

FILED FOR RECORD AT THE  
REQUEST OF/RETURN TO:  
Craig E. Cammock  
Law Office of Craig E. Cammock  
P.O. Box 836 / 415 Pine Street  
Mount Vernon, WA. 98273



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Skagit County Auditor

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### DEED OF TRUST

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Grantor (s) DUAL STATE INVESTMENTS, LLC, a Washington limited liability company  
Grantee (s) NLC PROPERTIES, LLC, a Washington limited liability company  
Additional Grantor(s) on page(s)  
Additional Grantee(s) on page(s)  
Abbreviated Legal: Section 5, Township 34, Range 4; Ptn. SW-SW and Portion Tract 85  
"Burlington Acreage"  
Additional Legal on page(s)  
Assessor's Tax Parcel No's: 340405-3-001-0004, P23564; 3867-000-085-0004, P62849

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THIS DEED OF TRUST, made April 16, 2002, between DUAL STATE INVESTMENTS, LLC, a Washington limited liability company, as Grantors, whose address is 465 Pease Road, Burlington Washington 98233, and First American Title Insurance Company of Skagit County, as Trustee; and NLC PROPERTIES, LLC, a Washington limited liability company, as Beneficiary, whose address is 2003 9<sup>th</sup>, Anacortes, WA 98221.

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 Exhibit "A" attached hereto and incorporated herein by this reference, 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 of trust is for the purpose of securing performance of each agreement of grantor herein contained, and payment of the sum of **\$500,000.00** 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.

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 improvements 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 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 hazards in an amount not less than the replacement value or \$500,000.00 whichever is greater. 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 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 portions 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



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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, 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; 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 deeds 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 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 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, 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. In the event of default by the grantor in the payment of any indebtedness secured hereby or the performance of any other agreement, obligation or condition in this deed of trust, the beneficiary shall be entitled to collect and retain the rents, issues and profits from said property or any part thereof, either with or without taking possession.

**TRANSFER OF PROPERTY; ASSUMPTION:**

  
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1. Beneficiary may declare all sums secured by this deed of trust to be immediately due and payable if all or any part of the property or any interest therein is sold or transferred by grantors without beneficiary's prior written consent. In the event that the Grantor is a corporation or limited liability company, a transfer shall be deemed to have occurred in the event that more than 40 percent of the stock in the corporation or membership units in the limited liability company are transferred within any 24 month period.

2. Beneficiary shall waive the option to accelerate if, prior to sale or transfer, the beneficiary and the person to whom the property is to be sold or transferred reach an agreement, in writing, that the credit of such person is satisfactory to beneficiary and the interest payable on the sum secured by this deed of trust shall be at such rate as beneficiary requests. Beneficiary will not unreasonably withhold consent.

3. The foregoing provisions for acceleration or increase in interest rate shall not apply if: (a) the conveyance or transfer is to create a lien or encumbrance subordinate to this deed of trust; (b) the transfer is by devise or descent upon the death of one of the grantors, or in trust for the benefit of the grantors.


4. Any consent to transfer by beneficiary will not relieve grantors from liability on the debt secured by this deed of trust or the terms of this deed of trust.

5. Beneficiary shall be entitled to charge a fee as a condition to such consent, such fee to be equal to the reasonable costs incurred by the beneficiary by way of securing credit reports, financial statements, legal advice, and other costs reasonably and properly associated with the granting of such consent.

Executed as of the date set forth above:

DUAL STATE INVESTMENTS, LLC

  
Jeffrey D. Hamilton, Manager/Member

  
Joan Hamilton, Manager/Member



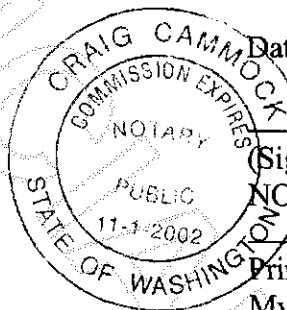
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State of Washington )  
 ) ss  
County of Skagit )

I certify that I know or have satisfactory evidence that Jeffrey D. Hamilton 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 Manager/Member of DUAL STATE INVESTMENTS, LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.



Dated: 4-16-02

(Signature)

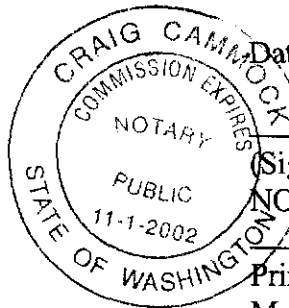
NOTARY PUBLIC

Print Name of Notary

My appointment expires: 11-1-2002

State of Washington )  
 ) ss  
County of Skagit )

I certify that I know or have satisfactory evidence that Joan Hamilton 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 Manager/Member of DUAL STATE INVESTMENTS, LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.



Dated: 4-16-02

(Signature)

NOTARY PUBLIC

Print Name of Notary

My appointment expires: 11-1-2002



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**Parcel "A":**

That portion of Tract 85, "PLAT OF THE BURLINGTON ACREAGE PROPERTY", as per plat recorded in Volume 1 of Plats, page 49, records of Skagit County, Washington, lying West of the following described line:

Beginning at a point on the South line of said Trct 85, which is North 88 degrees 55' West, 1212.4 feet and 30 feet North of the South 1/4 corner of Section 5, Township 34 North, Range 4 East, W.M., said point being the Southwest corner of that tract conveyed to Joseph Pauli and Ethel Pauli, husband and wife, by deed dated December 26, 1958, and recorded December 29, 1958, under Auditor's File No. 574035; thence North along the West line of the Pauli Tract, 629.3 feet, more or less, to the North line of said Tract 85 and the terminal point of said line being hereby described.

**Parcel "B":**

The East 264 feet of the South 825 feet of the Southwest 1/4 of the Southwest 1/4 of Section 5, Township 34 North, Range 4 East, W.M., EXCEPT the following described tract:

Beginning at the Southeast corner of the Southwest 1/4 of the Southwest 1/4 of said Section 5; thence West 264 feet; thence North 530 feet; thence East 280 feet; thence South 530 feet; thence West 16 feet to the place of beginning.

**Parcel "C":**

That certain unnamed dedicated road adjoining the West line of Tract 85, "PLAT OF THE BURLINGTON ACREAGE PROPERTY", as per plat recorded in Volume 1 of Plats, page 49, records of Skagit County, Washington, all as described in Skagit County Superior Court Cause No. 81-2-00071-4;

EXCEPT that portion lying within a Tract of land conveyed to Thad L. Bingham, et ux, by Deed recorded December 10, 1943, as Auditor's File No. 367953.

Situate in the City of Burlington, County of Skagit, State of Washington

# EXHIBIT A



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