

Return Address:

Brewe Layman, Attorney at Law
A Professional Service Corporation
P.O. Box 488
Everett, WA 98206-0488

Grantor: Nels Strandberg
Beneficiary: Lisa Strandberg
Assessor's Tax Parcel Number: P55815



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DEED OF TRUST

(For Use in the State of Washington Only)

THIS DEED OF TRUST, made this 26th day of October, 2010, between NELS STRANDBERG, Grantor, whose address is P. O. Box 319, Anacortes, Washington 98221, Chicago Title Insurance Company, a corporation, Trustee, whose address is 3002 Colby Avenue, Suite 200, Everett, Washington, 98201 and LISA STRANDBERG, Beneficiary, whose address is 4504 Sea Otter Lane, Anacortes, Washington, 98221, WITNESSETH: Grantor hereby bargains, sells and conveys to Trustee in Trust, with power of sale, the following described real property in Skagit County, Washington:

LOTS 18, 19 & 20, BLOCK 126, MAP OF THE CITY OF ANACORTES, ACCORDING TO THE PLAT THEREOF, RECORDED IN VOLUME 2 OF PLATS, PAGE 4, RECORDS OF SKAGIT COUNTY, WASHINGTON;

TOGETHER WITH THE SOUTH HALF OF THE VACATED ALLEY IN BLOCK 126 ABUTTING SAID LOTS, LYING BETWEEN THE WEST LINE OF SAID LOT 18 AND THE EAST LINE OF LOT 20, EXTENDING TO THE CENTERLINE OF SAID ALLEY;

ALSO TOGETHER WITH THE NORTH HALF OF VACATED 18TH STREET ADJACENT TO SAID LOTS 18, 19, 20;

EXCEPT THOSE TWO PORTIONS CONVEYED TO THE ANACORTES SCHOOL DISTRICT DESCRIBED AS FOLLOWS:

1. THAT PORTION OF VACATED 18TH STREET WHICH BY OPERATION OF LAW REVERTED TO THE FOLLOWING DESCRIBED PORTION OF BLOCK 126 OF THE MAP OF THE CITY OF ANACORTES, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 2 OF PLATS, PAGE 4, RECORDS OF SKAGIT COUNTY, WASHINGTON.

BEGINNING AT A POINT 76.7 FEET WEST OF THE SOUTHEAST CORNER OF LOT 20 ALONG THE SOUTH PROPERTY LINE OF LOTS 20, 19 AND 18;
THENCE NORTHWEST FOR 18.8 FEET TO A POINT 13.3 FEET NORTH FROM THE SOUTHWEST CORNER OF LOT 18 ON THE WEST PROPERTY LINE OF SAID LOT 18;
THENCE SOUTH 13.3 FEET TO THE SOUTHWEST CORNER OF LOT 18;

THENCE EAST 13.3 FEET ALONG SOUTH PROPERTY LINE TO THE POINT OF BEGINNING.

2. COMMENCING AT A POINT ON THE SOUTH LINE OF LOT 18, BLOCK 126, MAP OF THE CITY OF ANACORTES, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 2 OF PLATS, PAGE 4, AT A POINT 76.7 FEET WEST OF THE SOUTHEAST CORNER OF BLOCK 126;

THENCE SOUTH PARALLEL TO THE SOUTHERLY EXTENSION OF THE WEST LINE OF LOT 18 FOR 16 FEET TO A POINT 24 FEET NORTH OF THE CENTERLINE OF VACATED 18TH STREET, THE TRUE POINT OF BEGINNING;

THENCE CONTINUING SOUTH ON A LINE PARALLEL WITH THE SOUTHERLY EXTENSION OF THE WEST LINE OF SAID LOT 18 FOR 24 FEET TO AN INTERSECTION WITH THE CENTERLINE OF VACATED 18TH STREET;

THENCE EASTERLY ALONG SAID CENTERLINE FOR 24 FEET;

THENCE NORTHWESTERLY TO THE POINT OF BEGINNING.

SITUATED IN SKAGIT COUNTY, WASHINGTON.

The Real Property or its address is commonly known as: 1716 K Avenue, Anacortes, WA 98221.

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 a certain Promissory Note in favor of Beneficiary in the sum of Two Hundred Fifty Thousand and No/100 Dollars (\$250,000.00) 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 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. 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



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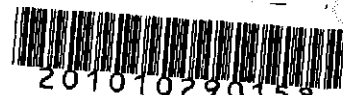
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force shall pass to the purchaser at the foreclosure sale.

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 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 this 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 proceeding, 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 this 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 compliance and conclusive evidence thereof in favor of bona fide purchaser and encumbrancers 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 foreclosed as a mortgage.



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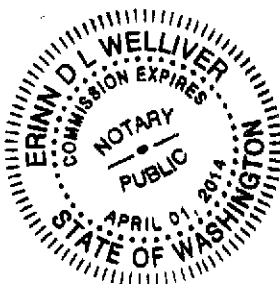
7. In the event of the death, incapacity, disability or resignation of Trustee, Beneficiary may appoint in writing a successor trustee, and upon the recording of such appointment in the mortgage records of the county in which this deed of Trust is recorded, the successor trustee shall be vested with 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.
8. This Deed of Trust applies to, inures 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.
9. Grantor and Beneficiary covenant and agree that so long as this agreement is in effect, Grantor and Beneficiary will agree to the following release provision upon sale of collateral: Net proceeds from the sale of property shall be first applied to lender holding First Deed of Trust per the terms of the lender agreement. Remaining net proceeds shall then be applied to the outstanding principle balance of note due beneficiary. If Grantor complies with the release provision, and otherwise performs all of the obligations imposed under this Deed of Trust, the Beneficiary shall deliver to Trustee a request for full reconveyance.

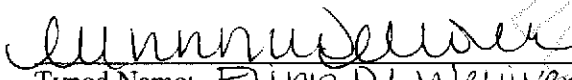

Nels Strandberg, Grantor
Individually and as Managing Member of
Spinnaker Cove, LLC

State of Washington)
) ss
County of Skagit)

I certify that I know or have satisfactory evidence that Nels Strandberg is the person who appeared before me, individually and as Managing Member of Spinnaker Cove, LLC, and said person acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in this instrument.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this 26 day of October, 2010.




Typed Name: Erinn D.L. Welliver
NOTARY PUBLIC in and for the State of Washington,
residing at PO Box 931 Anacortes
Appt. Exp.: 4/1/2014



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REQUEST FOR FULL RECONVEYANCE

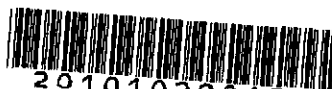
Do not record. To be used only when note has been paid.

TO: TRUSTEE

The undersigned is the legal owner and holder of the note and all 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: _____, 2010.

Lisa Strandberg, Beneficiary



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