

**AFTER RECORDING RETURN TO:**

Whidbey Island Bank

PO Box 302

1800 S Burlington Blvd

Burlington WA 98233



200807160144

Skagit County Auditor

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13 3:53PM

Attention: Joanne

**COLLATERAL ASSIGNMENT OF NOTES AND DEEDS OF TRUST**

**Grantor (Assignor): Private Mortgage Investments, Inc.**

**Grantee (Assignee): Whidbey Island Bank**

**Legal Description:** ANKNEY HEIGHTS, LOT 13, TOGETHER WITH 50% UNDIVIDED INTEREST  
IN LOT A AKA PRIVATE ROADWAY., ACRES 0.70  
**Additional Legal(s) on Exhibit A**

**Assessor's Tax Parcel: P118258**

**Reference No.: Prentice (recording #200708200199)**

**Additional References on Page 12**

**THIS ASSIGNMENT** is executed as of the 16th day of July, 2008 by Private Mortgage Investments, Inc. ("Assignor"), in favor of Whidbey Island Bank ("Assignee").

Assignor is the owner and holder of the following:

A. Those certain Promissory Notes (the "Notes") in favor of Assignor as payee, made by the makers thereof (the "Makers") and more fully described in Exhibit A attached hereto, the original of which Assignor is simultaneously herewith indorsing in blank and delivering to Assignee; and

B. Those certain Deeds of Trust (the "Deeds of Trust") encumbering real property in Skagit County, Washington and more fully described in Exhibit A attached hereto.

Assignor is presently indebted to Assignee for certain amounts, and anticipates incurring additional indebtedness to Assignee in the future.

Assignor anticipates owning or acquiring additional promissory notes (the "Additional Notes") and deeds of trust (the "Additional Deeds of Trust") in the future, and desires to assign the same to Assignee to secure additional or future indebtedness to Assignee.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor represents, warrants and agrees for the benefit of Assignee as follows:

1. Assignment. Assignor hereby assigns, transfers, pledges, delivers, hypothecates and sets over to Assignee, and grants Assignee a security interest in and lien upon all of Assignee's right, title and interest, whether now owned or hereafter acquired, in and to all of the following (collectively the "Collateral"):

1.1 The Notes and all Additional Notes hereafter acquired, together with all sums due and payable, or to become due and payable, thereunder;

1.2 The Deeds of Trust and all Additional Deeds of Trust hereafter acquired;

1.3 Any and all assignments of rents, security agreements, financing statements, escrow deposits, reserve accounts, letters of credit, guaranties, indemnity agreements, estoppel certificates, certificates, affidavits, nondisturbance agreements, title insurance policies, other insurance policies and other documents, instruments and agreements otherwise securing, evidencing or relating to Maker's obligations under, or delivered to Assignor in connection with, any of the foregoing;

1.4 All rights and remedies of Assignor with respect to any and all of the foregoing; and

1.5 Any and all proceeds and products of the foregoing, including but not limited to insurance proceeds and condemnation awards.

2. Obligations Secured. This Assignment is given to secure Assignor's payment and performance of all of the following (collectively the "Obligations"):

2.1 All Assignor's obligations and liabilities under (a) that certain Promissory Note (the "Secured Note") dated October 24, 2006 in the principal amount of \$33,000.00 made by Assignor as maker in favor of Assignee as payee, and any and all advances, extensions, renewals, modifications or replacements thereof, whether the same be in greater or lesser amounts, (b) this Assignment, and (c) all other documents, instruments and agreements securing any of the foregoing;

2.2 The repayment of any and all sums advanced or expenditures made by Assignee subsequent to the execution of this Assignment for the maintenance or preservation of the Collateral or expended by Assignee pursuant to any provision of this Assignment, together with interest thereon.

The Secured Note, this Assignment, all other documents securing the Secured Note and all other documents, instruments and agreements relating thereto are referred to collectively herein as the "Loan Documents."

3. Representations and Warranties. Assignor represents and warrants to Assignee as follows:



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3.1 Ownership. Assignor owns the Collateral free and clear of all liens, claims, security interests, encumbrances, setoffs, defenses and counterclaims, except for the security interest granted to Assignee by this Assignment.

3.2 Outstanding Balance. There is unpaid and unconditionally owing to Assignor with respect to the Notes the principal sums set forth on Exhibit B attached hereto, with all interest thereon paid and current through the date hereof and through a date no later than thirty days after the date hereof.

3.3 Status of Collateral. No Maker is entitled to assert any offset or defense against any of its obligations under the Collateral, nor has any Maker asserted any such offset or defense. Assignor has no knowledge of any facts that would impair the validity of the Collateral or result in a diminution of the value or collectibility of the Collateral or any Maker's obligations thereunder. Each instrument or document constituting the Collateral is genuine and in all respects what it purports to be. The Collateral has not been altered in any way. All obligations of each Maker under the Collateral are valid, binding, and enforceable against such Maker in accordance with their terms. No Maker is in default in any of its obligations under the Collateral. To Assignor's best knowledge, each Maker is solvent.

3.4 No Breach. Neither the execution and delivery of this Assignment by Assignor nor the consummation of the transactions contemplated hereby nor the fulfillment of the terms hereof will result in a breach of any of the terms or provisions of, or constitute a default under, or constitute an event that with notice or lapse of time or both will result in a breach of or constitute a default under, any agreement, indenture, mortgage, deed of trust, lease, instrument or other document to which Assignor is a party or conflict with any law, order, rule or regulation applicable to Assignor of any court or any federal or state government, regulatory body or administrative agency, or any other governmental body having jurisdiction over Assignor or Assignor's properties.

3.5 Assignor's Address. Assignor's principal place of business and chief executive office is at the address set forth below Assignor's name on the signature page of this Assignment. Assignor does not do business under any trade name or fictitious business name.



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4. Covenants.

4.1 Right to Collect. Except as otherwise expressly provided in this Assignment, so long as no Event of Default (as defined below) shall have occurred: (a) Assignee shall not take any action with respect to the Collateral assigned hereby or the sums payable pursuant to the Collateral, and (b) Assignor shall receive and collect directly all sums payable to Assignor pursuant to the terms of the Collateral, and may take such action as Assignor may deem necessary or desirable for the enforcement of any right or privilege Assignor may have in respect of the Collateral and, at Assignee's direction, shall take such action as Assignee deems appropriate to maintain the validity of, or to protect, the Collateral. Upon the occurrence of any Event of Default, Assignor authorizes Assignee, and its employees and agents, at Assignee's option, exercised in the name of Assignor or in the name of Assignee as assignee, to collect any amounts due at any time under any of the Collateral.

4.2 Prepayments. Notwithstanding the foregoing, in the event of any prepayment of principal under any Note or any Additional Note in excess of \$0, whether voluntary or as a result of any default or acceleration under such Note or Additional Note, Assignee shall immediately pay the amount of such prepayment to Assignee for application to the Obligations.

4.3 Statements of Collateral. Assignor shall at any time, and from time to time, upon request of Assignee, deliver to Assignee a certificate executed by an authorized representative of Assignor setting forth with respect to the Collateral the principal amount of debt outstanding and the total amount of accrued and unpaid interest and such other matters as Assignee shall reasonably request.

4.4 Performance. Assignor shall perform all its obligations with respect to the Collateral, whether such obligations arise pursuant to the express terms of the Collateral or pursuant to applicable law. If Assignor fails to perform any obligation with respect to the Collateral, then Assignee may do so, and Assignor shall immediately upon demand reimburse Assignor for any cost and expense, including reasonable attorneys' fees, incurred by Assignor in connection with such performance.

4.5 No Transfers. Without the prior written consent of Assignee, which Assignee may withhold in its sole discretion, Assignor shall not further assign, transfer, pledge, or otherwise dispose of, in whole or in part, any Collateral or any of its rights under any Collateral. If the Collateral, or any part thereof, is sold, transferred, assigned, exchanged, or otherwise disposed of in violation of these provisions, Assignee's security interest shall continue in such Collateral or part thereof notwithstanding such sale, transfer, assignment, exchange or other disposition, and Assignor shall hold the proceeds thereof in trust in a separate account for Assignee's benefit. Assignor shall, at Assignee's request, transfer such proceeds to Assignee in kind to be held as additional collateral for the Obligations or to be applied to the Obligations, in Assignee's sole discretion.



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4.6 Consents. To the extent that, pursuant to the terms of the Collateral, Assignor's consent is required as to any matter, Assignor shall not grant such consent without Assignee's consent, which consent by Assignee shall be subject to the same reasonableness requirements and restrictions (if any) that apply to Assignor pursuant to the Collateral. Assignor shall not consent or agree to any subordination of the Collateral to any other estate or interest (other than routine utility easements) without Assignee's prior written consent, which may be withheld in Assignee's sole discretion.

4.7 Defense and Maintenance of Collateral. Assignor shall defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein. The Collateral shall not be modified or amended in any respect without the prior written consent of Assignee, nor shall any rights or remedies of Assignor, or obligations of any Maker, under any Collateral be waived without the prior written consent of Assignee, which consent Assignee may withhold in its sole discretion.

4.8 Certain Changes. Assignor shall not change the location of its chief executive office, or voluntarily or involuntarily change its name or form of organization, or merge with or into any other entity.

4.9 Further Assurances. Assignor shall do, execute, acknowledge and deliver, at Assignor's sole cost and expense, all such further acts, conveyances, assignments, estoppel certificates, notices of assignment, financing statements and other documents as Assignee may require from time to time to better assure, convey, assign, transfer, perfect and confirm to Assignee, the rights and interests now or hereafter intended to be granted to Assignee under this Assignment.

4.10 Protection of Security. Assignee shall have the right at any time, but shall not be obligated, to make any payments and perform any other acts that Assignee may deem necessary to protect its security interest in the Collateral, including, without limitation, (a) the rights to cure any default or breach by Assignor; (b) the right to pay, purchase, contest or compromise any encumbrance, charge or lien that, in Assignee's judgment, appears to be prior to or superior to the security interest granted hereunder, or to the lien of any Collateral, and to appear in and defend any action or proceeding purporting to affect its security interest in or the value of the Collateral, and (c) in exercising any such powers or authority, to pay all expenses incurred in connection therewith, including attorneys' fees. Assignor shall promptly repay all amounts advanced by Assignee in connection with the foregoing together with interest thereon at the highest rate borne by any of the obligations secured by this Assignment. Assignee shall have no obligation to make any of the foregoing payments or perform any of the foregoing acts.

4.11 Perfection. Assignor shall take such action as is necessary or appropriate to ensure that Assignee's security interest in the Collateral at all times remains a fully-perfected first-lien security interest therein.

5. Collateral Enforcement by Assignor.



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5.1 Assignee's Joinder. Assignor may not exercise any rights or remedies under any Collateral, or accept a conveyance in lieu of the exercise of such remedies (collectively "Collateral Enforcement") unless such Collateral Enforcement is consented to by Assignee. As between Assignor and Assignee, and so long as no Event of Default shall have occurred and be continuing, Assignee agrees to consent to any reasonable Collateral Enforcement if Assignor has provided such assurances as Assignee shall require to the effect that all Enforcement Proceeds (as defined below) shall be applied as required by this Assignment. Any Collateral Enforcement shall in all cases be subject to the rights and interests of Assignee hereunder.

5.2 Enforcement Proceeds. Without limiting the generality of the foregoing, if, pursuant to any Collateral Enforcement, Assignor receives any funds, property, or other assets (including ownership of any real property previously encumbered by any deed of trust or mortgage constituting part of the Collateral) (collectively "Enforcement Proceeds"), then such Enforcement Proceeds shall be delivered, immediately and directly, to Assignee to be applied as if they were proceeds from the sale of the Collateral.

5.3 Release of Enforcement Proceeds. Notwithstanding the foregoing, Assignee agrees that any real property that constitutes Enforcement Proceeds may be delivered to, and shall become the property of Assignor, if and only if simultaneously with receipt thereof, Assignor executes and delivers to and in favor of Assignee a deed of trust encumbering such real property, which deed of trust shall be in form and substance satisfactory to Assignee and shall secure the Obligations. In any such event, Assignor shall at Assignor's sole cost and expense provide Assignee with an extended coverage policy of title insurance insuring the lien of such deed of trust, which policy shall be in form and substance satisfactory to Assignee.

6. Events of Default; Remedies.

6.1 Events of Default. If Assignor shall fail to make any payment required with respect to the Obligations and the applicable cure period, if any, provided therefor shall have expired, or if any other Event of Default under the Loan Documents shall have occurred and shall be continuing, or if Assignor shall be in default under this Assignment, then an "Event of Default" shall be deemed to have occurred under this Assignment.

6.2 Rights and Remedies. If any Event of Default shall have occurred and shall be continuing, then Assignee may exercise any right or remedy it may have by law or under any of the Loan Documents. In connection therewith and in addition to all other rights and remedies available under applicable law:

6.2.1 Acceleration. Assignee may declare the entire principal of and interest on the Obligations and all other sums required to be paid by Assignor pursuant to the Loan Documents to be immediately due and payable.

6.2.2 Notice to Makers. Assignee may direct Makers (or any escrow agent, collection agent or other appropriate party) to make all future payments pursuant to the Collateral directly to Assignee and not to Assignor.



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6.2.3 Sale of Collateral. Assignee may sell the Collateral, or any part thereof, at public or private sale for cash, upon credit or for future delivery, and at such price or prices as Assignee may deem satisfactory, and Assignee may be the purchaser of any and all of the Collateral so sold. Upon any such sale, Assignee shall have the right to deliver, assign and transfer to the purchaser thereof the Collateral so sold, all without recourse to Assignor.

6.2.4 Title Sold. Each purchaser at any such sale shall hold the Collateral sold absolutely, free from any claim or right of Assignor of whatsoever kind, including any equity or right of redemption and Assignor hereby specifically waives all rights of redemption, stay, appraisal or marshalling of assets which it has or may have under any rule of law or statute now existing or hereafter adopted. Ten calendar days notice of any such public or private sale shall be deemed to be commercially reasonable notice thereof. At any such sale the Collateral may be sold as an entirety or in separate parcels, as Assignee may determine. Assignee shall not be obligated to make any sale pursuant to any such notice. Assignee may without notice or publication, adjourn any public or private sale made by Assignee or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may without further notice be made at any time or place to which the same may be so adjourned.

6.2.5 Delivery of Collateral. In case of any sale of all or any part of the Collateral made by Assignee on credit or for future delivery, the Collateral so sold may be retained by Assignee until the selling price is paid by the purchaser thereof, but Assignee shall not incur any liability in case of the failure of such purchaser to pay for the Collateral so sold and, in case of any such failure, such Collateral may again be sold upon like notice.

6.2.6 Judicial Foreclosure. Assignee may, at its option (with no obligation to do so), proceed by a suit or suits at law or in equity to foreclose this Assignment and sell the Collateral, or any portion thereof, under a judgment or decree of a court of competent jurisdiction.

6.2.7 Conveyance Documents. Assignor hereby appoints Assignee (or such person(s) as Assignee shall designate in writing) as Assignor's attorney-in-fact, which agency is coupled with an interest, to execute in Assignor's name any and all documents that may be necessary or appropriate to consummate any transfer of any Collateral pursuant to any exercise of remedies by Assignee under this Assignment. In addition to the foregoing, Assignor hereby authorizes Assignee, in Assignee's own name, to execute, deliver and record any assignments of any Collateral that may be necessary or appropriate to implement any transfer thereof pursuant to any exercise of remedies by Assignee under this Assignment. Any such assignment(s) shall be fully effective to divest and convey to the assignee(s) named therein full title to the Collateral, free of any right, title, claim or interest of Assignor.

6.3 Application of Proceeds. The proceeds of any sale of all or any part of the Collateral made by Assignee in exercising its remedies for an Event of Default shall be applied by Assignee as follows in the following order:



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6.3.1 To payment of the costs and expenses of such sale, including reasonable compensation to Assignee and its agents and counsel;

6.3.2 To payment of the Obligations in such order as Assignee shall see fit; and

6.3.3 To payment to Assignor, or its successors or assigns, or as a court of competent jurisdiction may direct, of any surplus then remaining from such proceeds.

6.4 Delivery of Books and Records. If Assignee holds a foreclosure or other sale with respect to any Collateral, or otherwise exercises any rights or remedies under the Loan Documents or applicable law pursuant to which Assignor is divested of title to any Collateral, then Assignor shall within ten days thereafter deliver to the transferee of such Collateral any and all correspondence, books, records and documentation in Assignor's possession, or in the possession of any person or entity under the direct or indirect control of Assignor, relating to such Collateral.

6.5 No Duty of Care. Assignee shall have no duty or obligation to care for the Collateral or to take any actions to protect the value of the Collateral or any rights or privileges the Assignor might have with respect thereto, except that Assignee shall exercise reasonable care in the physical preservation of items of Collateral in Assignee's possession. Assignee shall have no obligation to take any actions to preserve any rights that Assignor or any other party may have against any third party with respect to any item of Collateral.

6.6 Retention of Collateral. Under no circumstances shall Assignee be deemed to have retained possession of all or any part of the Collateral in satisfaction of the Obligations unless Assignee has given Assignor written notice of a proposal to do so pursuant to Revised Code of Washington Section 62A.9-505(2), regardless of the length of time the Collateral remains in Assignee's possession after an Event of Default. Under no circumstances shall Assignee have any liability as a result of a decline in the market value of the Collateral while Assignee holds it.

6.7 Waivers. Assignor waives all rights of notice and hearing of any kind prior to Assignee's exercise of its rights from and after the occurrence of an Event of Default with or without judicial process or to replevy, attach or levy upon the Collateral. Assignor waives the posting of any bond otherwise required of Assignee in connection with any judicial or nonjudicial process or proceeding to obtain possession of, replevy, attach or levy upon the Collateral or other security for the Obligations, to enforce any judgment or other court order entered in favor of Assignee, or to enforce by specific performance, temporary restraining order or preliminary or permanent injunction this Assignment or any other Loan Document.

6.8 Remedies Not Exclusive. The remedies set forth above shall not be exclusive. Assignee shall have available to it any and all other remedies with respect to the Collateral that may be available to a secured party pursuant to the Uniform Commercial Code or other applicable law. Assignee may exercise its rights under this Assignment independently of any other collateral or guaranty that Assignor may have granted or provided to Assignee in order



to secure payment and performance of the Obligations. Assignee shall be under no obligation or duty to foreclose or levy upon any other collateral given by Assignor to secure the Obligations or to proceed against any guarantor before enforcing its rights under this Assignment. The remedies granted herein shall be cumulative and the exercise of any one remedy shall not preclude the exercise of any other, and any repossession or retaking or sale of the Collateral pursuant to this Assignment shall not operate to release Assignor or any other collateral or security held by Assignee with respect to the Obligations until full payment of any deficiency has been made in cash.

7. Miscellaneous.

7.1 Attorney in Fact. Assignor hereby irrevocably appoints Assignee its attorney-in-fact, coupled with an interest and therefore irrevocable, to give notices or payment instructions to the Maker in accordance with this Assignment; to take any actions necessary or desirable, in Assignee's sole discretion, to collect the amounts due under the Collateral, including compromising any amounts due under any item of Collateral and acknowledging satisfaction of the Maker's liability thereunder; to execute and deliver any documents that this Assignment requires Assignor to execute and deliver to Assignee; to take any other actions that this Assignment requires Assignor to take; to endorse and cash checks and other instruments representing proceeds of Collateral; and to perform any and all other acts as Assignee in its sole judgment reasonably exercised shall deem necessary or desirable with respect to this Assignment, including the signing and filing of any financing statements or other documents necessary or appropriate to perfect Assignee's security interest in the Collateral.

7.2 No Waiver. No failure by Assignee to exercise, and no delay in exercising, any right, power or remedy under this Assignment shall operate as a waiver thereof; nor shall any single or partial exercise by Assignee of any right, power or remedy under any Loan Document preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies in this Assignment are cumulative and are not exclusive of any remedies provided by law.

7.3 Notices. All notices hereunder shall be in writing and shall be deemed to have been sufficiently given or served for all purposes when delivered in person or sent by nationally recognized overnight delivery service to any party hereto at its address stated herein or at such other address of which it shall have notified the party giving such notice in writing as provided above.

7.4 Revival of Security Interest. To the extent Assignor makes a payment to Assignee or Assignee receives any payment of proceeds of Collateral, which is later invalidated, declared to be a fraudulent transfer or preference, set aside or required to be repaid under any bankruptcy law, other law or equitable principle, Assignee's interest in the Collateral shall be revived and continue as if the payment or proceeds had never been received by Assignee.

7.5 Perfection. Assignor will sign any financing statements, fixture filings, certificates of title, amendments, assignments, registrations or filings with governmental offices or agencies, and other documents relating to the Collateral that Assignee may request. Assignee is nevertheless authorized to file such documents without the Assignor's signature. Assignor



hereby grants to Assignee a power of attorney to execute any such documents as Assignor's attorney-in-fact. Such power of attorney is coupled with an interest and shall be irrevocable until the Obligations have been fully and finally paid. Assignor will reimburse Assignee upon demand for all expenses incurred for the perfection and continuation of perfection of Assignee's security interest in the Collateral. Assignor shall deliver to Assignee such items of the Collateral (such as promissory notes, chattel paper, instruments, negotiable documents and stock certificates) first-priority security interests in which can be perfected, or assured, only by possession.

7.6 Amendment. This Assignment and the other written documents, instruments and agreements entered into in connection with the Obligations contain the complete and final expression of the entire agreement of the parties. No provision of this Assignment may be amended, modified, waived or supplemented, except by a writing signed by the party sought to be charged with the amendment, modification, waiver or supplementation. No waiver by Assignee of any Event of Default shall be a waiver of any other Event of Default.

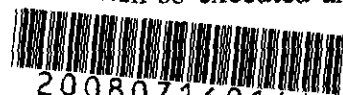
7.7 Effectiveness. This Assignment shall remain in full force and effect until (i) all of the Obligations shall have been indefeasibly paid in full in cash; (ii) Assignee shall have no further obligation to advance funds, or provide other financial accommodations, to or for the benefit of Assignor; and (iii) this Assignment shall have been terminated in writing by Assignee.

7.8 Disclaimer. Assignee shall not be liable for any claims, demands, losses or damages made, claimed or suffered by Assignor, except any which may be caused by Assignee's recklessness or willful misconduct.

7.9 Legal Expenses. In the event of any default under this Assignment, any of the Obligations or any guaranty of any of the Obligations, or in the event that any dispute arises relating to the interpretation, enforcement or performance of any of the foregoing, Assignee shall be entitled to collect from Assignor on demand all fees and expenses incurred in connection therewith, including but not limited to fees of attorneys, accountants, appraisers, environmental inspectors, consultants, expert witnesses, arbitrators, mediators and court reporters. Without limiting the generality of the foregoing, Assignor shall pay all such costs and expenses incurred in connection with: (a) arbitration or other alternative dispute resolution proceedings, trial court actions and appeals; (b) bankruptcy or other insolvency proceedings of Assignor, any guarantor or other party liable for any of the Obligations or any party having any interest in any security for any of the Obligations; (c) judicial or nonjudicial foreclosure on any security for any of the Obligations; (d) post-judgment collection proceedings; (e) all claims, counterclaims, cross-claims and defenses asserted in any of the foregoing whether or not they arise out of or are related to this Assignment; (f) all preparation for any of the foregoing; and (g) all settlement negotiations with respect to any of the foregoing.

7.10 Governing Law. This Assignment shall be governed by, and construed in accordance with the laws of the state of Washington without giving effect to their principles or provisions regarding conflicts of laws or choice of law.

7.11 Counterparts. This Assignment may be executed in any number of counterparts and by each party on a separate counterpart, each of which when so executed and



delivered shall be deemed an original and all of which taken together shall constitute but one and the same instrument.

7.12 Assignment. Assignee may assign the benefits of this Assignment, together with any or all of the Obligations secured by this Assignment, and, upon such assignment, the assignee or assignees shall be entitled to all the benefits of this Assignment and Assignor shall be obligated to the assignee or assignees for performance of Assignor's obligations under this Assignment. After such an assignment, Assignee shall have no liability for any actions or omissions of the assignee or assignees.

7.13 Notice. Assignor acknowledges receipt of the following notice:

**ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY,  
EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT  
OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.**

DATED as of the date first set forth above.

ASSIGNOR:

PRIVATE MORTGAGE INVESTMENTS, INC.

By: Jeff Langness

{Jeff Langness, President} of Private Mortgage Investments, Inc.

Address: PO Box 891

Burlington WA 98233

**CORPORATE ACKNOWLEDGEMENT**

STATE OF Washington )

)

) ss

COUNTY OF Skagit )

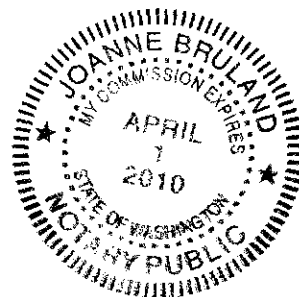
On this 16th day of July, 2008, before me, the undersigned Notary Public, personally appeared Jeff Langness, President of Private Mortgage Investments, Inc., and personally known to me or proved to me on the basis of satisfactory evidence to be an authorized agent of the corporation that executed this Collateral Assignment of Notes and Deeds of Trust and acknowledged the Collateral Assignment of Notes and Deeds of Trust to be the free and voluntary act and deed of the corporation, by authority of its Bylaws or by resolution of its board of directors, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this Collateral Assignment of Notes and Deeds of Trust and in fact executed the Collateral Assignment of Notes and Deeds of Trust on behalf of the corporation.

By Joanne Bruland

Residing at Burlington

Notary Public in and for the State of Washington

My commission expires 4/1/10



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## EXHIBIT A

### Description of Pledged Notes and Deeds of Trust

Promissory note and deed of trust executed by Larry L & Sherlinde L Prentice as the Grantor and Private Mortgage Investments, Inc. as the Beneficiary, dated 10/24/06 in the original amount of \$33,000.00 located at 400 Sapp Rd; Sedro-Woolley WA 98284. Legal description: ANKNEY HEIGHTS, LOT 13, TOGETHER WITH 50% UNDIVIDED INTEREST IN LOT A AKA PRIVATE ROADWAY., ACRES 0.70 Tax Parcel #: P118258. Assignment of Deed of Trust recording #: 200708200199.

Promissory note and deed of trust executed by John & Shannon Ellis as the Grantor and Private Mortgage Investments, Inc. as the Beneficiary, dated 3/7/03 in the original amount of \$15,000.00 located at 142-120 North Township St; Sedro-Woolley WA 98284. Legal Description: THYME SQUARE BINDING SITE PLAN, LOT 25, ACRES 0.72, AF#200511100117, BEING A PORTION OF THE NE1/4 NE1/4. (SWFC). EXCEPT ROAD RIGHT OF WAY TO CITY OF SEDRO WOOLLEY. Tax Parcel #: P123752. Assignment of Deed of Trust recording #: 200505310233.

Promissory note and deed of trust executed by Randy Click as the Grantor and Private Mortgage Investments, Inc. as the Beneficiary, dated 5/16/06 in the original amount of \$105,000.00 located at 2401 15<sup>th</sup> St; Anacortes WA 98221. Legal description: ANACORTES, ACRES 0.17, LOTS 1, 2 AND THE EAST 1/2 OF LOT 3, BLOCK 247, 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. SURVEY RECORDED UNDER AF#200605300167. Tax Parcel # P56410. Assignment of Deed of Trust recording #: 200607210176.



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## EXHIBIT B

### Principal Balances of Notes

Promissory note dated 10/24/06 in the original amount of \$33,000.00 secured by certain property located at 400 Sapp Rd; Sedro-Woolley WA 98284. Legal description: **ANKNEY HEIGHTS, LOT 13, TOGETHER WITH 50% UNDIVIDED INTEREST IN LOT A AKA PRIVATE ROADWAY., ACRES 0.70** Tax Parcel #: P118258.

Current balance as of 7/16/08: \$33,000.00

Promissory note dated 3/7/03 in the original amount of \$15,000.00 secured by certain property located at 142-120 North Township St; Sedro-Woolley WA 98284. Legal Description: **THYME SQUARE BINDING SITE PLAN, LOT 25, ACRES 0.72, AF#200511100117, BEING A PORTION OF THE NE1/4 NE1/4. (SWFC). EXCEPT ROAD RIGHT OF WAY TO CITY OF SEDRO WOOLLEY.** Tax Parcel #: P123752.

Current Balance as of 7/16/08: \$159,632.36

Promissory note dated 5/16/06 in the original amount of \$ 105,000.00 secured by certain property located at 2401 15<sup>th</sup> St; Anacortes WA 98221. Legal description: **ANACORTES, ACRES 0.17, LOTS 1, 2 AND THE EAST 1/2 OF LOT 3, BLOCK 247, 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. SURVEY RECORDED UNDER AF#200605300167.** Tax Parcel # P56410.

Current Balance as of 7/16/08: \$131,188.78



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Skagit County Auditor

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