

**After Recording Return To:**

**Law Office of Brian E. Clark, Inc. P.S.  
415 Pine Street / P. O. Box 336  
Mount Vernon, WA 98273**



200304010093

Skagit County Auditor

4/1/2003 Page 1 of 11 11:41AM

**DEED OF TRUST**

105883PE  
LAND TITLE COMPANY OF SKAGIT COUNTY

**GRANTOR:** ROLFSON, Eric G. and  
ROLFSON, Grace M., husband and wife

**TRUSTEE:** LAND TITLE COMPANY

**BENEFICIARY:** SHOPPING CENTER PROPERTIES OF  
MOUNT VERNON, LLC, a Washington limited liability company

**Legal Description:**

Abbreviated Form: Ptn SE ¼ of NW ¼, 19-34-4 E W.M.

Additional on Page: 5

**Assessor's Tax Parcel Nos:** 340419-2-014-0005 (P26680)

THIS Deed of Trust, made effective the 1<sup>st</sup> day of April, 2003, between **ERIC G. ROLFSON and GRACE M. ROLFSON, husband and wife**, whose address is: 1101 West Division, Mount Vernon, WA 98273, as Grantor; **LAND TITLE COMPANY**, as Trustee, whose address is: 111 East George Hopper Road, P. O. Box 445, Burlington, WA 98233; and **SHOPPING CENTER PROPERTIES OF MOUNT VERNON, LLC, a Washington limited liability company**, as Beneficiary.

**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 certain tract of land listed and described on Exhibit "A" attached hereto and incorporated herein by this reference as if fully set forth herein.

**SUBJECT TO:** Easement, covenants, and restrictions of record.

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 **FIVE HUNDRED SEVENTY THOUSAND DOLLARS (\$570,000)**, 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 his successors or assigns, together with interest thereon at such rate as shall be agreed upon. The term "Grantor" as used in this agreement includes the "Borrower" as defined in RCW 61.24, if the Borrower is a person or entity other than the Grantor.

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, OPEN PERILS/SPECIAL PERILS 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 their 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. Grantor shall provide proof of insurance upon demand by a Beneficiary. **All such insurance shall be issued by carriers acceptable to Beneficiary and shall contain a provision whereby the carrier agrees not to cancel or modify the insurance without twenty (20)-days prior written notice to Beneficiary.**
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 attorneys' 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. If Beneficiary institutes any suit or action to enforce any of the terms of this Deed of Trust, Beneficiary shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and on any appeal. Whether or not any court action is involved, all reasonable expenses incurred by Beneficiary, which, in Beneficiary's opinion, are necessary at any time for protection of their interests or the enforcement of their rights, shall become part of the indebtedness payable on demand and shall bear interest at the same rate as provided in the Promissory Note from the date of expenditure until paid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Beneficiary's attorneys' fees whether or not there is a lawsuit, including attorneys' fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction) appeals, and any anticipated post-judgment collection services, the costs of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, appraisal fees (including those related to any action for a deficiency judgment), title insurance fees for the Trustee, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all of the sums provided by law.

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.

7. Beneficiary may, at their option, declare immediately due and payable all sums secured by this Deed of Trust upon the sale or transfer of all or any part of the real property, or any interest therein, without the Beneficiary's prior written consent. A "sale" or "transfer" means the conveyance of any property or any right, title or interest therein, whether legal or equitable, whether voluntary or involuntary, by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease option contract, sale, assignment or transfer of any beneficial interest in or to any land trust holding title to the real property; or any other method of conveyance of real property interests. A sale of the partnership or any portion thereof by the existing partners shall also constitute a "sale" or "transfer." However, this option shall not be exercised by Beneficiary if exercise is prohibited by federal or Washington law.

### 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 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. Pursuant to RCW 62A.9-501(4), if this Deed of Trust encumbers both real and personal property, the Trustee is authorized to sell all or any portion of the Grantor's interest in the real and personal property at the Trustee's sale. 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 attorneys' 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. **A default under the terms of this instrument shall also constitute a default under that certain Promissory Note in the principal amount of \$100,000 and Second Deed of Trust, which is subordinate to this instrument, both dated April 1, 2003.**

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 execution of this Deed of Trust, and such as he/they 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 bonafide 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.

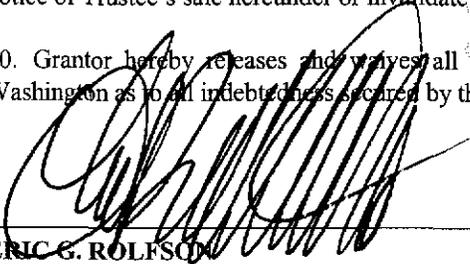


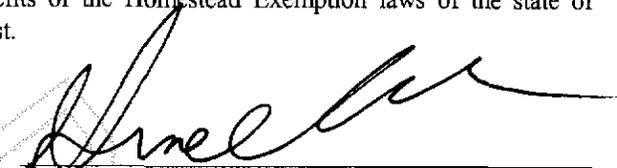
7. In the event of the death, incapacity, disability or resignation of Trustee, Beneficiary may appoint, in writing, a successor Trustee and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded, the successor Trustee shall be vested with 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. As additional security, Grantor hereby gives and confers upon Beneficiary the right, power and authority during the continuance of this trust to collect the property income, reserving to Grantor the right, prior to any default by Grantor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such property income as it becomes due and payable. Upon any such default, Beneficiary may at any time, without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property, or any part thereof, in their own name, sue for, or otherwise collect such property income, including that past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, upon any indebtedness secured hereby and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such property income, and the application thereof, as aforesaid, shall not cure or waive any default or notice of Trustee's sale hereunder or invalidate any act done pursuant to such notice.

10. Grantor hereby releases and waives all rights and benefits of the Homestead Exemption laws of the state of Washington as to all indebtedness secured by this Deed of Trust.

  
ERIC G. ROLFSON

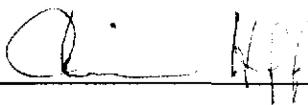
  
GRACE M. ROLFSON

STATE OF WASHINGTON }  
COUNTY OF SKAGIT } ss.

I certify that I know or have satisfactory evidence that **ERIC G. ROLFSON and GRACE M. ROLFSON, husband and wife**, are the persons who appeared before me and said persons acknowledged that they signed this instrument and acknowledged it to be their free and voluntary act for the uses and purposes mentioned in the instrument.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this 1st day of April, 2003.



  
Printed Name Carrie Huffer  
NOTARY PUBLIC in and for the State of Washington  
My Commission Expires 12/31/2003



**EXHIBIT "A"**  
**(Legal Description)**

Parcel A:

The West 150 feet of that portion of the East 698 feet of the South ½ of the Southeast ¼ of the Northwest ¼ of Section 19, Township 34 North, Range 4 East, W.M., lying North of Division Street produced West from the City of Mount Vernon and North of State Highway right of way,

EXCEPT road rights of way,

ALSO EXCEPT that portion thereof described as follows:

Beginning at the monumented center of said Section 19, as shown on that certain Record of Survey map recorded in Volume 11 of Surveys, page 94, under Skagit County Auditor's File No. 9106240014, records of Skagit County, Washington;

thence North 1°11'19" East 636.84 feet along the East line of the Northwest ¼ of said Section 19, to the Northeast corner of said South ½ of the Southeast ¼ of the Northwest ¼ of Section 19;

thence South 88°48'03" West 698.61 feet along the North line of said subdivision to the Northwest corner of the above described tract;

thence South 1°11'19" West 143.00 feet along the West line of said above described tract to the true point of beginning;

thence continue South 1°11'19" West 60.63 feet;

thence North 10°00'08" East 59.92 feet to a point bearing South 79°59'52" East from the true point of beginning;

thence North 79°59'52" West 9.29 feet to the true point of beginning.

Situate in the County of Skagit, State of Washington.

Parcel B:

The North 28 feet of the West 110 feet of the following described property:

That portion of the East 548 feet of the South ½ of the Southeast ¼ of the Northwest ¼ of Section 19, Township 34 North, Range 4 East, W.M., lying Northerly of Division Street produced West from the City of Mount Vernon and Northerly of the State Highway right of way and lying Westerly of that certain tract described in Warranty Deed from Harvey E. Vaux and Nymah M. Vaux, husband and wife, to Mount Vernon Lodge No. 1604 of the Benevolent and Protective Order of Elks of the United States of America, recorded under Auditor's File No. 463074.

Situate in the County of Skagit, State of Washington.

DEED OF TRUST - 5  
SCP OF MV\ROLFSON DEED OF TRUST



200304010093  
Skagit County Auditor

**ASSIGNMENT OF RENTS AND LEASES**  
(Washington)

**ERIC G. ROLFSON and GRACE M. ROLFSON, husband and wife** (hereinafter referred to collectively as "Assignor"), in consideration of One Dollar (\$1.00) paid by **SHOPPING CENTER PROPERTIES OF MOUNT VERNON, LLC., a Washington limited liability company** (hereinafter referred to as "Assignee"), and for other valuable consideration, hereby absolutely, unconditionally and immediately conveys, transfers and assigns unto Assignee, its successors and assigns, all the rights, interest, and privileges which Assignor, as Lessor, has and may have in the rentals or leases (including all rental arrangements including month to month tenancies or lease agreements, written or oral, all of which will be hereafter referred to as the "Leases") and including all proceeds payable under any policy of insurance covering loss of rents resulting from untenability caused by destruction or damage to the premises, now existing or hereafter made and affecting the real property in **SKAGIT COUNTY, WASHINGTON**, particularly described as:

That certain tract of land listed and described on Exhibit "A" attached hereto and incorporated herein by this reference.

or any part thereof, including, but not limited to, the rentals or leases listed on Exhibit "B" attached hereto, if any, and any and all rentals or leases now or hereafter placed on subject premises, as said rentals or leases may have been, or may from time to time be hereafter modified, extended and renewed, with all deposits, rents, income, and profits due and becoming due therefrom. Assignor will, on request of Assignee, execute assignments of any future rentals or leases affecting any part of said premises.

The proceeds collected under this absolute Assignment shall apply to expenses of managing the property and in reduction of the indebtedness then owing on a certain Note and Deed of Trust of even date herewith (and all extensions or modifications thereof) made by Assignor to Assignee in the sum of **FIVE HUNDRED SEVENTY THOUSAND DOLLARS (\$570,000)**, with interest, covering real property situated in **Skagit County, Washington**, and described on Exhibit "A" and the acceptance of this absolute assignment and the collection of rents or the payments under the leases hereby assigned shall not constitute a waiver of any rights of Assignee under the terms of said Note and Deed of Trust.

Assignee hereby grants to Assignor a license to collect, so long as no default occurs under the terms of said Note and Deed of Trust, said deposits, rents, income, and profits from the



UNRECORDED  
aforementioned leases and to retain, use, and enjoy the same; provided, however, that even before default occurs no rent shall be collected or accepted more than two (2) months in advance without the prior written consent of the Assignee. Anything to the contrary notwithstanding, Assignor hereby assigns to Assignee any award made hereafter to it in any court procedure involving any of the lessees in any bankruptcy, insolvency, or reorganization proceedings in any state or federal court; and any and all payments made by lessees in lieu of rent. Assignor hereby appoints Assignee as its irrevocable attorney in fact to appear in any action and/or to collect any such award or payment; provided, that so long as no default occurs under the terms of the Note and Deed of Trust, Assignor may collect and retain such award or payment the same as rent.

In the event of default in the performance of any of the terms and conditions of said Note and/or Deed of Trust, the Assignee, at its option, may, from the date of such default and with or without taking possession of said premises, collect all rents accruing therefrom and from said leases and if Assignee elects to enter and take possession of the mortgaged premises, then Assignee shall have the right to manage and operate the same, let or re-let said premises (or any part thereof), terminate and modify leases, evict tenants, bring or defend any suits in connection with the possession of said premises in its own name or in Assignor's name, make such repairs as Assignee deems appropriate, and perform such other acts in connections with the management and operation of said premises as the Assignee, in its sole discretion, may deem proper.

Nothing contained herein, nor any collection of Rents and Profits by Assignee or a receiver shall be construed to make Assignee a "mortgagee-in-possession" of the Property so long as Assignee has not itself entered into actual possession of the Property.

The receipt by Assignee of any deposits, rents, issues, or profits pursuant to this instrument after the institution of the foreclosure proceedings under said Deed of Trust shall not cure such default nor affect such proceedings or any sale pursuant thereto.

Assignee shall not be obligated to perform or discharge any obligation or duty to be performed or discharged by Assignor under any of said leases, and Assignor hereby agrees to indemnify Assignee for, and to save it harmless from, any and all liability arising from any of said leases or from this Assignment, and this Assignment shall not place responsibility for the control, care, management or repair of said premises upon Assignee, or make Assignee responsible or liable for any negligence in the management, operation, upkeep, repair, or control of said premises resulting in loss or injury or death to any tenant, licensee, employer, or stranger.

Assignor covenants and represents that Assignor has full right and title to assign said leases and the deposits, rents, income, and profits due or to become due thereunder, that the terms of said leases have not been changed from the terms in the copies of said submitted to Assignee for approval, that no other assignment of any other interest therein has been made, that there are no existing defaults under the provisions thereof, and that Assignor will not hereafter unreasonably

cancel, surrender or terminate any of said leases, exercise any option which might lead to such termination or change, alter or modify them, or consent to the release of any other party liable thereunder.

Assignor hereby authorizes Assignee to give notice in writing of this Assignment to any tenant under any of said leases, if Assignor is in default under the Note, Deed of Trust or this Assignment.

Violation of any of the covenants, representations and provisions contained herein by Assignor shall be deemed a default under the terms of said Note and/or Deed of Trust.

Default by Assignor under any of the terms of the leases assigned herein shall be deemed a default under the terms of said Note and/or Deed of Trust. Any expenditures made by the Assignee in curing such a default on Assignor's behalf, with interest thereon at **Twelve Percent (12%)** per annum, shall become part of the debt secured by these presents.

The full performance of either (a) the Note and any extensions or modifications thereto or (b) the Deed of Trust and the duly recorded release of the property described herein shall render this Assignment void.

The deposits, rents, issues, and profits collected by Assignee hereunder shall be applied, less costs and expenses of operation of said real property and collection of the deposits, rents, issues, and profits therefrom, including reasonable attorney's fees incurred by Assignee, upon any indebtedness outstanding and secured by said mortgage, including but not limited to, the payment of delinquent real property taxes and fire insurance, and in such order as Assignee may determine.

This Assignment applies to and binds the parties hereto and their respective heirs, administrators, executors, successors and assigns, as well as any subsequent owner of the real estate described herein and any assignee of the mortgage referred to herein.

Assignor agrees to provide to Assignee, within thirty (30) days after the end of each year in the terms of the Note and Deed of Trust, or in any extension thereof, revised listings of each tenant on the premises, the space occupied, the amount of rent being paid, and the expiration date of each lease. Within ninety (90) days after the end of each year in the term of the Note and Deed of Trust, or any extension thereof, Assignee will provide Assignor with financial statements on the operation of the premises in a form satisfactory to Assignee. Assignor agrees to provide Assignee with copies of all leases, on request of Assignee, with Assignee to pay the copying charges.

Notwithstanding any provision herein to the contrary, this Assignment of Rents and Leases is intended to be an absolute assignment from Assignor to Assignee and not merely the passing of a

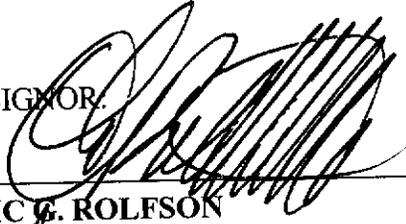


security interest. The rents and leases are hereby assigned absolutely by Assignor to Assignee contingent only upon the occurrence of a default.

This Assignment shall be governed by the laws of the State of Washington.

IN WITNESS WHEREOF, the Assignor has signed and sealed this instrument on this 1st day of April, 2003.

ASSIGNOR:

  
\_\_\_\_\_  
ERIC G. ROLFSON

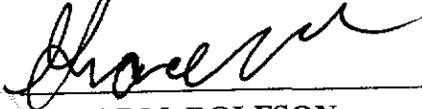
  
\_\_\_\_\_  
GRACE M. ROLFSON



EXHIBIT "A"  
(Legal Description)

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**Assignment of Rents and Leases - 5**  
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Skagit County Auditor

EXHIBIT "B"  
(List of Rentals and/or Leases)

None.



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Skagit County Auditor