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**BETTS AUSTIN JOHNSON, PLLC**  
1616 Cornwall Avenue, Suite 209  
Post Office Box 2788  
Bellingham, WA 98227-2788



200304170010  
Skagit County Auditor

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**Document Title:** Deed of Trust  
**Reference No. of Documents Released/Assigned:** N/A

**Grantor:** COULTER PROPERTIES, L.L.C., a Washington Limited Liability Company,

**Trustee:** FIRST AMERICAN TITLE COMPANY OF SKAGIT COUNTY

**Beneficiary:** VSF PROPERTIES, L.L.C., a Washington Limited Liability Company, and  
VERN SIMS FORD, INC., a Washington Corporation

**Exhibit "A"**

**Abbreviated Legals:** 1. PTN VAC NTHRN AV BLK 11 WEST ADD TO TOWN OF ...  
2. PTN NW ¼ SW ¼ SCT 24 TWNS 35 N RNG 4 EWM ...  
3. BLK 1 TOWN OF WOOLLEY ACC TO PLAT REC ...  
4. LOTS 1 - 6 INC BLK 7 TOWN OF WOOLLEY ...  
5. LOTS 7 - 11 INC BLK 7 TOWN OF WOOLLEY ...

**Exhibit "B"**

**Abbreviated Legals:** 1. PTN BLK 11 WEST ADD TO TOWN OF WOOLLEY ...  
2. PT BLK 1 TOWN OF WOOLLEY, ACC TO REC PLT . .  
3. 2 PARCELS LAND SIT NE ¼ SW ¼ SCT 24 TWN 35 N ...

**Legal Descriptions Attached as Exhibits "A" & "B" hereto (pages 6 & 7, and pages 8 & 9).**

**Exhibit "A"**

**Assessor's Tax Parcel ID #:** 1. 4176-011-005-0002  
2. 4176-011-900-0107  
3. 4177-001-006-0001  
4. 4177-007-006-0008  
5. 4177-007-011-0001

**Exhibit "B"**

**Assessor's Tax Parcel ID #:** 1. 4176-011-900-0008  
2. 4177-001-011-0004  
3. 350427-3-082-0200

## DEED OF TRUST

**THIS DEED OF TRUST**, made this 15<sup>th</sup> day of April, 2003, between COULTER PROPERTIES, L.L.C., a Washington Limited Liability Company, ("Grantor"), whose address is 116 W. Ferry Street, Sedro Woolley, Washington, 98284, FIRST AMERICAN TITLE COMPANY OF SKAGIT COUNTY, ("Trustee"), whose address is 1301-B Riverside Drive, Post Office Box 1667, Mount Vernon, Washington, 98273, and VSF PROPERTIES, L.L.C. and VERN SIMS FORD, INC., ("Beneficiary"), whose address is 1804 Iowa Street, Bellingham, Washington, 98226.

### WITNESSETH:

Grantor bargains, sells and conveys to Trustee in Trust, with power of sale, the following described real property in Skagit County, Washington located at 116 W. Ferry, Sedro Woolley, Washington:

Legal descriptions attached hereto as Exhibits "A" and "B".

which real property is not used principally for agricultural purposes, together with all the tenements, hereditaments and appurtenances now or hereafter belonging or in any way appertaining and the rents, issues and profits.

This deed is for the purpose of securing performance of each agreement of Grantor herein contained, and payment of the sum of Two Million Seventy-Four Thousand Dollars (\$2,074,000.00) 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 its 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.

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 by this Deed of Trust.

7. No portion of the loan proceeds secured by this deed of trust shall be used for any personal, family or household purpose.

8. The Grantor agrees to pay for any property appraisals that may be required in connection with a deficiency judgment proceeding.

9. Neither the property covered by this Deed of Trust, nor any part thereof, or interest therein, shall be encumbered, sold, conveyed or otherwise transferred by Grantor. In the event that the Grantor sells or otherwise transfers any or all of the property covered by this Deed of Trust, the monies owed to the Beneficiary and secured by this Deed of Trust shall immediately become due and payable to the Beneficiary.

**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 thereof 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 or its authorized agent shall sell the trust property, in accordance with the Deed of Trust Act of the State of Washington, (as amended), 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 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 or may be deposited (less clerk's filing fee) with the clerk of the Superior Court of the county in which sale takes place.

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 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.

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.

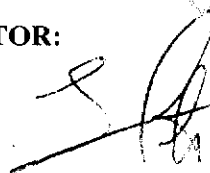
7. In the event of the death, incapacity, disability or resignation of Trustee, Beneficiary shall appoint in writing a successor Trustee, and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded, the successor Trustee shall be vested with 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. The Promissory Note secured by this Deed of Trust shall be immediately due upon the sale or transfer of all or any portion of Grantor's interest in the secured property.

9. Should Beneficiary retain the services of an attorney to enforce any provision herein the Grantor shall be obligated to pay the attorney fees and costs incurred therein.

10. 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, successors and assigns. The term Beneficiary shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiary herein.

GRANTOR:



By: TRAVIS W. COULTER  
Its: Manager

DEED OF TRUST

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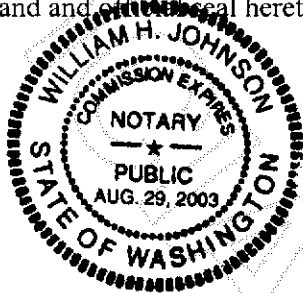
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STATE OF WASHINGTON )  
 )ss.  
COUNTY OF WHATCOM )

On this 15 day of April, 2003, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared TRAVIS COULTER, to me known to be the Manager of COULTER PROPERTIES, L.L.C., the Company that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said Company, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument on behalf of said Company.

Witness my hand and official seal hereto affixed the day and year first above written.



William H. Johnson  
Name: William H. Johnson  
NOTARY PUBLIC in and for the State of  
Washington, residing at Leavenworth.  
My Commission Expires: 8/29/03.

#### REQUEST FOR FULL RECONVEYANCE

**Do not record. To be used only when note has been paid.**

TO: TRUSTEE.

The undersigned is the legal owner and holder of the note and all other indebtedness secured by the within Deed of Trust. Said note, together with all other indebtedness secured by said Deed of Trust, has been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel said note above mentioned, and all other evidences of indebtedness secured by said Deed of Trust delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you thereunder.

DATED this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

By: \_\_\_\_\_

Mail Reconveyance to:

DOTCOULTER\FINAL\FILES\CLIENTS\BIMS

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## EXHIBIT "A"

Parcel "1": 4176-011-005-0002

That portion of the vacated Northern Avenue and of Block 11 of "WEST ADDITION TO THE TOWN OF WOOLLEY, SKAGIT COUNTY, WASHINGTON", as per plat recorded in Volume 2 of Plats, page 89, records of Skagit County, Washington, described as follows:

Beginning at the Southwest corner of said Block 11; thence East along the South line thereof 210 feet to the true point of beginning; thence continue East along said South line 91.5 feet; thence North to the right-of-way of the Seattle and Northern Railway Company; thence in a Southwesterly direction along the South line of said right-of-way to a point due North of the true point of beginning; thence South to the true point of beginning.

Parcel "2": 4176-011-900-0107

That portion of the Northwest 1/4 of the Southwest 1/4 of Section 24, Township 35 North, Range 4 East, W.M., and Lots 1 and 2, Block 1, "TOWN OF WOOLLEY", as per plat recorded in Volume 2 of Plats, page 92, records of Skagit County, Washington and of vacated streets adjoining described as follows:

Beginning at a point on the North line of Ferry Street, 361.5 feet East of the Southwest corner of Block 11, "WEST ADDITION TO THE TOWN OF WOOLLEY, SKAGIT COUNTY, WASHINGTON", according to the plat recorded in Volume 2 of Plats, page 89, records of Skagit County, Washington; thence East along the North line of Ferry Street 125 feet; thence North to the South line of the Seattle & Northern Railway right-of-way as shown on said plat; thence Southwesterly along said right-of-way line to a point due North of the place of beginning; thence South to the place of beginning.



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Parcel "3": 4177-001-006-0001

That part of Block 1, "TOWN OF WOOLLEY", according to the plat recorded in Volume 2 of Plats, page 92, records of Skagit County, Washington, and of the vacated streets adjoining, and vacated alley through said block, that have reverted by process of law, lying within the following boundaries:

Beginning at a point on the South line of said Block 1, which is 486.5 feet East of the Southwest corner of Block 11, "WEST ADDITION TO WOOLLEY", thence East along the South line of said Block 1 to the East line of alley as platted in said Block 1, "TOWN OF WOOLLEY"; thence North at right angles from the South line of said block to the South line of the Great Northern Railroad right-of-way; thence Westerly along the South line of said right-of-way to intersect with a line running North from the point of beginning and at right angles to the South line of said block; thence South to the point of beginning.

Parcel "4": 4177-007-006-0008

Lots 1 to 6, inclusive, Block 7, "TOWN OF WOOLLEY", according to the plat recorded in Volume 2 of Plats, page 92, records of Skagit County, Washington.

Parcel "5": 4177-007-011-0001

Lots 7 through 11, inclusive, Block 7, "TOWN OF WOOLLEY", as per plat recorded in Volume 2 of Plats, page 92, records of Skagit County, Washington.

TOGETHER WITH the West 1/2 of that portion of vacated Eastern Avenue lying West of the Northern Pacific right-of-way and directly East of said Block 7 which has reverted to said premises upon operation of law.



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**EXHIBIT "B"**

Parcel "1": 4176-011-900-0008

That portion of Block 11, "WEST ADDITION TO THE TOWN OF WOOLLEY, SKAGIT COUNTY, WASHINGTON", as per plat recorded in Volume 2 of Plats, page 89, records of Skagit County, and of vacated Northern Avenue adjoining on the North, described as follows:

Beginning at a point 301.5 feet East of the Southwest corner of Block 11, "WEST ADDITION TO WOOLLEY"; thence East along the North line of Ferry Street 60 feet; thence North to the South line of the Seattle & Northern Railway right-of-way; thence Southwesterly along said Railway line to a point due North of the point of beginning; thence South to the point of beginning.

Parcel "2": 4177-001-011-0004

That part of Block 1 "TOWN OF WOOLLEY", according to the recorded plat thereof in the Office of the Auditor of Skagit County, Washington, in Volume 2 of Plats, page 92, and of the vacated streets adjoining and vacated alley through said block, that have reverted by process of law, lying within the following described boundaries:

Beginning at a point 586.5 feet East of the Southwest corner of Block 11, of "WEST ADDITION TO WOOLLEY, SKAGIT COUNTY, WASH.", according to the recorded plat thereof in the Office of the Auditor of Skagit County, Washington in Volume 2 of Plats, page 89, and on the South line of Block 1 of the "TOWN OF WOOLLEY"; thence running North to the South line of the right-of-way of the Seattle and Northern Railway Company; thence Easterly along the South line of said right-of-way to a point 20 feet West of the West line of the original right-of-way of Northern Pacific Railway Co.; thence South parallel to and 20 feet distant from the West line of the original right-of-way of the Northern Pacific Railway Co. to the North line of Ferry Street; thence West along the North line of Ferry Street and along the South line of Block 1 of said "TOWN OF WOOLLEY", to the place of beginning; EXCEPT that portion thereof lying West of the East line of alley as platted in Block 1, "TOWN OF WOOLLEY".





Parcel "3": 35042<sup>4</sup>~~2~~-3-082-0200

Two parcels of land situated in the Northeast 1/4 of the Southwest 1/4 of Section 24, Township 35 North, Range 4 East, W.M., Sedro Woolley, Skagit County, Washington, described as follows, to-wit:

Parcel 1 of Parcel "3"

Beginning at the intersection of the North line of Ferry Street with the centerline of 40.0 foot wide Eastern Avenue, vacated by the City Council of the City of Sedro Woolley by Resolution #101, duly passed and adopted on October 27, 1930; thence Northerly along the centerline of vacated Eastern Avenue 170.0 feet, more or less, to the Southerly line of Northern Avenue, according to the official plat of Sedro-Woolley, as filed in the County Auditor's Office in Skagit County, Washington; thence Easterly along said Southerly line of Northern Avenue 20.3 feet to the Easterly line of said vacated Eastern Avenue, also being on the Westerly line of Burlington Northern Railroad Company's (formerly Northern Pacific Railway Company) 100.0 foot wide right-of-way, being a portion of the same property as described in Warranty Deed from Phillip A. Woolley and Kate Woolley dated April 18, 1890 and filed for record April 25, 1890 in Volume 10 of Deeds, page 450 of the records of said County; thence Northern along said Westerly right-of-way line 42.39 feet to the Northerly line of said Northern Avenue, and being 50.0 feet Southerly, as measured at right angles from Burlington Northern Railroad Company's (formerly Great Northern Railway Company) Main Track centerline of the Burlington to Concrete, Washington Branch Line, as originally located and constructed; thence Easterly along said Northern line of Northern Avenue 26.49 feet to a point being 25.0 feet Westerly, as measured at right angles from the centerline of said Railroad Company's 100.0 foot wide right-of-way; thence Southerly along a line drawn parallel with the centerline of said 100.0 foot wide right-of-way 220.0 feet, more or less, to the said North line of Ferry Street; thence Westerly along said North line of Ferry Street 45.69 feet to the point of beginning; also,

Parcel 2 of Parcel "3"

Beginning at the intersection of the North line of Woodworth Street with the centerline of 40.0 foot wide Eastern Avenue, vacated by the City Council of the City of Sedro Woolley by Resolution #101 duly passed and adopted on October 27, 1930; thence Northerly along the centerline of vacated Eastern Avenue 219.3 feet, more or less, to the South line of 80.0 foot wide Ferry Street; thence Easterly along said South line of Ferry Street 45.69 feet to a point being 25.0 feet Westerly, as measured at right angles from the centerline of Burlington Northern Railroad Company's (formerly Northern Pacific Railway Company) 100.0 foot wide right-of-way, being a portion of the same property as described in Warranty Deed from Phillip A. Woolley and Kate Woolley dated April 18, 1890 and filed for record April 25, 1890 in Volume 10 of Deeds, page 450 of the records of said County; thence Southerly along a line drawn parallel with the centerline of said 100.0 foot wide right-of-way 219.3 feet, more or less, to the said North line of Woodworth Street; thence Westerly along said North line of Woodworth Street 45.69 feet to the point of beginning.

EXHIBIT "B" - 2 -



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