

AFTER RECORDING MAIL TO:

ELM Funding, LLC
PO Box 53282
Bellevue, WA 98015



200807310058
Skagit County Auditor

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Filed for Record at Request of:

CHICAGO TITLE CO.

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DEED OF TRUST

(For use in the state of Washington only)

Grantor(s): Northwest Realty Investments, Inc.

Grantee(s): ELM Funding, LLC

Trustee: Chicago Title Company

Abbreviated Legal: Ptn. SW 18-36-5

Assessor's tax parcel/Account #: 360518-3-004-0003 (P51004)

Situs Address: 24417 Hathaway Road, Sedro-Woolley, WA 98284

THIS DEED OF TRUST, made this 10th day of July, 2008, between Northwest Realty Investments, Inc., GRANTOR, whose street address is 1404 Riverside Drive, Suite E, Mount Vernon, WA 98273, Chicago Title Company, TRUSTEE, whose street address is 425 Commercial Street, Mount Vernon, WA 98273, and ELM Funding, LLC, BENEFICIARY, whose street address is PO Box 53282, Bellevue, Washington 98015.

WITNESSETH: Grantor(s) hereby bargain(s), sell(s), and convey(s) to Trustee in trust, with power of sale, the following described real property in Skagit County, Washington:

See Exhibit "A" which is attached hereto

which real property is not used principally for agricultural purposes, together with all the tenements, hereditaments, and appurtenances now or hereafter belonging or in any way appertaining, and the rents, issues, and profits. of the property.

This Deed of Trust is for the purpose of securing performance of each agreement of Grantor(s) contained in this Deed of Trust, and payment of the sum of Seventy-Five-Thousand and No dollars (\$75,000.00) with interest, in accordance with the terms of a promissory note of even date herewith, payable to Beneficiary or order, and made by Grantor(s), and all renewals, modifications, and extensions of the note, and also such further sums as may be advanced or loaned by Beneficiary to Grantor(s), or any of the Grantor(s)' successors or assigns, together with interest thereon at the rate agreed upon.

DUE DATE: The entire balance of the promissory note secured by this Deed of Trust, together with any and all interest accrued thereon, shall be due and payable in full no later than January 15th, 2009.

To protect the security of this Deed of Trust, Grantor(s) covenant(s) and agree(s):

1. To keep the property in good condition and repair; to permit no waste of the property; to complete any building, structure, or improvement being built or about to be built on the property; to restore promptly any building, structure, or improvement on the property 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 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(s). The amount collected under any insurance policy may be applied upon any indebtedness secured by this Deed of Trust 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(s) 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 by this Deed of Trust and Trustee's and attorney's fees actually incurred, as provided by statute.

6. Should Grantor(s) fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances, or other charges against the property. Beneficiary may pay the same, and the amount so paid, with interest at the rate set forth in the note secured by this Deed of Trust, shall be added to and become a part of the debt secured in this Deed of Trust.

7. DUE ON SALE: The property described in this security instrument may not be sold or transferred without the Beneficiary's consent. Upon breach of this provision, Beneficiary may declare all sums due under the note and Deed of Trust immediately due and payable, unless prohibited by applicable law.

IT IS MUTUALLY AGREED THAT:

8. 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 by this Deed of Trust shall be paid to Beneficiary to be applied to said obligation.

9. By accepting payment of any sum secured by this Deed of Trust 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.

10. 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(s) and the Beneficiary, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.

11. Upon default by Grantor(s) in the payment of any indebtedness secured by this Deed of Trust or in the performance of any agreement contained in this Deed of Trust, all sums secured by this Deed of Trust shall immediately become due and payable at the option of the Beneficiary, subject to any cure period provided in the note secured by this Deed of Trust. 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; and (3) the surplus, if any, shall be distributed to the persons entitled thereto.

12. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser all right, title and interest in the real and personal property which Grantor(s) had or had the power to convey at the time of the execution of this Deed of Trust, and such as Grantor(s) 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 encumbrances for value.

13. 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.

14. In the event of the absence, death, incapacity, disability, or resignation of Trustee, or at the discretion of the Beneficiary, 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 an action or proceeding in which Grantor(s), Trustee, or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

15. This Deed of Trust applies to, inures to the benefit of, and is binding not only on the parties hereto, but on his/her/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.



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Skagit County Auditor

Dated: 7-16-08

Geoffrey H. Arthur
Geoffrey H. Arthur
Manager

Northwest Realty Investments, Inc.
Geoffrey H. Arthur

STATE OF Washington)
COUNTY OF King)-ss

I certify that I know or have satisfactory evidence that Geoffrey H. Arthur (is/~~are~~) the person(~~s~~) who appeared before me, and said person(~~s~~) acknowledged that (he/~~she/they~~) signed this instrument and acknowledged it to be (his/~~her/their~~) free and voluntary act for the uses and purposes mentioned in this instrument.

Dated: 7/16/2008

Kent W. Lester
Notary Public in and for the state of Washington
My appointment expires 8-19-12
Redmond, WA



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"

The South 1/3 of the Southeast quarter of the Southwest quarter, Section 18, Township 36 North, Range 5 East, W.M., lying East of the centerline of the Bonneville Power Administration Power Line Road which centerline is more particularly described as follows:

Beginning at a point on the East line of said Southwest quarter of Section 18, which point bears North 0°31'27" East a distance of 1,508.51 feet from the Southeast corner of said Southwest quarter which point is the centerline of Thompson's Gulch;
Thence South 62°59'21" West along the centerline of Thompson's Gulch, a distance of 75.39 feet;
Thence North 87°29'31" West 191.02 feet;
Thence North 70°43'40" West 307.83 feet, more or less, to an intersection of said centerline of Thompson's Gulch and the centerline of the Bonneville Power Administration Power Line Road;
Thence South 03'30" West along said Power Line Road a distance of 65 feet;
Thence continuing along the center of Power Line Road, South 04°45' West 200 feet;
Thence South 01° West 100 feet; South 08°15' West 200 feet; South 15°45' West 200 feet;
South 03°30' East 100 feet; South 23° East 120 feet; South 29°45' West 100 feet and South 10° West along centerline and said centerline produced to the South line of said Southwest quarter of Section 18;

EXCEPT the East 403 feet thereof;

ALSO EXCEPT County road right-of-way commonly known as Hathaway Road, along the South line thereof.

Situated in Skagit County, Washington

- END OF EXHIBIT "A" -

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