

WHEN RECORDED, RETURN TO:  
BRUCE E. JONES, NEWTON KIGHT L.L.P.  
P. O. BOX 79, EVERETT, WA 98206



200106110157  
Skagit County Auditor

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## DEED OF TRUST

### ISLAND TITLE COMPANY

A20631 ✓

THIS DEED OF TRUST, made this 7 day of June, 2001, between SEAQUEST EXPEDITIONS, INC., A Nevada Corporation, Grantor, whose address is 3115 Villa Marbella Circle, Reno, Nevada 89509, and R. MICHAEL KIGHT, Trustee, whose address is 1820 32nd Street, Everett, Washington 98201, and JANIS R. MORRIS, Beneficiary, whose address is c/o BRUCE E. JONES, NEWTON KIGHT L.L.P., P. O. Box 79, Everett, Washington 98206.

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 A:

Leasehold Estate in Tract 91, Pier C, as shown on survey of Anchor Cove Marina, filed under Auditor's File No. 825123, in Volume 11 of Plats, Pages 29 and 30, and as identified in Declaration of Anchor Cove Marina, filed under Auditor's File No. 825125.

#### PARCEL B:

An undivided 0.5681 percentage interest in the land lying within Anchor Cove Marina, as shown on survey of Anchor Cove Marina, filed under Auditor's File No. 825123, in Volume 11 of Plats, Pages 29 and 30, and as identified in Declaration of Anchor Cove Marina, filed under Auditor's File No. 825125, EXCEPT those portions lying within Tracts 1A and 1 through 26 inclusive, Pier A; Tracts 1B and 27 through 75, inclusive, Pier B; Tracts 76 through 125, inclusive, Pier C, and Tracts 126 through 167, inclusive, Pier D. (Said undivided 0.5681 interest being a leasehold estate in those portions delineated as Parcels C, D, E, and F on the fact of said survey and fee simple estate in the remainder).

**Tax Account No. 4331-000-091-0002**

which 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 Grantor herein contained, and payment of the sum of Sixty-Three Thousand Six Hundred Sixty-Seven and 60/100 Dollars [\$63,667.60] with interest, in accordance with the terms of a Promissory Note dated January 25, 2000, in the face amount of \$65,000, payable to Beneficiary or order, and made by Grantor, and all renewals, modifications and

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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 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 all 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.
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 the 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.

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 of the award 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 convey 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.

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4. If all or any part of the property or an interest therein is sold or transferred by Grantor without the Beneficiary's prior written consent, excluding a) the creation of a lien or encumbrance subordinate to this Deed of Trust; b) the creation of a purchase money security interest on household appliances; c) a transfer by devise, decent, or by operation of law upon the death of a joint tenant; or d) the grant of any leasehold interest of three years or less not containing an option to purchase, Beneficiary may, at Beneficiary's option, declare all of the sums secured by this Deed of Trust to be immediately due and payable.

5. 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, 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; 3) the surplus, if any, shall be distributed to the persons entitled thereto.

6. 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 their execution of this Deed of Trust, and such as they may have acquired thereafter. Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of the 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.

7. 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.

8. 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.

9. 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.

10. By execution hereof, SEAQUEST EXPEDITIONS, INC., certifies that 3115 Villa Marbella Circle, Reno, Nevada 89509, is its current address and that it will immediately inform the Beneficiary of any change of address.

SEAQUEST EXPEDITIONS, INC.  
A Nevada Corporation

By:

Print Name: John E. Merritt  
Title: President

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STATE OF Wa. )  
COUNTY OF Snohomish ) SS.

I certify that I know or have satisfactory evidence that John E Morris is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath, stated that he was authorized to execute the instrument, and acknowledged it as the President of SEAQUEST EXPEDITIONS, INC., A Nevada Corporation, to be the free and voluntary act of such Corporation, for the uses and purposes mentioned in this instrument.

Dated: 6/7, 2001.



Shelley Moore

My commission expires: 7-9-04

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(PROMISSORY NOTE) - 4.



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