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Skagit County Auditor

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AND WHEN RECORDED MAIL TO:

John J. White, Jr.
LIVENGOOD, FITZGERALD & ALSKOG
P.O. Box 908
Kirkland, WA 98083-0908

GUARDIAN NORTHWEST TITLE CO.

94029-1

DEED OF TRUST

Grantor/Borrower: (1) RONALD A. RENNEBOHM
(2) DARLA L. RENNEBOHM

Grantee/Beneficiary: SOMMERWIND GROUP, INC., a Washington corporation

Legal Description: Section 13, Township 34, Range 3, Ptn. SW SW (aka ptn.
Lot 1, Short Plat No. 50-77)

MORE FULLY DESCRIBED BELOW.

Assessor's Tax Parcel ID#: 340313-0-035-0100; P21709

THIS DEED OF TRUST is granted this 7th day of February, 2008, between , **Grantor, RONALD A. RENNEBOHM and DARLA L. RENNEBOHM**, whose address is P.O. Box 247, Anacortes, WA 98221; and **Chicago Title Insurance Company, Trustee**, whose address is 701 Fifth Avenue #1800, Seattle, WA 98104; and **SOMMERWIND GROUP, INC., Grantee**, whose address is 200 N.E. Pacific Street, Suite 102, Seattle, WA 98105-6856.

Grantor hereby irrevocably grants, bargains, sells and conveys to Trustee in trust, with power of sale, the real property in Skagit County, Washington legally described as follows:

Lot 1, Short Plat No. 50-77, approved August 19, 1977, recorded August 23, 1977, in Book 2 of Short Plats, page 107, under Auditor's File no. 863252 and being a portion of Government Lot 9 (also known as the Southwest $\frac{1}{4}$ of the Southwest $\frac{1}{4}$), Section 13, Township 34 North, Range 3 East, W.M.

EXCEPTING THEREFROM, the following described tract:

Beginning at the Southeast corner of Lot 2 of said Short Plat No. 50-77; thence North 89°23'15" West 150.02 feet to the apparent Southwest corner of said Lot 2 and the true point of beginning of this description; thence North 89°23'15" West 61.07 feet to the Northwest corner of Lot 4 of said Short Plat No. 50-77; thence North 6°53'42" East 525.78 feet to the apparent Northwest corner of Lot 2 of Short Plat; thence South 1°27'01" West 521.33 feet to the point of beginning.

Situated in Skagit County, Washington.

SUBJECT TO: Restrictions, Reservations and Easements of record.

together with all interest and estate therein that Grantor may now own or hereafter acquire, and together with all the rents, issues and profits therefrom, however evidenced or manifested, and all appurtenances, fixtures, attachments, irrigation equipment, tenements, privileges, minerals, including without limitation oil and gas, upon and under the property and all mineral rights and reservations pertaining thereto, irrigation and water rights and all permits, certificates and shares evidencing the same; and hereditaments, now or hereafter belonging or appertaining to the property.

This Deed of Trust shall secure: (a) Any and all indebtedness of Grantor evidenced by that certain line of credit promissory note dated February 7, 2008, executed by Grantor (the face amount of which is \$1,500,000.00); (b) any and all indebtedness of Grantor to Beneficiary arising from any work, fees, costs or other charges, past, present or future, in whatsoever amount, billed or charged to Grantor for attorney and/or related services in representing Grantor in any and all matters; (c) the payment of all other sums, with interest thereon, including reasonable attorneys fees, advanced or incurred by Beneficiary in accordance with the Deed of Trust to protect, preserve, enforce or realize upon Beneficiary's interest in the property; and (d) the performance of Grantor's covenants and agreements contained herein (hereinafter collectively referred to as the "indebtedness").

Grantor further covenants and agrees with Beneficiary as follows:

1. The property subject to this Deed of Trust is not used principally or primarily for agricultural or farming purposes.
2. Grantor is lawfully seized in fee simple of the property conveyed herein and owns outright every part thereof.
3. Grantor agrees to keep the property free from statutory liens, governmental liens, and any and all other involuntary liens or encumbrances of any kind, without the



prior express written consent of Beneficiary. In the event Grantor places a voluntary security interest on the property, Grantor agrees to fully comply with all terms thereof. Any default thereunder shall constitute a default under this Deed of Trust.

4. Grantor agrees to promptly pay when due the principal and interest on the indebtedness secured by this Deed of Trust.
5. Grantor agrees to maintain the buildings and all other improvements on the property in a rentable and tenantable condition and state of repair, to neither commit nor suffer any waste, to restore promptly any building, structure or improvement thereon which may be damaged or destroyed, to promptly comply with all requirements of the federal, state and municipal authorities and all other laws, ordinances, regulations, covenants, conditions and restrictions respecting the property or the use thereof and to pay all fees or charges of any kind in connection with the property.
6. Grantor agrees to pay, before such are delinquent and to the proper officers, all taxes, assessments of every description, fines and other charges attributable to the property which may attain a priority over this Deed of Trust by making payment, when due, directly to the party entitled to the payment. Grantor shall furnish to Beneficiary all notices of amounts due under this paragraph. In the event Grantor shall make payment directly to the party entitled to the payment, Grantor shall provide to Beneficiary upon its request receipts of proper officers evidencing such payments. In addition Grantor shall pay, when due, all charges for water, water delivery, gas, electric power and light, sewers and waste removal. Grantor may contest in good faith the validity or amount of any tax, assessment or governmental charge by appropriate proceedings as provided by law, and Grantor covenants that upon final determination with respect to any such contested tax, assessment or governmental charges, Grantor will promptly pay any sums to be due thereon.
7. Grantor shall maintain insurance on the property, together with any improvements thereon, insuring against any loss by fire, hazards, or any other casualties or contingencies as may be reasonably required from time to time by Beneficiary in an amount not less than the total debt secured by this Deed of Trust. The insurance shall be in such amounts and for such periods of time as Beneficiary may designate. In the event of loss or destruction of any improvements on the property, the proceeds from such insurance shall be utilized by Grantor to repair and/or rebuild such improvements. Copies of all policies shall be provided to the Beneficiary upon request, and the policies shall be in such companies as the Beneficiary may reasonably approve and have loss payable first to the Beneficiary, as its interest may appear, and then to the Grantor. 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.

8. In case the Grantor fails to make any payment herein provided (including, but not limited to, any taxes, assessments, insurance premiums, liens, encumbrances, or other charges against the property hereinabove described), or to maintain insurance as herein required, the Beneficiary may make such payment or effect such insurance, and any amounts so paid by the Beneficiary, together with interest at the Default Rate stated in the Note thereon from date of payment until repaid, shall be repayable by Grantor on Beneficiary's demand, all without prejudice to any other right the Beneficiary might have by reason of such default. The amounts so paid, with interest as aforesaid, shall be added to and become a part of the debt secured in this Deed of Trust.
9. Grantor agrees 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. Grantor agrees to pay to Beneficiary any and all costs and expenses, including attorneys fees, incurred or paid by Beneficiary in protecting or enforcing its rights under the terms of this Deed of Trust whether or not a lawsuit is commenced. Attorneys fees shall include services rendered at both the trial and appellate level, as well as services rendered subsequent to judgment and obtaining execution thereon. The award of such fees, costs and expenses shall bear interest at the highest lawful rate until paid in full. Grantor also agrees to pay all costs, fees and expenses in connection with this Deed of Trust of the Trustee incurred in enforcing the obligation secured hereby and Trustee's and Trustee's attorney's fees actually incurred, as provided by statute, this Deed of Trust, and the Note.
10. Beneficiary may make or cause to be made reasonable entries upon and inspections of the property, provided that Beneficiary shall give Grantor notice prior to any such inspections.
11. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid directly to Beneficiary. In the event of a partial or total condemnation or other taking of the property, the proceeds shall be applied to the indebtedness secured by this Deed of Trust, with the excess, if any, paid to Grantor. Unless otherwise agreed in writing by Beneficiary, any such application of proceeds to the indebtedness secured by this Deed of Trust shall not extend or postpone the due



date of the regular installment payments provided for by the terms of the promissory note or any other indebtedness secured by this Deed of Trust.

12. Grantor agrees that if Beneficiary extends, renews or modifies the terms of any indebtedness secured by this Deed of Trust or if Beneficiary releases any other security securing such indebtedness, any and all such extensions, renewals, modifications or releases shall not operate to release, discharge or diminish the liability of Grantor for all indebtedness secured by this Deed of Trust.
13. **DUE ON SALE.** Grantor understands that the loan which this Deed of Trust secures (1) is personal to Grantor or to any successor in interest approved by Beneficiary and (2) Grantor's personal responsibility and control of the real property is a material inducement to the Beneficiary to make the loan. If title to or control of the property shall pass from Grantor or Grantor's approved successor in interest, by deed or otherwise, or the property shall be sold on contract, irrespective of whether such change in title or control affects the risk of Beneficiary, Beneficiary may declare the entire unpaid balance immediately due and payable. In the event of a transfer of all or any part of Grantor's interest in the property, whether voluntary, involuntary or by operation of law, Beneficiary may, at its option, treat such transfer as a default by Grantor and may resort to the remedies provided for in this Deed of Trust. At Beneficiary's sole option, Beneficiary may consent to the change in title or control. In the event Beneficiary does not choose to treat such a transfer as a default under the terms of this Deed of Trust, Beneficiary may, at its option, require all of the following from Grantor.
 - a. Not less than thirty (30) days prior to any such transfer, Grantor shall notify Beneficiary in writing of the proposed transfer and shall provide Beneficiary with such information concerning the terms and conditions of the transfer and creditworthiness and financial condition of any proposed transferee as Beneficiary may reasonably require.
 - b. In the event Beneficiary shall consent to such a transfer, Beneficiary shall be entitled to collect the cost of any credit investigation and an assumption fee which shall not exceed three percent (3%) of the remaining balance on the indebtedness secured by this Deed of Trust.
 - c. Beneficiary, at its option shall be entitled to increase the rate of interest on the indebtedness secured by this Deed of Trust to a rate up to five percent (5%) per annum above the existing interest rate on the indebtedness, however, in no event shall the effective interest rate exceed the maximum rate permitted by law. If the interest rate is increased pursuant to this paragraph, the amount of the installment payment on the promissory note



which this Deed of Trust secures shall be increased to the amount necessary to amortize the indebtedness during its original term.

- d. Beneficiary may require Grantor to continue to be bound as a principal to repay all indebtedness herein secured.
14. If the interest of Grantor in the property secured by this Deed of Trust is either a purchaser's or seller's interest in a contract for the sale of real property, then Grantor hereby specifically acknowledges and agrees that, upon default, Grantor's interest in the property may be foreclosed by Beneficiary, at its sole option either (a) non-judicially according to the State of Washington's Deed of Trust statutes; (b) as a mortgage under RCW Chapter 61.12 et seq. or (c) under Article Nine of the Washington Uniform Commercial Code.
15. Grantor hereby agrees that this Deed of Trust shall also be construed as a security agreement under Article Nine of the Washington Uniform Commercial Code. At Beneficiary's request, Grantor agrees to execute and deliver such financing statements as Beneficiary may require to perfect its security interest under the Uniform Commercial Code.
16. The following shall be "Events of Default" under this Deed of Trust: (a) Default in the payment or performance, when due or payable, of any indebtedness secured by this Deed of Trust or the Deed of Trust dated January 14, 2005 between the parties; (b) Breach by Grantor of any representation, covenant or warranty contained in this Deed of Trust or any other agreement, instrument or document affected or secured by this Deed of Trust or any other agreement between the parties, (c) The making by Grantor of any material misrepresentation to Beneficiary for the purpose of obtaining credit or an extension of credit; (d) The issuance of any injunction, attachment, garnishment or levy against any property of the Grantor; or (e) The insolvency of Grantor, an admission by Grantor in writing of Grantor's inability to pay Grantor's debts as they mature or the institution by or against Grantor of any bankruptcy, insolvency, reorganization, debt arrangement, liquidation, dissolution or receivership proceeding.
17. Upon the happening of any of the above events of default, Beneficiary shall have, in addition to all other rights and remedies at law or in equity, the following rights and remedies: (a) To declare any and all indebtedness secured by this Deed of Trust to be immediately due and payable with written notice of the action required to cure the default; (b) To apply for, with 60 days notice to Grantor, to file a suit to enforce or preserve its rights under this Deed of Trust, for the appointment of receiver, without bond, to take possession of the property and the rents, issues, profits and proceeds affecting the property; (c) To cause foreclosure of this Deed of



Trust (i) non-judicially under the State of Washington Deed of Trust statutes; (ii) as a mortgage under RCW Chapter 61.12 et seq.; (iii) under Article Nine of the Washington Uniform Commercial Code; (d) All the other rights and remedies provided for in this Deed of Trust.

18. Receivership. Grantor hereby expressly agrees that in event of a Monetary Default in the Note, after notice as provided therein and so long as such default remains uncured for a period of sixty (60) days after such notice, Beneficiary shall have the right to apply to the King County Superior Court of the State of Washington for appointment of a Receiver under Chapter 7.60 of the Revised Code of Washington. The Receiver shall have the right to collect the rents and income from the Property and to make the payments on the Note, pay any real or personal property taxes or assessments when due and to pay insurance premiums or renewals thereof. Taxes and insurance shall be paid first, then the payments on the Note. After the payment of all said items, the Receiver shall pay the excess so collected to the Grantor. Said Receivership shall be terminated when the Note is no longer in default, and at such time, the Receiver shall immediately restore to Grantor all rights and power hereinabove granted to Receiver, notwithstanding the fact that the Receiver has then not yet submitted a final accounting nor been discharged by order of court. The application for or appointment of said Receiver shall not affect or restrict the rights of Beneficiary or Grantor to any remedies granted to Beneficiary or Grantor in this Deed of Trust in the event of default by Grantor and is not intended to and shall not be construed to expand or enlarge the rights of Beneficiary under any of the remedies granted to Beneficiary in this Deed of Trust or by the statutes or decisions of the Courts of the State of Washington. In the event Beneficiary institutes an action for a Receiver, Grantor agrees to pay reasonable attorneys' fees and all costs and expenses in connection with said action as approved by the Court.
19. All rights and remedies of Beneficiary provided for in this Deed of Trust are intended to be cumulative and not in substitution for any other right or remedy otherwise available to Beneficiary.
20. Grantor hereby expressly waives any right to require Beneficiary to marshal, or to foreclose in the inverse order of alienation, any of the above described property or any other collateral securing Grantor's indebtedness to Beneficiary.
21. This Deed of Trust shall not be qualified or supplemented by course of dealing. No waiver or modification by Beneficiary of any of the terms of this Deed of Trust shall be effective unless the waiver or modification is in writing and signed by Beneficiary. No waiver or modification by Beneficiary of any required performance or obligation of Grantor on any occasion shall be construed as a



waiver of Beneficiary's right to require strict performance of all the terms of this Deed of Trust on any future occasion.

22. 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.
23. Upon payment of all indebtedness secured by this Deed of Trust, Beneficiary shall request Trustee to reconvey the property and shall surrender this Deed of Trust and all instruments evidencing the indebtedness secured by this Deed of Trust to the Trustee. Trustee shall reconvey the property without warranty to the person legally entitled thereto. Such person shall pay all costs of reconveyance.
24. Upon uncured 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.
25. 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 has or had the power to convey at the time of his 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 purchaser and encumbrancers for value.
26. 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.
27. 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

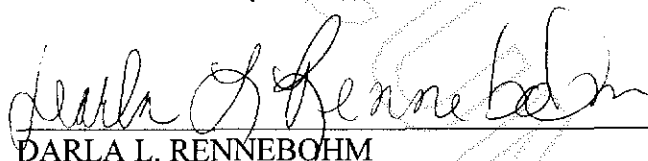


under any other Deed of Trust or of any action or proceeding in which Grantor, Trustee or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

28. Any notice to Grantor provided for in this Deed of Trust shall be given by mailing such notice by certified mail addressed to Grantor at the property address or at such other address as Grantor may designate by written notice to Beneficiary. Any notice to Beneficiary shall be given by certified mail to Beneficiary's address stated herein.
29. Grantor agrees to pay to Beneficiary any and all costs and expenses, including attorneys fees, incurred or paid by Beneficiary in protecting or enforcing its rights under the terms of this Deed of Trust whether or not a lawsuit is commenced. Attorneys fees shall include services rendered at both the trial and appellate level, as well as services rendered subsequent to judgment and obtaining execution thereon. The award of such fees, costs and expenses shall bear interest at the highest lawful rate until paid in full.
30. The covenants and agreements contained in this Deed of Trust shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Beneficiary and Grantor. All covenants and agreements of Grantor shall be joint and several.
31. This Deed of Trust shall be governed by the laws of the State of Washington.

Executed as of the day and year first above written.


RONALD A. RENNEBOHM


DARLA L. RENNEBOHM



STATE OF WASHINGTON)
) ss.
COUNTY OF Skagit)

On this day personally appeared before me RONALD A. RENNEBOHM, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 8 day of February, 2008.

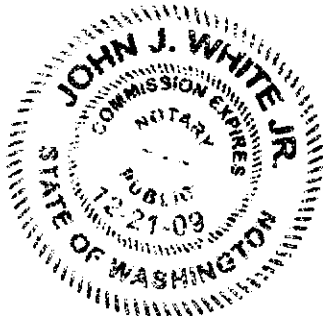


Susan Kelly
Susan Kelley
(Print Name)
NOTARY PUBLIC in and for the
State of Washington, residing
at: Orcutt
My commission expires: 7-1-2010

STATE OF WASHINGTON)
) ss.
COUNTY OF King)

On this day personally appeared before me DARLA L. RENNEBOHM, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that she signed the same as her free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 7 day of February, 2008.



John J. White Jr.
John J. White Jr.
(Print Name)
NOTARY PUBLIC in and for the
State of Washington, residing
at: Kenmore
My commission expires: 12-21-09



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

DATED: _____, _____.

Mail Reconveyance to:

