



201007070041

Skagit County Auditor

7/7/2010 Page 1 of 6 12:08PM

JONES & BUTLER, PS
Attorneys at Law
P.O. Box 458
10027 269th Place SR-532 NW
Stanwood, WA 98292

Type of Document: DEED OF TRUST

Grantor(s):

- 1. MICHAEL D. McCOY
- 2. TAMARA McCOY
- 3. MCHOLDINGS, LLC.

Grantee(s):

- 1. RICHARD J. McCOY
- 2. TAMARA McCOY

Legal Description (abbreviated): DK1: Martin & Bailey to Mt Vernon, Lots 7-10 Blk 1, and DK1: Martin & Bailey to Mt. Vernon W1/2 Lot 5 & all Lt 6 Blk 1.

Additional legal on page 1 of document.

Assessor's Tax Parcels No. P67353 and P67354

DEED OF TRUST

THIS DEED OF TRUST, made this 4th day of July, 2010, between

MICHAEL D. McCOY and TAMARA McCOY, husband and wife, and officers of MCHOLDINGS, LLC, GRANTORS, whose address is 16818 Lakeview Blvd., Mt. Vernon, WA 98274;

and CHICAGO TITLE COMPANY, TRUSTEE, whose address is P.O. Box 638, 425 Commercial Street, Mt. Vernon, WA 98273

and RICHARD J. McCOY and IDA T. McCOY, husband and wife, BENEFICIARIES, whose address is 16818 Lakeview Blvd, Mt. Vernon, WA 98274,

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

Lincoln Street Storage, more particularly described as: Martin & AMP;
Bailey to Mt. Vernon; Lots 7 to 10, Block 1, DK 1, Martin & AMP;
Bailey to Mt. Vernon W1/2 Lot 5 AMP; all Lot 6, Blk1.

which real property is not used principally 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 TWO HUNDRED TWENTY-FIVE THOUSAND Dollars (\$225,000.00) with interest, in accordance with the terms of a promissory note of even date herewith, payable to Beneficiary or order, and made by Grantor, 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; 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 the 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 proceedings purporting to affect the security hereof or the rights or powers of the Beneficiary or Trustee, and to put all costs and expenses, including cost of title search and attorney's fees in a reasonable amount, in any such action or proceeding, and

Deed of Trust - 2



in any suit brought by Beneficiary to foreclose this Deed of Trust.

5. To pay all costs, fees and expense in connection with this Deed of Trust, including the expenses of the Trustee incurred in enforcing the obligation secured hereby and Trustee's and attorney's 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 the 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 proceedings, 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 the 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 conclusive evidence thereof in favor of bona fide purchaser and encumbrances for value.

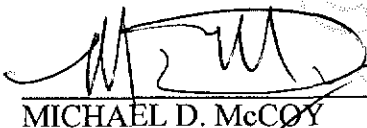
6. The power of sale conferred by this Deed of Trust and by the Deed of Trust Act of the state of Washington is not an exclusive remedy; Beneficiary may cause this Deed of Trust to



be foreclosed as a mortgage.

7. In the event of the death, incapacity, disability or resignation of the 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 part 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, insures to the benefit of, and is binding not only on the parties hereto, but on 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.

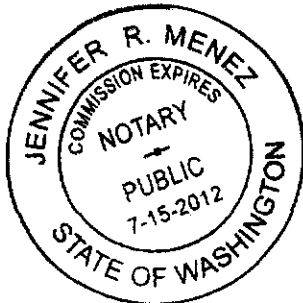

MICHAEL D. McCOY

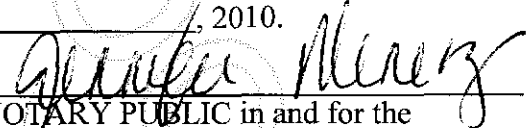

TAMARA McCOY

STATE OF WASHINGTON)
)ss:
COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that MICHAEL D. McCOY and TAMARA McCOY are the persons who appeared before me, and said persons acknowledged that they signed this instrument, on oath stated that they were authorized to execute the instrument and acknowledged it to be their free and voluntary act for the uses and purposes mentioned in the instrument.

Dated this 10th day of July, 2010.




NOTARY PUBLIC in and for the
State of Washington residing
at MT. Vernon
My commission expires: 7-15-2012



PROMISSORY NOTE

\$225,000.00

Stanwood, Washington

DATE: June 1, 2010

FOR VALUE RECEIVED, MICHAEL D. McCOY and TAMARA McCOY, husband and wife and officers of MCHOLDINGS, LLC, the undersigned Borrowers, promise to pay RICHARD J. McCOY and IDA T. McCOY husband and wife, or their order, the principal sum of TWO HUNDRED TWENTY-FIVE THOUSAND (\$225,000.00) DOLLARS with interest on the unpaid principal balance from the date of this Note at 6% per annum. Principal and interest shall be payable at 16818 Lakeview Blvd., Mt. Vernon, WA 98274 or such other place as the Note Holder may designate, in monthly installments of ONE THOUSAND ONE HUNDRED TWENTY FIVE (\$1,125.00) DOLLARS the first of each month beginning July 1, 2010.

This NOTE may be renegotiated at the option of both parties

If any annual installment under this Note is not paid when due and remains unpaid after a date specified by a Notice to borrower, the entire principal amount outstanding and accrued interest thereon shall at once become due and payable at the option of the Note Holder. The date specified shall not be less than six months from the date such notice is mailed. The Note Holder may exercise this option to accelerate during any default by Borrower regardless of any prior forbearance. If suit is brought to collect this Note, the Note holder shall be entitled to collect all reasonable costs and expenses of suit including, but not limited to reasonable attorney's fees.

Borrower shall pay to the Note Holder a late charge of 2% of any annual installment not received by the Note Holder within 30 days after the installment is due. Borrower may prepay the principal amount outstanding in whole or in part. The Note Holder may require that any partial prepayments (1) be made on the date the annual installments are due and (2) be in the amount of that part of one or more annual installments which would be applicable to the principal.

Any partial prepayment shall be applied against the principal amount outstanding and shall not postpone the due date unless the Note holder shall otherwise agree in writing.

NOTE/Page 1



201007070041

Skagit County Auditor

7/7/2010 Page

5 of

6 12:08PM

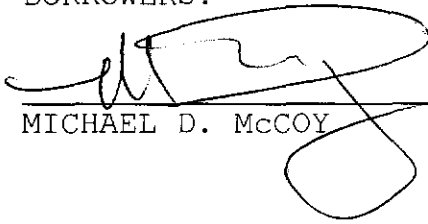
Presentment, notice of dishonor and protest are hereby waived by all makers, sureties, guarantors and endorsers thereof.

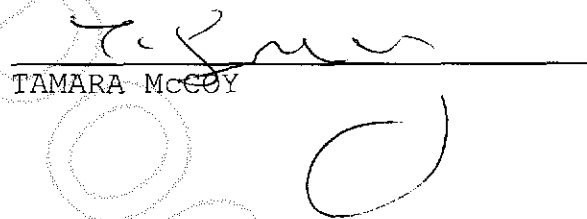
This Note shall be the joint and several obligation of all makers, sureties, guarantors, and endorsers, and shall be binding upon them and their successors and assigns.

Any notice to Borrower provided for in this Note shall be given by mailing such notice by certified mail addressed to Borrower at the address stated in paragraph one, or to such other address as Borrower may designate by notice to the Note holder. Any notice to the Note holder shall be given by mailing such notice by certified mail, return receipt requested, to the Note holder at the address stated in the first paragraph of this Note, or at such other address as may have been designated by Notice to Borrower. The indebtedness evidenced by this Note is secured by a Deed of Trust of even date, and reference is made to the Deed of Trust for rights as to the acceleration of the indebtedness evidenced by this Note.

June 1, 2010.

BORROWERS:


MICHAEL D. McCOY


TAMARA McCOY

NOTE - Page 2



201007070041
Skagit County Auditor

7/7/2010 Page

6 of

6 12:08PM