



200312010181

Skagit County Auditor

12/1/2003 Page

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FILED FOR RECORD AT REQUEST OF AND
WHEN RECORDED MAIL TO:

Padilla Bay, LLC
P.O. Box 178
Bow, WA 98232
Attention: Laura Minton Breckenridge

LAND TITLE COMPANY OF SKAGIT COUNTY

110010PE

THIS SPACE RESERVED FOR RECORDER'S USE

DEED OF TRUST

The information contained in this boxed section is for recording purposes only pursuant to RCW 36.18 and RCW 65.04, and is not to be relied upon for any other purpose, and shall not affect the intent of or any warranty contained in the document itself.

Grantor: Corporate Air Center, LLC
Beneficiary: Padilla Bay, LLC
Reference Number of Documents Assigned or Released: N/A
Abbreviated Legal Description: Unit 511, Sk. Airport Hangar condo. Ph. 2
Complete Legal Description set forth below.
Assessor's Parcel Number: P120178

THIS DEED OF TRUST, is made and entered into this 26th day of November, 2003, between CORPORATE AIR CENTER, LLC, a Washington limited liability company, GRANTOR, whose address is 15452 Airport Drive, Burlington, WA 98233, LAND TITLE COMPANY OF SKAGIT COUNTY, a corporation, TRUSTEE, whose address is 111 East George Hopper Road, Burlington, Washington 98233 and PADILLA BAY, LLC, BENEFICIARY, whose address is 12708 Leatherwood Lane, P.O. Box 178, Bow, WA 98232, WITNESSETH: Grantor hereby bargains, sells and conveys to Trustee in trust, with power of sale, the following described real property in Skagit County, Washington.

A leasehold interest in the following described property:

Unit 511, SKAGIT AIRPORT HANGAR CONDOMINIUM, PHASE 2, according to the Survey Map and Set of Plans recorded October 25, 2002, under Auditor's File No. 200210250126, and as described in Declaration of Condominium recorded September 30, 2002, under Auditor's File No. 200209300320 and First Amendment thereto recorded October 25, 2002, under Auditor's File No. 200210250127.

Situated in the County of Skagit, State of Washington.

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 way 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 One Hundred Fifty Thousand and no/100 Dollars (\$150,000.00) 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, including but not limited to those set forth in the Port of Skagit County / Holt Construction Lease Agreement recorded April 19, 2002 in Skagit County under Auditor's No. 200204190119, as amended by the First Amendment to Lease recorded May 24, 2002 in Skagit County under Auditor's 200205240163, and any future amendments thereto, in addition to the Condominium Declaration Containing Covenants, Conditions, Restrictions and Reservations for Skagit Airport Hangar Condominium recorded September 30, 2002 in Skagit County under Auditor's No. 200209300320, as amended by the First Amendment to Declaration recorded October 25, 2002 in Skagit County under Auditor's No. 200210250127, Second Amendment to Declaration recorded January 29, 2003 in Skagit County under Auditor's No. 200301290053, and Third Amendment to Declaration recorded March 26, 2003 in Skagit County under Auditor's No. 200303260108 and any future amendments thereto.
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



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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 attorneys' fees and costs 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 portion 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. 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 fee; (2) to the obligation secured by this Deed of Trust; (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 his execution of this Deed of Trust, and such as he 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 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 obligate 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.

CORPORATE AIR CENTER, LLC, a
Washington limited liability company

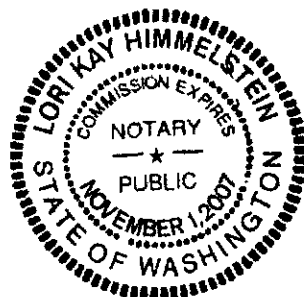
By: Timothy C. Lewis
Timothy C. Lewis, its Member

By: Ronaye Kos
Ronaye Kos, its Member

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

On this 21st day of November, 2003, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared TIMOTHY C. LEWIS and RONAYE KOS, husband and wife, to me known to be the Members of CORPORATE AIR CENTER, LLC, a Washington limited liability company, the company that executed the foregoing instrument, and acknowledged the 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 the company executed it.

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



Lori Kay Himmelstein
Type/Print Name: Lori Kay Himmelstein
Notary Public in and for the State of Washington
Residing at Levateam Co. WA
My Commission Expires Nov 1, 2007



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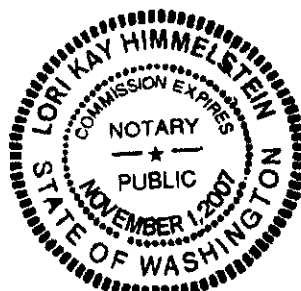
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Lori Kay Himmelstein
Type/Print Name: Lori Kay Himmelstein
Notary Public in and for the State of Washington
Residing at Whatcom Co. WA
Commission Expires Nov. 1, 2007



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