

WHEN RECORDED MAIL TO:

Mark E. Holcomb  
Morton McGoldrick, P.S.  
P.O. Box 1533  
Tacoma, WA 98401



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LAND TITLE OF SKAGIT COUNTY

**DEED OF TRUST AND ASSIGNMENT OF RENTS**

*Reference Number(s) of Related Documents (if applicable): n/a*

*Grantor: HJII Corporation, a Washington corporation*

*Beneficiary: Associated Petroleum Products, Inc., a Washington corporation*

*Trustee: Morton McGoldrick, P.S.*

*Legal Description: Lots 14-17, Blk. 1, Grassmere*

*Assessor's Tax Parcel Number: 4065-001-017-0102*

THIS DEED OF TRUST, made this 4th day of November, 2005, between HJII Corporation, a Washington corporation, GRANTOR, whose address is 45284 State Route 20, Concrete, Washington, Morton McGoldrick, P.S., TRUSTEE, whose address is 820 "A" Street, Suite 600, Tacoma, Washington 98402, and Associated Petroleum Products, Inc., a Washington corporation, as BENEFICIARY, whose address P.O. Box 1397, Tacoma, WA 98401.

WITNESSETH: Grantor hereby bargains, sells and conveys to Trustee in Trust, with power of sale, the real property in Skagit County, Washington legally described on Exhibit "A" hereto, 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 Grantor's obligation under the Dealer Supply Contract (Shell Brand) and each agreement of Grantor therein contained, the Deed of Trust recorded in favor of Beneficiary for the premises located at 14430 24<sup>th</sup> Avenue West, Lynnwood, Washington 98067-5918, and payment of the sum of Eighty Thousand Dollars (\$80,000.00) in accordance with the terms of the Dealer Supply Contract, payable to Beneficiary or order, and made by Grantor, and all renewals, modifications and extensions of said note 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.



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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. Hazardous Substances:

(a) Representations and Warranties. Grantor represents and warrants that to the best of its knowledge after due inquiry and inspections, (i) no asbestos has ever been used in the construction, repair or maintenance of any building, or other Improvement located on the Property; (ii) no Hazardous Substance (defined below) is being generated, processed, stored, transported, handled or disposed of, on, under or in the Property, except in accordance with all applicable laws; (iii) neither Grantor nor any other person or entity has ever caused or permitted any Hazardous Substance to be generated, processed, stored, transported, handled or disposed of, on, under or in the Property, except in compliance with all applicable laws; (iv) there is no actual or alleged violation with respect to the Property of any federal, state or local statute, ordinance, rule, regulation or other law pertaining to Hazardous Substances, and there is no action or proceeding pending before or appealable from any court, quasi-judicial body or administrative agency relating to Hazardous Substances affecting or alleged to be affecting the Property. Grantor covenants and agrees that during the term of this Deed of Trust, Hazardous Substances will not be generated, processed, stored, transported, handled or disposed of on the Property by any person or entity, except in accordance with all applicable laws. "Hazardous Substance" means any substance that is or becomes regulated under any federal, state or local statute, ordinance, rule, regulation or other law now or hereafter in effect pertaining to environmental protection, contamination or cleanup.

(b) Indemnity. Grantor shall defend, hold harmless and indemnify Beneficiary and its directors, officers, employees, and agents from and against any claims, demands, penalties, fees, liens, damages, losses, expenses or liabilities arising out of or in connection with any alleged or actual past or future presence on or emissions from the Property of any Hazardous Substance for any reason whatsoever; it being intended that Grantor's obligations under this section shall be strict and absolute without regard to any fault by Grantor. This indemnity shall survive full payment of all amounts secured by this Deed of Trust and the reconveyance or foreclosure of this Deed of Trust.

(c) Notification; Cleanup. Grantor shall immediately notify Beneficiary if Grantor (i) becomes aware of any Hazardous Substance problem or liability with respect to the Property, (ii) receives any notice of or becomes aware of any actual or alleged violation with respect to the Property of any federal, state or local statute, ordinance, rule, regulation or other law pertaining to Hazardous Substance, or (iii) becomes aware of any lien or action with respect to any of the foregoing. Grantor will, at its sole expense, take all actions as may be



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necessary or advisable for the cleanup of Hazardous Substances with respect to the Property, including without limitations, all removal, containment and remedial actions in accordance with all applicable laws and in all events in a manner satisfactory to Beneficiary, and shall further pay or cause to be paid all cleanup, administrative and enforcement costs of governmental agencies if obligated to do so by contract or by law.

(d) Right of Entry. Beneficiary is hereby authorized to enter the Property, including the interior of any structure, at reasonable times, and from time to time, after reasonable notice, for the purpose of inspecting the Property to ascertain the accuracy of all representations and warranties in this Deed of Trust relating to Hazardous Substances, and the observances of all covenants contained in this section.

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 to 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 pay 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 its execution of this Deed of Trust, and such as they may have acquired thereafter. The Trustee's Deed shall recite the facts showing that the sale was



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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 the 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 and 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. If all or any part of the property or any interest in it is sold or transferred without Beneficiary's prior written consent, Beneficiary may, at its option, require immediate payment of all sums secured by this Security Instrument. If such option is exercised, Beneficiary shall give Grantor notice of such acceleration. The note shall provide a period of 30 days from date notice is delivered or mailed within which Grantor must pay all sums secured by this Security Instrument. If Grantor fails to pay these sums prior to expiration of this period, Beneficiary may invoke any remedies permitted by this Security Instrument without further notice or demand on Grantor.

10. As further security for the payment of all indebtedness herein mentioned, all Grantor's rents and profits of said property and the right, title and interest of the Grantor in and under all leases now or hereafter affecting said property, are hereby assigned and transferred to the Beneficiary. So long as no default shall exist in compliance with any requirement hereof or of any further instrument at any time executed with respect to this Deed of Trust, the Grantor may collect assigned rents and profits as the same fall due, but upon the occurrence of any such default, all right of the Grantor to collect or receive rents or profits shall wholly terminate. All rents or profits of Grantor receivable from or in respect to said property which Grantor shall be permitted to collect hereunder shall be received by it in trust to pay the usual and reasonable operating expenses of, and the taxes upon, said property and the sums owing the Beneficiary as they become due and payable as provided in this Deed of Trust or in the said note or in any modification of either. The balance of such rents and



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profits after payment of such operating expenses, taxes and sums, including amortization, shall be Grantor's absolute property. No lease of the whole or any part of the property involving an initial term of more than three years shall be modified or terminated without the written consent of the Beneficiary, nor shall the surrender of any such lease be accepted nor any rental thereunder be collected for more than two months in advance without like written consent. In the event of any default hereunder and the exercise by the Beneficiary of its rights hereby granted, Grantor agrees that payments made by tenants or occupants to the Beneficiary shall, as to such tenants, be considered as though made to Grantor and in discharge of tenants' obligations as such to Grantor. Nothing herein contained shall be construed as obliging the Beneficiary to perform any of Grantor's covenants under any lease or rental arrangement. Grantor shall execute and deliver to the Beneficiary upon demand any further or supplemental assignments necessary to effectuate the intentions of this paragraph and upon failure of the Grantor so to comply, Beneficiary may, in addition to any other right or remedy it has, declare the maturity of the indebtedness hereby secured.

**"GRANTOR":**

HJH CORPORATION, a  
Washington corporation

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

Its: president



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STATE OF WASHINGTON )

COUNTY OF Skagit )

) ss

I certify that I know or have satisfactory evidence that Hun Lee is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the president of **HJH CORPORATION**, a Washington Corporation to be the free and voluntary act for the uses and purposes mentioned in the instrument.

DATED this 24<sup>th</sup> day of November, 2005.



Notary Seal

Walter D. Ross  
Walter D. Ross (Name)  
NOTARY PUBLIC in and for the State of  
Washington residing at: Concrete  
My Commission Expires: 03-09-08



**EXHIBIT A**

**LEGAL DESCRIPTION**

**Lots 14 through 17, inclusive, Block 1, "GRASSMERE," AS PER PLAT RECORDED IN  
Volume 3 of Plats, page 67, records of Skagit County, Washington.**

**Situate in the County of Skagit, State of Washington.**



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