

When recorded return to:

George Wallace
10596 Pulver Rd
Burlington, WA 98233



201002030058

Skagit County Auditor

2/3/2010 Page

1 of

8 12:55PM

DEED OF TRUST

(For use in the state of Washington only)

THIS DEED OF TRUST, made this 2 day of February, 2010, between **Bob Cogdal, Billy Farrar, and Wayne Sligar, partners in FSC Enterprises, LLC, GRANTOR(S)**, whose street address is **21702 Lafayette Rd., Sedro Woolley, WA 98284, Land Title Company, TRUSTEE**, whose street address is **3010 Commercial Ave., Anacortes, WA 98221, and George Wallace, BENEFICIARY**, whose street address is **10596 Pulver Rd., Burlington, WA 98233.**

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:

Abbreviated Legal:

Section 22, Township 35, Range 1; Ptn. SW SW

Tax Parcel Number(s): **P58132, 3808-000-041-0108**

For Full Legal See Attached Exhibit "A"

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 **ONE HUNDRED FIFTY THOUSAND AND NO/100 Dollars (\$150,000.00)** 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 upon closing of sale of property.

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: (OPTIONAL – *Not applicable unless initialed by Grantor and Beneficiary*) 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.

Grantor (Initials)

Beneficiary (Initials)

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 encumbrancers 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.



16. ADDITIONAL TERMS AND CONDITIONS: (check one)

a. ☒ (X) NONE

OR

b. ☐ () As set forth on the attached "Exhibit A" which is incorporated by this reference.

(Note: If neither a nor b is checked, then option "a" applies)

Dated: 2-3-10

Bob Cogdal
Bob Cogdal

Billy Farrar
Billy Farrar

Wayne Sagar
Wayne Sagar

STATE OF Washington)
COUNTY OF Skagit) ss

I certify that I know or have satisfactory evidence that person who are listed above
(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: February 3rd, 2010

Rodney M. Cannon
Notary Public in and for the state of Washington
Residing at Sedro Woolley, WA
My appointment expires: 4-26-10

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"



Tax Parcel No: 3808-000-041-0108, P58132

Parcel A: The East 70 feet of Tract A, as measured along the South line, thereof, Norman & Wood's Subdivision, according to the Plat thereof, recorded in Volume 4 of Plats, Page 56, records of Skagit County, Washington; except the South 117 feet thereof. Situated in Skagit County, Washington.

Parcel B: A non-exclusive easement for road and utility purposes over and across that portion of the West 30 feet of the East 100 feet of Tract A (as measured along the South line thereof) lying North of the North line of the South 117 feet to said Tract A, Norman & Wood's Subdivision, according to the Plat thereof, recorded in Volume 4 of Plats, Page 56, records of Skagit County, Washington, as created by Instrument recorded March 6, 1973, under Auditor's File No. 781548, records of Skagit County, Washington. Situate in Skagit County, Washington.



PROMISSORY NOTE

\$150,000.00
Principal

2-3-10
Date

Burlington, WA
City, State

FOR VALUE RECEIVED, Bob Cogdal, Billy Farrar, and Wayne Sligar, partners in FSC Enterprises, LLC, "hereinafter Maker" promises to pay to George Wallace, hereinafter "Holder" or order at 10596 Pulver Rd., Burlington, WA 98233 or other such place as may be designated by the Holder from time to time, the principal sum of **ONE HUNDRED FIFTY THOUSAND AND NO/100** dollars (\$150,000.00), with interest thereon from 4th day of February, 2010, on the unpaid principal at the rate of **TEN** percent (10.000%) per annum as follows:

1. **INSTALLMENT PAYMENTS:** Maker shall pay, (check one)
 - a. ☒ **NO INSTALLMENTS.** No installment payments are required. See No. 19
 - b. ☐ **PRINCIPAL and INTEREST INSTALLMENTS**
 - c. ☐ **INTEREST ONLY PAYMENTS** on the outstanding principal balance.
2. **DUE DATE:** The entire balance of this Note together with any and all interest accrued thereon shall be due and payable in full upon the closing of the sale of this property, secured by Deed of Trust.
3. **DEFAULT INTEREST:** After maturity, or failure to make any payment, any unpaid principal shall accrue interest at the rate of percent (%) per annum (18% if not filled in) OR the maximum rate allowed by law, whichever is less, during such period of Maker's default under this Note.
4. **ALLOCATION OF PAYMENTS:** Each payment shall be credited first to any late charge due, second to interest, and the remainder to principal.
5. **PREPAYMENT:** Maker may prepay all or part of the balance owed under this Note at any time without penalty.
6. **CURRENCY:** All principal and interest payments shall be made in lawful money of the United States.
7. **LATE CHARGE:** If Holder receives any installment payment more that Fifteen days (15 days if not filled in) after its due date, then a late payment charge of \$, or percent (%) of the installment payment (5% of the installment payment if neither is filled in) shall be added to the scheduled payment.



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8. **DUE ON SALE: (OPTIONAL-** Not applicable unless initiated by Holder and Maker to this Note)

If this note is secured by a Deed of Trust or any other instrument securing repayment of this Note, the property described in such security instruments may not be sold or transferred without the Holder's consent. Upon breach of this provision, Holder may declare all sums due under this Note immediately due and payable, unless prohibited by applicable law.

Maker (Initials)

Holder (Initials)

9. **ACCELERATION:** If Maker fails to make any payment owed under this Note, or if Maker defaults under any Deed of Trust or any other instruments securing repayment of this Note, and such default is not within days (30 days if not filled in) after written notice of such default, then Holder may, at its option, declare all outstanding sums owed on this Note to be immediately due and payable, in additions to any other rights or remedies that Holder may have under the Deed of Trust or other instrument securing repayment of this Note.
10. **ATTORNEYS' FEES AND COSTS:** Maker shall pay all costs incurred by Holder in collecting sums due under this Note after a default, including reasonable attorneys' fees, whether or not suit is brought. If Maker or Holder sues to enforce this Note or obtain a declaration of its rights hereunder, the prevailing party in any such proceeding shall be entitled to recover its reasonable attorneys' fees and costs incurred in the proceeding (including those incurred in any bankruptcy proceeding or appeal) from the non-prevailing party.
11. **WAIVER OF PRESENTMENTS:** Maker waives presentment for payment, notice of dishonor, protest and notice of protest.
12. **NON-WAIVER:** No failure or delay by Holder in exercising Holder's rights under this Note shall be a waiver of such rights.
13. **SEVERABILITY:** If any clause or any other portion of this Note shall be determined to be void or unenforceable for any reason, such determination shall not affect the validity or enforceability of any other clause or portion of this Note, all of which shall remain in full force and effect.
14. **INTEGRATION:** There are no verbal or other agreements which modify or affect the terms of this Note. This Note may not be modified or amended except by written agreement signed by Maker and Holder.
15. **CONFLICTING TERMS:** In the event of any conflict between the terms of this Note and the terms of any Deed of Trust or other instruments securing payment of this Note, the terms of this Note shall prevail.
16. **EXECUTION:** Each Maker executes this Note as a principal and not as a surety. If there is more than on Maker, each such Maker shall be jointly and severally liable under this Note.
17. **COMMERCIAL PROPERTY: (OPTIONAL-**Not applicable unless initialed by Holder and Maker to this Note) Maker represents and warrants to Holder that the sums represented by this Note are being used for business, investment or commercial purposes, and not for personal, family or household purposes.

Maker (Initials)

Holder (Initials)

18. **DEFINITIONS:** The word Maker shall be construed interchangeably with the words Borrower or Payer and the word Holder shall be construed interchangeably with the words Lender or Payee. In this Note, singular and plural words shall be construed interchangeably as may be appropriate in the context and circumstances to which such words apply.
19. **ADDITIONAL TERMS AND CONDITIONS:** (check one)
- a. ☐ NONE
- b. ☒ As set forth on the attached "Exhibit A" which is incorporated by this reference.

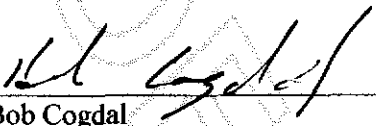
(Note: If neither a or b is checked, then option "a" applies)

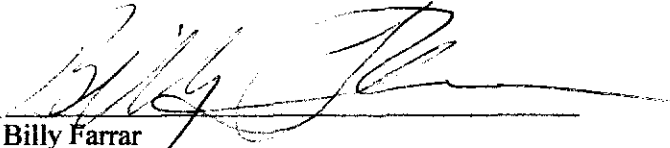


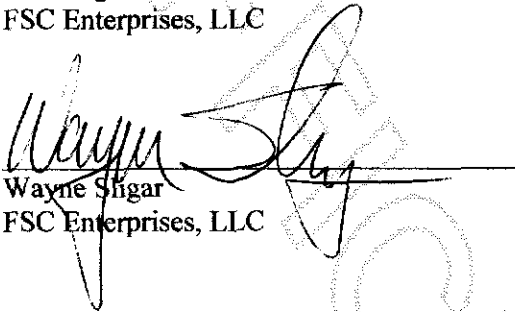
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20. THIS NOTE IS SECURED BY ☒ DEED OF TRUST ☐ MORTGAGE ☐ OF EVEN DATE

MAKER (signatures)


Bob Cogdal
FSC Enterprises, LLC


Billy Farrar
FSC Enterprises, LLC


Wayne Shigar
FSC Enterprises, LLC

Maker's address for all notices given by Holder under this Note:

21702 Lafayette Rd.
Sedro Woolley, WA 98284

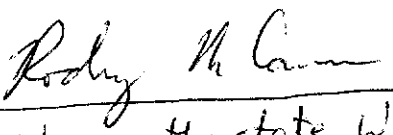
DO NOT DESTROY THIS NOTE

WHEN PAID this original Note together with the Deed of Trust securing the same, must be surrendered to the Trustee for cancellation and retention before any reconveyance can be processed.

state of Washington
County of Skagit

I certify that I know that the individuals above are the persons who signed this instrument on their free and voluntary will.

Dated: February 3rd, 2010


Rodney McCarum
Notary in the state Washington
Residing at Sedro Woolley, WA
My Appointment Expires: 4-26-10



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Exhibit "A"

ADDITIONAL TERMS AND CONDITIONS: Holder will also receive as payment, , **FIVE (5.000%)** of gain or profit from sale of property described in Deed of Trust, held as security, to be determined as follows:

Upon sale of property, basis of property will be established, taking into consideration initial cost, repairs and upgrades, labor, interest, insurance, utilities, etc. and will include sales costs (such as closing costs, commissions, taxes, appraisals, etc.) thereupon being deducted from the gross sales receipts establishing the gain or profit.



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