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Skagit County Auditor

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FILED FOR RECORD AT THE REQUEST OF:
CHESTER T. LACKEY
900 Dupont Street
Bellingham, Washington 98225-3105

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|----------------------------|--|
| Document Title: | Deed of Trust, Security Agreement, Assignment of Leases/Rents/Proceeds |
| Grantor: | The Skagit Valley Family YMCA, a Washington non-profit corporation |
| Beneficiary: | S.K.Y. Domes Enterprises, Inc., a Washington corporation |
| Trustee: | Land Title Company of Skagit County |
| Legal Description: | A ptn. of SW ¼ of SE ¼, 16-34-4 E W.M. |
| Assessor's Tax Parcel ID#: | 340416-4-011-0007 |

**DEED OF TRUST, SECURITY AGREEMENT
ASSIGNMENT OF LEASES/ RENTS/ PROCEEDS**

THIS DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF LEASES / RENTS, made this 16th day of January, 2003, by and between The Skagit Valley Family YMCA, a Washington non-profit corporation, "**Grantor**", whose address is 215 E. Fulton, Mt. Vernon, WA 98273, Land Title Company of Skagit County, "**Trustee**", whose address is 111 E. George Hopper Road, Burlington, WA 98233, and S.K.Y. Domes Enterprises, Inc., a Washington Corporation, whose address is P.O. Box 28327, Bellingham, WA 98228-0327.

WITNESSETH: Grantor, in consideration of the acceptance by Trustee of the trust hereunder, and of other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in order to secure the payment of the indebtedness evidenced by the Promissory Note of even date, with interest thereon, and any other sums payable thereunder and hereunder, and to secure the obligations contained in that certain Assignment and Assumption of Lease Agreement of even date, and to secure the performance of the obligations contained herein, grants, bargains, sells and conveys to Trustee and his successors in trust and assigns forever, in trust, with power of sale, all of Grantor's estate, right, title, interest, claim and demand in the property located in Skagit County, state of Washington, described as set forth on Exhibit "A".

- A. All buildings, structures and other improvements now or hereafter erected on the real property;
- B. All fixtures and trade fixtures used in association with the improvements on the real property;
- C. All of the Grantor's rights as landlord in and to all existing and future leases and tenancies, whether written or oral, and any issues or profits thereof;
- D. The rights to the proceeds of sale of any of the foregoing.

The property referred to above is not used principally for agricultural purposes;

This Deed of Trust is for the purpose of securing performance of each agreement of Grantor herein contained, as well as performance of the terms of the Lease Assignment and Assumption Agreement of even date, and payment of the sum of One Million Two Hundred Thousand Dollars (\$1,200,000.00) with interest and other costs, fees or penalties, and payable in accordance with the terms of such Promissory Note, payable to Beneficiary, or order, and all renewals, modifications and extensions

thereof, and also for 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 and in accordance with such additional terms as may attach.

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

I. 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.

II. 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 subsequent encumbrances impairing the security of the Deed of Trust.

III. 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 no less than the total debt secured by this Deed of Trust, any other deed of trust or encumbrance or the value of the secured property, 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 the 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.

IV. To defend any action or proceedings to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including costs 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.

V. 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.

VI. 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 Promissory 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 as may be necessary to fully satisfy the obligation secured hereby, shall be paid to Beneficiary to be applied to such obligation.

2. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right to require prompt payment when due of all other sum 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.



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4. Upon default by Grantor in 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 the Trustee, may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows:

- a. to the expense of the sale, including reasonable Trustee's fees and attorney's fees;
- b. to the obligation secured by this Deed of Trust;
- c. the surplus, if any, shall be distributed to the persons entitled thereto pursuant to RCW 61.24.080. With regard to any personal property, fixtures, assignments or chooses, such security may be foreclosed as provided herein, or as may otherwise be provided by law.

5. Nothing herein contained shall prohibit Beneficiary from pursuing any other remedy available to him or his successor at law. Specifically, Beneficiary or Trustee shall be entitled to take possession of any property defined as security hereunder, to marshal the assets defined as security hereunder, and to the appointment of a receiver in the manner provided by law, without regard to the sufficiency of the property or any other security for the indebtedness secured hereby, which receiver shall be entitled to collect the rents, profits, proceeds of sale, or other income generated by the property used as security hereunder, and the application of such sums to the indebtedness owed Beneficiary.

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 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 encumbrances 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. 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 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 Promissory Note secured hereby, whether or not named as Beneficiary herein.

10. Grantor hereby absolutely and irrevocably assigns to Beneficiary all Grantor's interest in the rents and leases from the property. This assignment shall be subject to the terms and conditions of any separate assignment of leases and/or rents, whenever executed, in favor of Beneficiary and covering the property. Unless otherwise provided in any separate assignment of leases and/or rents, and so long as Grantor is not in default under the Promissory Note and Deed of Trust, Grantor may collect the rents as they become due. Grantor shall use the rents to pay normal operating expenses for the property and sums due and payments required under the Promissory Note and Deed of Trust. Without Beneficiary's express



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prior written consent, which shall not be withheld unreasonably, no rents shall be collected more than ninety (90) days in advance of the due date. Grantor warrants that it has made no prior assignment of the rents or leases and will make no subsequent assignment without the prior written consent of Beneficiary. Grantor's right to collect the rents shall not constitute Beneficiary's consent to the use of cash collateral in any bankruptcy proceeding.

11. If Grantor is in default under the Promissory Note, Deed of Trust, or the Assignment and Assumption Agreement, Beneficiary may have a receiver appointed by the Court. The receiver shall have the authority to cure any defaults under the Lease between the City of Mount Vernon and the Beneficiary, and shall have the right to operate the indoor soccer business conducted on the property. Net proceeds from the operation of the indoor soccer business shall be applied to the payment of costs and expenses of the receiver or collecting agent, operating expenses for the property and any sums due or payments required under the Promissory Note and Deed of Trust, in such order as the Beneficiary may determine.

Any excess money collected shall be paid to the Beneficiary. Beneficiaries' failure to operate the business or discontinuing operation of the business shall not in any manner effect the subsequent enforcement by Beneficiary. The operation of the business shall not cure or waive default under the Promissory Note and Deed of Trust. Any net earnings generated by a receiver shall be credited against the amount due from the Grantor under the Promissory Note.

12. If the Beneficiary is in default of the Horizon Bank note, deed of trust, security agreement or other agreements with Horizon Bank, the Grantor shall have the right to cure such default and apply the cost of curing such default, including reasonable attorney fees, against the balance due to the Beneficiary on the Promissory Note.

GRANTOR:

THE SKAGIT VALLEY FAMILY YMCA

By 
RANDY RABENSTEIN, Executive Director

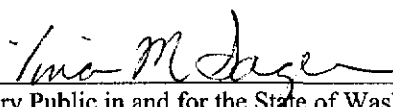
By 
(MARY) TYLER, President of the Board

STATE OF WASHINGTON)
)ss.
COUNTY OF WHATCOM)

On this 16th day of January, 2003, before me personally appeared RANDY RABENSTEIN, to me known to be the Executive Director of the corporation that executed the within and foregoing instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

Tina M. Sager
My Commission Expires
May
16
2006
State of Washington
Notary Public.


Notary Public in and for the State of Washington,
residing at Bellingham.
My Commission Expires: May 16 2006



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STATE OF WASHINGTON)
)ss.
COUNTY OF WHATCOM)

On this 16th day of January, 2003, before me personally appeared MARY TYLER, to me known to be the President of the Board of the corporation that executed the within and foregoing instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

Tina M. Sager
My Commission Expires
May
16
2006
State of Washington
Notary Public.

Tina M Sager
Notary Public in and for the State of Washington,
residing at Bellingham.
My Commission Expires: May 16 2006

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EXHIBIT "A"
to Deed of Trust, Security Agreement,
Assignment of Leases / Rents / Proceeds

P-104558

DESCRIPTION:

A leasehold estate in the following described property:

That portion of the Southwest $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 16, Township 34 North, Range 4 East, W.M., described as follows:

Beginning at the Southeast corner of said subdivision as shown on Survey recorded in Book 7 of Surveys, page 33, under Auditor's File No. 8702230031, records of Skagit County, Washington;
thence North $00^{\circ}18'10''$ East 723.02 feet along the East line of said subdivision;
thence North $89^{\circ}41'50''$ West 72.13 feet to the true point of beginning;
thence North $37^{\circ}51'12''$ West 280.00 feet;
thence South $52^{\circ}08'48''$ West 275.00 feet;
thence South $37^{\circ}51'12''$ East 280.00 feet;
thence North $52^{\circ}08'48''$ East 275.00 feet to the true point of beginning.

TOGETHER WITH a non-exclusive easement for ingress and egress, described as follows:

A strip of land 20 feet in width, lying 10 feet on each side of the following described line:

Beginning at the South $\frac{1}{4}$ corner of said Section 16;
thence South $89^{\circ}07'33''$ East 1,162.82 feet along the South line of said section;
thence North $00^{\circ}52'27''$ East for a distance of 30 feet to the true point of beginning of this easement description;
thence North $00^{\circ}52'27''$ East 10.00 feet to a point of curvature;
thence Northwesterly 509.34 feet along a curve concave to the Southwest having a radius of 770.00 feet and a central angle of $37^{\circ}53'59''$ to a point of tangency;
thence North $37^{\circ}01'32''$ West 307.48 feet;
thence North $52^{\circ}08'48''$ East 85.38 feet to the terminus of this easement description.

Situate in the County of Skagit, State of Washington.



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