shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bone fide purchasers and encumbrances 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 obligation to notify any party unless such action or proceeding is brought by the Trustee.

8. 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, successors and assigns. The term Beneficiary shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiary herein.

DUE ON SALE



199908110041

Kathy Hill, Skagit County Auditor

8/11/1999 Page 6 of 7 10:41:48AM

ASSIGNMENT OF RENTS

Grantor, as further security, in the event of a default on the underlying note or this deed of trust, hereby assigns all rents or other income derived from the subject property to Beneficiary.



Ki Kim, Retailer

STATE OF WASHINGTON)

)SS.

COUNTY OF KING)

I certify that I know or have satisfactory evidence that -
Ki Kim signed this instrument and
acknowledged it to be their free and voluntary act for the uses and
purposes mentioned in this instrument.

DATED: 6-25-99

Name: Kevin Wood
NOTARY PUBLIC in
and for the
State of Washington.
Commission Expires:
Apr 29, 2002



199908110041

Kathy Hill, Skagit County Auditor

8/11/1999 Page 7 of 7 10:41:48AM