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Skagit County Auditor

7/13/2007 Page 1 of 7 9:03AM

RETURN ADDRESS:

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LAND TITLE OF SKAGIT COUNTY

124717-PAC

DEED OF TRUST

(for use in the State of Washington only)

GRANTOR(S):	McKee West Holdings LLC
GRANTEE(S):	First American Exchange of Skagit County
ADDITIONAL ON PAGE 1:	TRANSNATION TITLE INSURANCE COMPANY
ABBREVIATED LEGAL DESCRIPTION:	Lots 11, 13, 14 and 17, inclusive, Block 19 and fractional lots 18 and 19, portion of Tract 33 Volume 2, page 4 (SEE PAGE 6 FOR FULL LEGAL DESCRIPTION)
ASSESSOR'S TAX PARCEL NO.	P54963, P54964, P54965 and P32884

THIS DEED OF TRUST, made as of the 13th day of July, 2007, between McKee West Holdings LLC, a Washington limited liability company ("Grantor"), whose address is 705 Commercial Avenue, Anacortes, Washington 98221; TRANSNATION TITLE INSURANCE COMPANY ("Trustee"), whose address is 14450 NE 29th Place, Suite 200, Bellevue, Washington 98007; for the benefit of First American Exchange of Skagit County ("Beneficiary"), whose address is 3202 Commercial Avenue, Anacortes, Washington 98221.

WITNESSETH:

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

See Exhibit A attached hereto and incorporated herein by this reference (the "Property"),

which Property is not used principally or primarily 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 each agreement of Grantor herein contained, and payment of the sum of up to One Million Six Hundred and Fifty Thousand Dollars (\$1,650,000.00), in accordance with 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 their 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, and 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 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. 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 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 encumbrancers 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, delegates, 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. Notwithstanding anything to the contrary contained herein, Grantor agrees that upon the sale, transfer or encumbrance of all or a part of the Property described in this Deed of Trust or any interest therein, without the prior written consent of Beneficiary, Grantor shall be in default under this Deed of Trust and all sums secured by this Deed of Trust shall become immediately due and payable at the option of Beneficiary. In addition, any transfer pursuant to an existing option to purchase or right of first refusal, shall be deemed to be in violation of this provision and entitle Beneficiary to the exercise of its remedies as provided herein.

"GRANTOR"

McKee West Holdings LLC

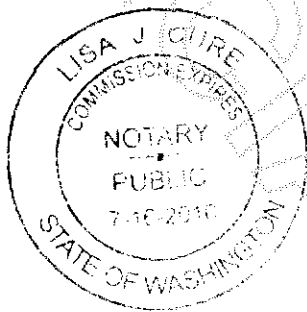
By Michael H. Trefa
Manager



STATE OF WASHINGTON)
) ss.
COUNTY OF Skagit)

I certify that I know or have satisfactory evidence that Michael H. Trotter
Manager of McKee West Holdings LLC appeared before me, and acknowledged that he
signed this instrument and acknowledged it as the free and voluntary act of Manager
_____ for the uses and purposes mentioned in the instrument.

WITNESS my hand and official seal hereto affixed this 10 day of ~~March~~ ^{July}, 2007.



[Signature]
(Signature of Notary)
Lisa J. Curre
(Print or stamp name of Notary)
NOTARY PUBLIC in and for the State
of Washington
My Appointment Expires: 7-16-2010

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: _____

**EXHIBIT A
LEGAL DESCRIPTION**

PARCEL A:

LOTS 11 THROUGH 13, INCLUSIVE, BLOCK 19, "MAP OF THE CITY OF ANACORTES, SKAGIT COUNTY, WASHINGTON," AS PER PLAT RECORDED IN VOLUME 2 OF PLATS, PAGE 4, RECORDS OF SKAGIT COUNTY, WASHINGTON.

SITUATE IN THE CITY OF ANACORTES, COUNTY OF SKAGIT, STATE OF WASHINGTON.

PARCEL B:

LOTS 14 THROUGH 17, INCLUSIVE, BLOCK 19, "MAP OF THE CITY OF ANACORTES, SKAGIT COUNTY, WASHINGTON," AS PER PLAT RECORDED IN VOLUME 2 OF PLATS, PAGE 4, RECORDS OF SKAGIT COUNTY, WASHINGTON.

SITUATE IN THE CITY OF ANACORTES, COUNTY OF SKAGIT, STATE OF WASHINGTON.

PARCEL C:

FRACTIONAL LOTS 18 AND 19, "MAP OF THE CITY OF ANACORTES, SKAGIT COUNTY, WASHINGTON," AS PER PLAT RECORDED IN VOLUME 2 OF PLATS, PAGE 4, RECORDS OF SKAGIT COUNTY, WASHINGTON.

SITUATE IN THE CITY OF ANACORTES, COUNTY OF SKAGIT, STATE OF WASHINGTON.

PARCEL D:

THAT PORTION OF TRACT 33 OF PLATE #9, "TIDE AND SHORELANDS OF SECTION 18, TOWNSHIP 35 NORTH, RANGE 2 EAST, W.M., ANACORTES HARBOR" AS SHOWN BY THE OFFICIAL MAP ON FILE IN THE OFFICE OF THE COMMISSIONER OF PUBLIC LANDS IN OLYMPIA, LYING NORTH OF THE SOUTH LINE OF THE NORTH 50 FEET OF FRACTIONAL LOTS 18 AND 19, "MAP OF THE CITY OF ANACORTES, SKAGIT COUNTY, WASHINGTON," AS PER PLAT



RECORDED IN VOLUME 2 OF PLATS, PAGE 4, RECORDS OF SKAGIT COUNTY
PRODUCED EAST AND LYING SOUTH OF THE NORTH LINE OF SAID
FRACTIONAL LOTS 18 AND 19 PRODUCED EAST.

SITUATE IN THE CITY OF ANACORTES, COUNTY OF SKAGIT, STATE OF
WASHINGTON.

PARCEL E:

A NON-EXCLUSIVE EASEMENT FOR INGRESS AND EGRESS AND PURPOSES
INCIDENTAL THERETO, OVER AND ACROSS AN EXISTING 10 FOOT WIDE
DRIVEWAY, OVER AND ACROSS THAT PORTION OF TRACT 33 OF PLATE #9,
"TIDE AND SHORELANDS OF SECTION 18, TOWNSHIP 35 NORTH, RANGE 2
EAST, W.M., ANACORTES HARBOR", AS SHOWN BY THE OFFICIAL MAP ON
FILE IN THE OFFICE OF THE COMMISSIONER OF PUBLIC LANDS IN OLYMPIA,
LYING SOUTHERLY OF PARCEL "B" HEREIN ABOVE AND LYING NORTH OF
10TH STREET IN THE CITY OF ANACORTES. SAID EASEMENT BEING AN AS-
BUILT AD ON EXISTING DRIVEWAY AND BEING THE ACCESS REFERRED TO
AND INTENDED TO SET FORTH IN SKAGIT COUNTY SUPERIOR COURT CAUSE
NO. 89-2-00129-5, RECORDS OF SKAGIT COUNTY, WASHINGTON.

SITUATE IN THE CITY OF ANACORTES, COUNTY OF SKAGIT, STATE OF
WASHINGTON.

