

WHEN RECORDED RETURN TO:

Name: Investment & Estate Strategies LLC
Address: 114 West Magnolia Street, STE 400
City, State, Zip: Bellingham, WA 98225



200303140149
Skagit County Auditor

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Deed of Trust

(For Use in the State of Washington Only)

THIS DEED OF TRUST, made this 24th day of February, 192003 between

Lazy Hazel LLC., A Washington Limited Liability CO., GRANTOR,

whose address is 2087 North Shore Dr., Bellingham, WA 98226

ISLAND TITLE COMPANY, a Washington corporation, 770 NE Midway Boulevard, Oak Harbor, Washington 98277, TRUSTEE, and

Charles Schwab & Co., Inc. as Custodian for the Plan of

Phillip M. Nudelman IRA, account number 6727-5204, BENEFICIARY,

Physical address: 3133 Camelback, Phoenix, AZ 85016

whose address is mailing address: P.O.B. 52013, Phoenix, AZ 85072-9215

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

That part of the Northwest Quarter of the Northeast Quarter of Section 30, Township 44 North, Range 4 East of the Willamette Meridian, described as follows: Beginning at a point on the North line of Hazel Street, Mount Vernon, 108 feet West of the intersection of the North line of Hazel Street and the West Line of Walter Street, said city; thence West along the North line of Hazel Street and the West Line of Walter Street, said city; thence West along the North Line of Hazel Street a distance of 168 feet; then North at right angles parallel with the West line of Walter Street to the point of intersection with the South line of First Street in the City of Mount Vernon; thence Northeasterly along said South line to a point North of the point of beginning and being 108 feet west of the West marginal line of Walter Street, measured at right angles there from; thence South to point of beginning: (Being Lots 1 to 9, inclusive in vacated Block 9, PLAT OF SOUTHERN ADDITION TO MOUNT VERNON, according to Plat recorded in Volume 2 of Plats, page 110, records of Skagit County, Washington;) TOGETHER WITH that portion of vacated Douglas Street adjacent there to and together with the West Half of vacated alley adjacent thereto. Situated in Skagit County, Washington.

Tax Account Number: 829040

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 grantor herein contained, and payment of the sum of (\$ 550,000)

Five Hundred Fifty Thousand Dollars

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 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 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.

