

After Recording Return To:

Hanmi Law Offices, PS
11050 5th Avenue NE, #202
Seattle, WA 98125



200706140124

Skagit County Auditor

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LAND TITLE OF SKAGIT COUNTY

125752-SA

DEED OF TRUST

(For Use in the State of Washington Only)

THIS DEED OF TRUST, made this 7th day of June 2007, between **HSJJ Co, L.L.C.** a Washington limited liability company, GRANTOR, whose address is 20329 74th Dr. SE, Snohomish, WA 98296, **HANMI LAW OFFICES, PS**, a Professional Service corporation, TRUSTEE, whose address is 11050 5th Avenue, NE, Suite 202, Seattle, Washington 98125, and **Fidalgo Investments, Inc.**, a Washington corporation, BENEFICIARY, whose address is 9828 Cherry St., Edmonds, WA 98020.

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

Legal Description Attached Hereto as Exhibit "A."

Assessor's Property Tax Parcel/Account Number(s): 340205-0-040-0005
340205-0-040-0500

Abbreviated Legal Description: ptn Lots 1 & 2, SP #90-45 being a ptn. NE 1/4 SW 1/4, and ptn Gov. Lot 3, all in 5-34-2 E W.M.

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 purposed of securing performance of each agreement of Grantor herein contained, and, payment of the sum of **THREE HUNDRED THOUSAND AND 00/100 DOLLARS (\$300,000.00)**, in accordance with the **Promissory Note dated JUNE 7, 2007**, in which the Grantor is the Guarantor of, herewith, payable to Beneficiary or order, and made by Grantor, and all renewals, modifications and extensions thereof, and also such further sums as any 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.

This Deed of Trust is 2nd and subordinate to the City Bank Deed of Trust dated June 6, 2007 in the amount of \$4,418,978.29.

In the event this security interest is deemed unenforceable or must be released for whatever reason without full satisfaction of the debt that it secures, the Grantor shall provide other comparable security interest in lieu of this Deed of Trust.

To protect the security of Deed of Trust, Grantor covenants and agrees:

1. To keep the property in good condition and repair; to permit to 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 assessment 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 the 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 insurance policy 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 proceedings purporting to affect the security hereof or the rights or powers of the 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 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 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 even 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.



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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 _____,



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EXHIBIT "A"
LEGAL DESCRIPTION

PARCEL A:

Lot 1 of Boundary Line Adjustment recorded August 29, 2005, under Auditor's File No. 200508290248 and Survey recorded under Auditor's File No. 200508290249, records of Skagit County, Washington, and described as follows:

Lot 1, Skagit County Short Plat No. 90-45, recorded January 24, 1991, in Volume 9 of Short Plats, page 308, under Auditor's File No. 9101240033, records of Skagit County, Washington; being a portion of the Northeast 1/4 of the Southwest 1/4 and Government Lot 3, Section 5, Township 34 North, Range 2 East, W. M.;

EXCEPT those portions thereof lying South of the South line and its Westerly extension, of the most Northerly portion of said Lot 1.

Situate in the City of Anacortes, County of Skagit, State of Washington.

PARCEL B:

Lot 2 of Boundary Line Adjustment recorded August 29, 2005, under Auditor's File No. 200508290248 and Survey recorded under Auditor's File No. 200508290249, records of Skagit County, Washington, and described as follows:

Lot 2, Skagit County Short Plat No. 90-45, recorded January 24, 1991, in Volume 9 of Short Plats, page 308, under Auditor's File No. 9101240033, records of Skagit County, Washington; being a portion of the Northeast 1/4 of the Southwest 1/4 and Government Lot 3, Section 5, Township 34 North, Range 2 East W. M.;

EXCEPT all those portions thereof lying West of the West line and its Northerly extension of Lot 5 of said Skagit County Short Plat No. 90-45;

AND TOGETHER WITH all that portion of Lot 1, Skagit County Short Plat No. 90-45, recorded January 24, 1991, in Volume 9 of Short Plats, page 308, under Auditor's File No. 9101240033, records of Skagit County, Washington; being a portion of the Northeast 1/4 of the Southwest 1/4 and Government Lot 3, Section 5, Township 34 North, Range 2 East W. M., lying South of the South line and its Westerly extension, of the most Northerly portion of said Lot 1, and lying East of the West line and its Northerly extension of Lot 5 of said Skagit County Short Plat No. 90-45.

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EXHIBIT "A" Continued

PARCEL C:

An easement for ingress, egress and utilities over, under and across the following described tract of land:

All those portions of Lots 1, 2, 3 and 4, Skagit County Short Plat No. 90-45, recorded January 24, 1991, in Volume 9 of Short Plats, page 308, under Auditor's File No. 9101240033, records of Skagit County, Washington; being a portion of the Northeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ and Government Lot 3, Section 5, Township 34 North, Range 2 East W.M., being more particularly described as follows:

Beginning at the Southeast corner of said Lot 4;
thence North $87^{\circ}33'28''$ West along the South line thereof and along the South line of said Lot 1, a distance of 284.94 feet;
thence North $01^{\circ}37'58''$ East parallel with the East line of the most Southerly portion of said Lot 1, a distance of 100.09 feet to the beginning of a curve to the left, said curve having a radius of 225.00 feet;
thence Northerly, following said curve to the left through a central angle of $52^{\circ}00'00''$, an arc distance of 204.20 feet to the end of said curve;
thence North $50^{\circ}22'02''$ West, a distance of 93.21 feet to the beginning of a curve to the right, said curve having a radius of 125.00 feet;
thence Northerly following said curve to the right through a central angle of $52^{\circ}00'00''$, an arc distance of 113.45 feet to a point on the East line of the most Northerly portion of said Lot 4;
thence North $01^{\circ}37'58''$ East along the East line of said portion of Lot 4, a distance of 105.27 feet to the Northeast corner of said portion of Lot 4, said point lying on the Southerly line of a portion of Lot 2, said Skagit County Short Plat No. 90-45, said point also being the beginning of a curve to the left, said curve having a radius of 140.00 feet;
thence Northerly, following said curve to the left through a central angle of $08^{\circ}16'17''$, an arc distance of 20.21 feet to a point on the South line of the most Northerly portion of Lot 3, said Skagit County Short Plat No. 90-45;
thence continuing Northerly following said curve to the left through a central angle of $85^{\circ}49'37''$, an arc distance of 209.71 feet to a point on the West line of said Lot 3;
thence North $01^{\circ}37'58''$ East along said West line, a distance of 60.11 feet to its intersection with a curve to the right, the center of which bears South $01^{\circ}14'05''$ East and is 200.00 feet distant;
thence Southerly following said curve to the right through a central angle of $83^{\circ}27'17''$, an arc distance of 291.31 feet to its intersection with said South line of the most Northerly portion of Lot 3;



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EXHIBIT "A" Continued

thence continuing Southerly, following said curve to the right through a central angle of $05^{\circ}45'31''$, an arc distance of 20.10 feet to a point on said Southerly line of a portion of Lot 2;
thence continuing Southerly, following said curve to the right through a central angle of $03^{\circ}39'15''$, an arc distance of 12.76 feet to the end of said curve;
thence South $01^{\circ}37'58''$ West, a distance of 105.27 feet to the beginning of a curve to the left, said curve having a radius of 65.00 feet;
thence Southerly, following said curve to the left through a central angle of $52^{\circ}00'00''$, an arc distance of 58.99 feet to the end of said curve;
thence South $50^{\circ}22'02''$ East, a distance of 93.21 feet to the beginning of a curve to the right, said curve having a radius of 285.00 feet;
thence Southerly, following said curve to the right through a central angle of $52^{\circ}00'00''$, an arc distance of 258.66 feet to the end of said curve;
thence South $01^{\circ}37'58''$ West, a distance of 61.35 feet to the beginning of a curve to the left, said curve having a radius of 30.00 feet;
thence Southerly and Easterly, following said curve to the left through a central angle of $89^{\circ}11'26''$, an arc distance of 46.70 feet to the end of said curve, said point lying on a line parallel with and 10.00 feet North of, as measured at right angles to, the South line of said Lot 4;
thence South $87^{\circ}33'28''$ East along said parallel line, a distance of 169.99 feet to the beginning of a curve to the left, said curve having a radius of 25.00 feet;
thence Easterly and Northerly following said curve to the left through a central angle of $90^{\circ}49'00''$, an arc distance of 39.63 feet to the East line of said Lot 4;
thence South $01^{\circ}37'58''$ West along said East line, a distance of 35.36 feet to the point of beginning;

EXCEPT any portion thereof lying within Lots 1, 2 and 3 of Boundary Line Adjustment recorded August 29, 2005, under Auditor's File No. 200508290248 and Survey recorded under Auditor's File No. 200508290249, records of Skagit County, Washington.

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