

WHEN RECORDED RETURN TO:

Name: CLS Financial Services, Inc.  
Address: 4720 - 200th Street SW, #200  
P.O. Box 719  
Lynnwood, WA 98046-0719



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, Skagit County Auditor

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FIRST AMERICAN TITLE CO.

ACCOMMODATION RECORDING ONLY

REFERENCE #

CLF FINANCIAL SERVICES, INC.,  
GRANTOR(S): PUGET SOUND INVESTMENT GROUP, INC.,  
PUGET SOUND REAL ESTATE SERVICES GROUP, INC.,  
MELVIN L. JOHNSON, JR.  
(Additional Grantor(s) On Exhibit "A")

GRANTEE(S): CLS Financial Services, Inc.

(Additional Grantee(s) On Exhibit "A")

LEGAL DESCRIPTION: Lots : 9,10,11,12, 114,115,116  
1st add., Big Lake Water Front Trs  
(Additional Legal On Exhibit "A")

ASSESSOR'S TAX PARCEL ID#:

3863-000-121-0103, 4222-000-012-  
0000, 4222-000-009-0005, 4222-000-010-0002

DEED OF TRUST

THIS DEED OF TRUST, made this 7TH day of  
DECEMBER, 2000, between CLS FINANCIAL SERVICES, INC.,  
PUGET SOUND INVESTMENT GROUP, INC., A  
A WASHINGTON CORPORATION

PUGET SOUND REAL ESTATE SERVICES GROUP, INC. AND  
MELVIN L. JOHNSON, JR. A MARRIED PERSON, A.H.S.E.  
Grantor(s), and PUGET SOUND REAL ESTATE SERVICES GROUP,  
INC., Trustee, whose address is 4720 200th Street SW,  
# 202, Lynnwood, WA 98036, and  
CLS Financial Services, Inc.  
Beneficiary, whose address is 4720 200th Street  
SW, # 200, P.O. Box 719, Lynnwood, Washington  
98046-0719. WITNESSETH: Grantor hereby bargains,  
sells and conveys to Trustee in Trust, with power  
of sale, the following described real property in  
SKAGIT County, Washington:

See Attached Exhibit "A"

ALSO KNOWN AS: 194X W BIGLAKE BLVD  
MT VERNON, WA 98237

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.

This deed is for the purpose of securing performance of each agreement of the grantor herein contained, each agreement in the Hazardous Material Warranty/Indemnity Agreement and payment of the sum of  
ONE HUNDRED FORTY-FIVE THOUSAND AND NO/100 DOLLARS

DOLLARS (\$ 145000.00), 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.

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 on 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 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



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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. In addition, Maker understands this Note is, or may be, at the option of Lender, secured by a Deed Of Trust, Assignment of Rents, Security Agreement(s) and the representations and warranties of Maker.

Reference is made thereto for additional rights in default hereof, and acceleration of the indebtedness described herein. Borrower promises to pay all costs and expenses which the Holder may incur by reason of any breach or default. Such expenses shall include attorney's fees incurred both before and after acceleration, including those in any action or proceedings in which the Holder May appear or participate, including, but not limited to, any attorney's fees and costs incurred in protecting the lender/secured Party's interest in any Federal bankruptcy proceeding, including, but not limited to, objections to claim(s), motions for relief from Stay, confirmation issues, and any other proceeding concerning the use, dispersal or sale of any interest, secured or unsecured by collateral. Borrower understands and agrees the usual reconveyance fee and recording fee will be charged when Borrower's obligation hereunder has been paid in full.

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 obligation secured hereby and Trustee's and attorney's fees actually incurred, and 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 any portion of the property is taken or damaged in any 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.



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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 on written request of the 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 fees; (2) to the obligation secured by this Deed of Trust; (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 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 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, 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



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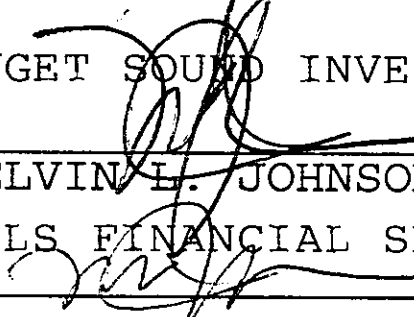
Trust or of any action or proceeding in which Grantor, Trustee or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

8. This Deed of Trust applies to, 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.

9. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument. If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

PUGET SOUND INVESTMENT GROUP, INC.

  
\_\_\_\_\_  
MELVIN L. JOHNSON, JR., PRESIDENT  
CLS FINANCIAL SERVICES, INC.

MELVIN L. JOHNSON, JR., VICE PRESIDENT

\_\_\_\_\_  
PUGET SOUND REAL ESTATE SERVICES GROUP, INC.

  
\_\_\_\_\_  
By: MELVIN L. JOHNSON, PRESIDENT

  
\_\_\_\_\_  
MELVIN L. JOHNSON, JR.



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NOTARY ACKNOWLEDGMENT

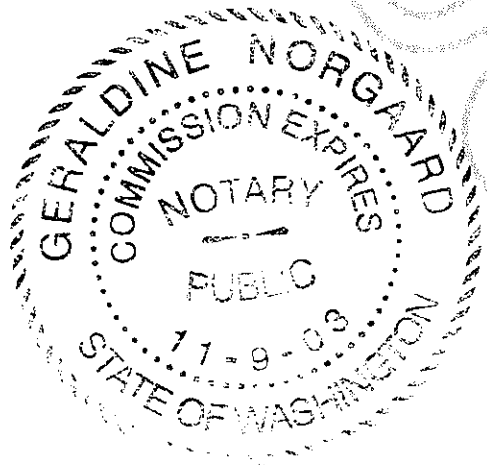
STATE OF WASHINGTON )  
COUNTY OF SNOHOMISH )

I certify that I know or have satisfactory evidence that MELVIN L. JOHNSON, JR. is/are the person(s) who appeared before me, and said person(s) acknowledged that (he/she/they) signed this instrument, on oath stated that (he/she/they) was/were authorized to execute the instrument and acknowledged it as the PRESIDENT of PUGET SOUND REAL ESTATE SERVICES, INC., to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: DECEMBER 7, 2000



GERALDINE NORGAARD, Notary Public in and for the State of  
Washington residing in SHORELINE  
My Commission expires: 11/09/03



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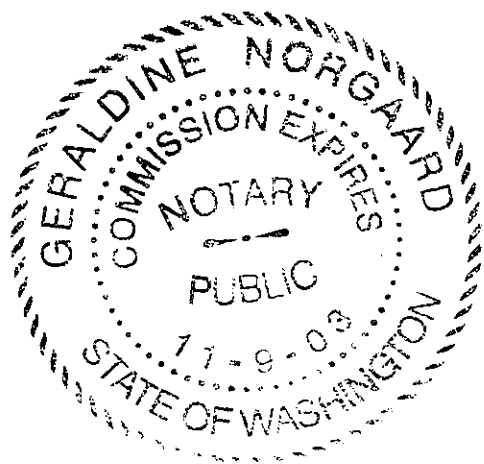
NOTARY ACKNOWLEDGMENT

STATE OF WASHINGTON )  
COUNTY OF SNOHOMISH )

I certify that I know or have satisfactory evidence that MELVIN L. JOHNSON, JR. is/are the person(s) who appeared before me, and said person(s) acknowledged that (he/she/they) signed this instrument, on oath stated that (he/she/they) was/were authorized to execute the instrument and acknowledged it as the PRESIDENT of PUGET SOUND INVESTMENT GROUP, INC., to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: DECEMBER 7, 2000

Geraldine Norgaard  
GERALDINE NORGAARD, Notary Public in and for the State of  
Washington residing in SHORELINE  
My Commission expires: 11/09/03



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, Skagit County Auditor

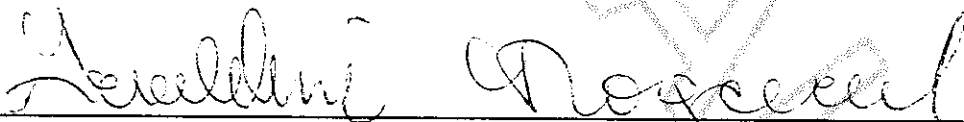
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NOTARY ACKNOWLEDGMENT

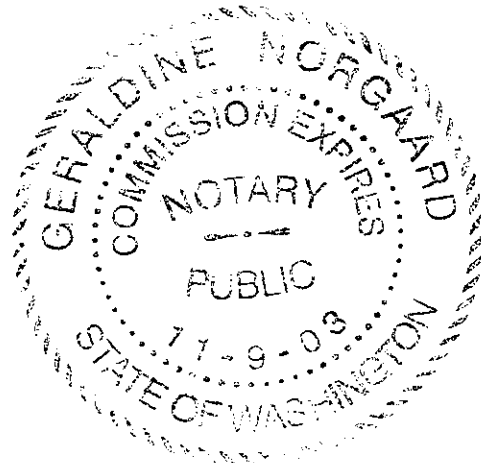
STATE OF WASHINGTON )  
COUNTY OF SNOHOMISH )

I certify that I know or have satisfactory evidence that MELVIN L. JOHNSON, JR. is/are the person(s) who appeared before me, and said person(s) acknowledged that (he/she/they) signed this instrument, on oath stated that (he/she/they) was/were authorized to execute the instrument and acknowledged it as the VICE PRESIDENT of CLS FINANCIAL SERVICES, INC. , to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: DECEMBER 7, 2000



GERALDINE NORGAARD, Notary Public in and for the State of  
Washington residing in SHORELINE  
My Commission expires: 11/09/03



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STATE OF WASHINGTON )  
COUNTY OF Snohomish )

On this day personally appeared before me MELVIN L. JOHNSON, JR.  
to me known to be the individual described in and who executed the within and foregoing  
instrument, and acknowledged that HE signed the same AS HIS free and voluntary act and deed, for the uses and purposes  
therein mentioned.

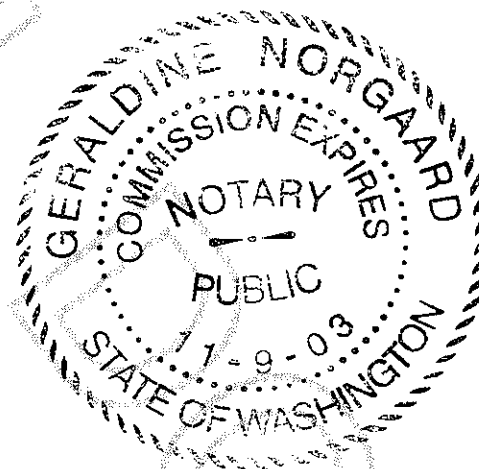
GIVEN under my hand and official seal this 7<sup>TH</sup> day of DECEMBER ,2000

*Geraldine Norgaard*

Notary Public in and for the State of WASHINGTON, residing at : Shoreline

My appointment expires: 11/9/03

Geraldine Norgaard  
(PRINTED NAME)



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EXHIBIT "A"  
LEGAL DESCRIPTION

PARCEL "A"

Lots 11 and 12, REPLAT OF FIRST ADDITION, BIG LAKE WATER FRONT TRACTS, Lots 122 to 127, according to the plat thereof recorded in Volume 11 of Plats, page 3, records of Skagit County, Washington;

EXCEPT a strip of land 60 feet wide the centerline of which is an existing road on or near the Southeast corner of said Lot 7 and extending from the County road to the North line of the Northeast Quarter of the Southwest Quarter of Section 7, Township 33 North, Range 5 East of the Willamette Meridian.

PARCEL "B"

That portion of Lots 9 and 10, REPLAT OF FIRST ADDITION, BIG LAKE WATER FRONT TRACTS, Lots 122 to 127, according to the plat thereof recorded in Volume 11 of Plats, page 3, records of Skagit County, Washington, described as follows:

Beginning at the Northwest corner of Lot 10;  
thence Easterly along the North line of said Lot 10, a distance of 155 feet which is the true point of beginning;  
thence South 39 degrees 00'00" East, a distance of 212 feet;  
thence Easterly and parallel with the South line of said Lot 9, a distance of 225 feet, more or less, to the Easterly boundary of said Lot 9;  
thence Northwesterly along the Easterly boundaries of Lots 9 and 10 to the North boundary of Lot 10;  
thence Westerly along the North boundary of Lot 10 to the true point of beginning.



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PARCEL "C"

That portion of Lots 9 and 10, REPLAT OF FIRST ADDITION, BIG LAKE WATER FRONT TRACTS, Lots 122 to 127, according to the plat thereof recorded in Volume 11 of Plats, page 3, records of Skagit County, Washington, described as follows:

Beginning at the Northwest corner of Lot 10 which is the true point of beginning;  
thence Easterly along the North line of said Lot 10, a distance of 155 feet;  
thence South 39 degrees 00'00" East, a distance of 212 feet;  
thence Easterly and parallel with the South line of said Lot 9, a distance of 225 feet, more or less, to the Easterly boundary of said Lot 9;  
thence Southeasterly along the Easterly boundary of said Lot 9 to the South boundary of Lot 9;  
thence Westerly along the South boundary of Lot 9 to the West boundary of Lot 9;  
thence Northerly along the West boundary of Lots 9 and 10 to the true point of beginning.

PARCEL "D"

That portion of Lot 121, FIRST ADDITION, BIG LAKE WATER FRONT TRACTS, according to the plat thereof recorded in Volume 4 of Plats, page 15, records of Skagit County, Washington, lying West of the County road as conveyed by a deed recorded April 20, 1956, under Auditor's File No. 534812, records of Skagit County, Washington.

ALL situated in Skagit County, Washington

- END OF EXHIBIT "A" -



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