

AFTER RECORDING RETURN TO:
First Federal Savings and Loan Assn of Port Angeles
105 W 8th St/PO Box 351
PORT ANGELES, WA 98362



3/2/2011 Page 1 of 9 1:40PM
Skagit County Auditor

CHICAGO TITLE
620012243

(Space Above This Line For Recording Data)

COMMERCIAL DEED OF TRUST

FUTURE ADVANCES AND FUTURE OBLIGATIONS ARE SECURED BY THIS REAL ESTATE DEED OF TRUST

This COMMERCIAL REAL ESTATE DEED OF TRUST ("Security Instrument") is made on **February 11, 2011** by the grantor(s) **Mount Vernon Plaza Associates LLC**, a Washington Limited Liability Company, whose address is **650 S Orcas St Suite 210, Seattle, Washington 98108** ("Grantor"). The trustee is **Chicago Title Company** whose address is **PO Box 638, Mount Vernon, Washington 98273** ("Trustee"). The beneficiary is **First Federal Savings and Loan Assn of Port Angeles** whose address is **141 West First Street, PORT ANGELES, Washington 98362** ("Lender"), which is organized and existing under the laws of the United States of America. Grantor in consideration of loans extended by Lender up to a maximum principal amount of **Two Million and 00/100 Dollars (\$2,000,000.00)** ("Maximum Principal Indebtedness"), and for other valuable consideration, the receipt of which is acknowledged, irrevocably grants, conveys and assigns to Trustee, in trust, with power of sale, the following described property located in the **County of Skagit, State of Washington**:

Address: **414 - 526 College Way, Mount Vernon, Washington 98273**

Legal Description: **Abbreviated legal: PTN NW SW 17-34-04**

Parcel Numbers: **P25673, P25677, P25678, 340417-0-077-0005, 340417-0-079-0003 and 340417-0-080-0000**

PARCEL "B":

That portion of the North ½ of the Northwest ¼ of the Southwest ¼ of Section 17, Township 34 North, Range 4 East,

W.M., described as follows:

Beginning at a point on the East side of the State Highway, 450 feet North of the South line of said subdivision;

thence South along the East line of said highway, 115 feet;

thence East parallel to the South line of said subdivision, 211 feet;

thence North to a point 211 feet East of the point of beginning and 450 feet North of the South line of said subdivision;

thence West to the point of beginning.

EXCEPT that portion of road right-of-way awarded to City of Mount Vernon under Skagit County Superior Court No.

08-2-00768-8.

Situate in the County of Skagit, State of Washington.

PARCEL "C":

That portion of the North 1/2 of the Northwest 1/4 of the Southwest 1/4, Section 17, Township 34 North, Range 4 East,

W.M., described as follows:

Beginning at a point on the South line A.W. Furber Road (now called College Way) at its intersection with the West line of

the Pacific Northwest Traction Company's former right-of-way;

thence West along the South line of said road 262.33 feet;

thence South 190 feet, more or less, to a point 450 feet North of the South line of said subdivision;

thence East parallel with the South line of said road to the Westerly line of said Pacific Northwest Traction Company's

former right-of-way;

thence Northerly along the Westerly line of said right-of-way to the point of beginning;

EXCEPT the North 10 feet conveyed to the City of Mount Vernon by Deed recorded under Auditor's File No. 816621

ALSO EXCEPT that portion conveyed to the City of Mount Vernon by deed dated March 26, 2008 and recorded under

Auditor's File No. 200804150169, records of Skagit County, Washington.

Situate in Skagit County, Washington

PARCEL "D":

Those portions of the North 1/2 of the Northwest 1/4 of the Southwest 1/4, Section 17, Township 34 North, Range 4 East,

W.M., described as follows:

The North 115 feet of the South 450 feet of the that portion of said North 1/2 of the Northwest 1/4 of the Southwest 1/4 of

Section 17, lying Westerly of the Pacific Northwest Traction Company's right of way and East of the Pacific Highway;

EXCEPT the West 211 feet of that portion of said premises lying East of the Pacific Highway.

Situate in Skagit County, Washington

Parcel ID/Sidwell Number: P25673, P25677, P25678, 340417-0-077-0005, 340417-0-079-0003 and 340417-0-080-0000

Together with all easements, appurtenances abutting streets and alleys, improvements, buildings, fixtures, tenements, hereditaments, equipment, rents, income, profits and royalties, personal goods of whatever description and all other rights and privileges including all minerals, oil, gas, water (whether groundwater, subterranean or otherwise), water rights (whether riparian, appropriate or otherwise, and whether or not appurtenant to the above-described real property), wells, well permits, ditches, ditch rights, reservoirs, reservoir rights, reservoir sites, storage rights, dams and water stock that may now, or at any time in the future, be located on and/or used in connection with the above-described real property, payment awards, amounts received from eminent domain, amounts received from any and all insurance payments, and timber which may now or later be located, situated, or affixed on and used in connection therewith (hereinafter called the "Property").

RELATED DOCUMENTS. The words "Related Documents" mean all promissory notes, security agreements, prior mortgages, prior deeds of trust, business loan agreements, construction loan agreements, resolutions, guaranties, environmental agreements, subordination agreements, assignments of leases and rents and any other documents or agreements executed in connection with this Security Instrument whether now or hereafter existing. The Related Documents are hereby made a part of this Security Instrument by reference thereto, with the same force and effect as if fully set forth herein.

INDEBTEDNESS. This Security Instrument secures the principal amount shown above as may be evidenced by a promissory note or notes of even, prior or subsequent date hereto, including future advances and every other indebtedness of any and every kind now or hereafter owing from Grantor to Lender, howsoever created or arising, whether primary, secondary or contingent, together with any interest or charges provided in or arising out of such indebtedness, as well as the agreements and covenants of this Security Instrument and all Related Documents (hereinafter all referred to as the "Indebtedness").



201103020053

Skagit County Auditor

MATURITY DATE. The Indebtedness, if not paid earlier, shall be due and payable on **February 12, 2013**.

FUTURE ADVANCES. To the extent permitted by law, this Security Instrument will secure future advances as if such advances were made on the date of this Security Instrument regardless of the fact that from time to time there may be no balance due under the note and regardless of whether Lender is obligated to make such future advances.

CROSS COLLATERALIZATION. It is the expressed intent of Grantor to cross collateralize all of its Indebtedness and obligations to Lender, howsoever arising and whensoever incurred.

WARRANTIES. Grantor, for itself, its heirs, personal representatives, successors, and assigns, represents, warrants, covenants and agrees with Lender, its successors and assigns, as follows:

Performance of Obligations. Grantor promises to perform all terms, conditions, and covenants of this Security Instrument and Related Documents in accordance with the terms contained therein.

Defense and Title to Property. At the time of execution and delivery of this instrument, Grantor is lawfully seized of the estate hereby conveyed and has the exclusive right to mortgage, grant, convey and assign the Property. Grantor covenants that the Property is unencumbered and free of all liens, except for encumbrances of record acceptable to Lender. Further, Grantor covenants that Grantor will warrant and defend generally the title to the Property against any and all claims and demands whatsoever, subject to the easements, restrictions, or other encumbrances of record acceptable to Lender, as may be listed in the schedule of exceptions to coverage in any abstract of title or title insurance policy insuring Lender's interest in the Property.

Condition of Property. Grantor promises at all times to preserve and to maintain the Property and every part thereof in good repair, working order, and condition and will from time to time, make all needful and proper repairs so that the value of the Property shall not in any way be impaired.

Removal of any Part of the Property. Grantor promises not to remove any part of the Property from its present location, except for replacement, maintenance and relocation in the ordinary course of business.

Alterations to the Property. Grantor promises to abstain from the commission of any waste on the Property. Further, Grantor shall make no material alterations, additions or improvements of any type whatever to the Property, regardless of whether such alterations, additions or improvements would increase the value of the Property, nor permit anyone to do so except for tenant improvements and completion of items pursuant to approved plans and specifications, without Lender's prior written consent, which consent may be withheld by Lender in its sole discretion. Grantor will comply with all laws and regulations of all public authorities having jurisdiction over the premises relating to the use, occupancy and maintenance thereof and shall upon request promptly submit to Lender evidence of such compliance.

Due on Sale - Lender's Consent. Grantor shall not sell, further encumber or otherwise dispose of, except as herein provided, any or all of its interest in any part of or all of the Property without first obtaining the written consent of Lender. If any encumbrance, lien, transfer or sale or agreement for these is created, Lender may declare immediately due and payable, the entire balance of the Indebtedness.

Insurance. Grantor promises to keep the Property insured against such risks and in such form as may within the sole discretion of Lender be acceptable, causing Lender to be named as loss payee or if requested by Lender, as mortgagee. The insurance company shall be chosen by Grantor subject to Lender's approval, which shall not be unreasonably withheld. All insurance policies must provide that Lender will get a minimum of 10 days notice prior to cancellation. At Lender's discretion, Grantor may be required to produce receipts of paid premiums and renewal policies. If Grantor fails to obtain the required coverage, Lender may do so at Grantor's expense. Grantor hereby directs each and every insurer of the Property to make payment of loss to Lender with the proceeds to be applied, only at Lender's option, to the repair and replacement of the damage or loss or to be applied to the Indebtedness with the surplus, if any, to be paid by Lender to Grantor.



201103020053
Skagit County Auditor

Payment of Taxes and Other Applicable Charges. Grantor promises to pay and to discharge liens, encumbrances, taxes, assessments, lease payments and any other charges relating to the Property when levied or assessed against Grantor or the Property.

Environmental Laws and Hazardous or Toxic Materials. Grantor and every tenant have been, are presently and shall continue to be in strict compliance with any applicable local, state and federal environmental laws and regulations. Further, neither Grantor nor any tenant shall manufacture, store, handle, discharge or dispose of hazardous or toxic materials as may be defined by any state or federal law on the Property, except to the extent the existence of such materials has been presently disclosed in writing to Lender. Grantor will immediately notify Lender in writing of any assertion or claim made by any party as to the possible violation of applicable state and federal environmental laws including the location of any hazardous or toxic materials on or about the Property. Grantor indemnifies and holds Lender harmless from any liability or expense of whatsoever nature incurred directly or indirectly as a result of Grantor's violation of applicable local, state and federal environmental laws and regulations or Grantor's involvement with hazardous or toxic materials.

Financial Information. Grantor agrees to supply Lender such financial and other information concerning its affairs and the status of any of its assets as Lender, from time to time, may reasonably request. Grantor further agrees to permit Lender to verify accounts as well as to inspect, copy and to examine the books, records and files of Grantor.

Lender's Right to Enter. Lender or Lender's agents shall have the right and access to inspect the Property at all reasonable times in order to attend to Lender's interests and ensure compliance with the terms of this Security Instrument. If the Property, or any part thereof, shall require inspection, repair or maintenance which Grantor has failed to provide, Lender, after reasonable notice, may enter upon the Property to effect such obligation; and the cost thereof shall be added to the Indebtedness and paid on Lender's demand by Grantor.

ASSIGNMENT OF LEASES AND RENTS. As additional security for the payment of the Indebtedness and the performance of the covenants contained herein, Grantor hereby assigns and transfers over to Lender all rents, income and profits ("Rents") under any present or future leases, subleases or licenses of the Property, including any guaranties, extensions, amendments or renewals thereof, from the use of the Property. So long as Grantor is not in default, Grantor may receive, collect and enjoy all Rents accruing from the Property, but not more than one month in advance of the due date. Lender may also require Grantor, tenant and any other user of the Property to make payments of Rents directly to Lender. However, by receiving any such payments, Lender is not, and shall not be considered, an agent for any party or entity. Any amounts collected may, at Lender's sole discretion, be applied to protect Lender's interest in the Property, including but not limited to the payment of taxes and insurance premiums and to the Indebtedness. At Lender's sole discretion, all leases, subleases and licenses must first be approved by Lender.

CONDEMNATION. Grantor shall give Lender notice of any action taken or threatened to be taken by private or public entities to appropriate the Property or any part thereof, through condemnation, eminent domain or any other action. Further, Lender shall be permitted to participate or intervene in any of the above described proceedings in any manner it shall at its sole discretion determine. Lender is hereby given full power, right and authority to receive and receipt for any and all damages awarded as a result of the full or partial taking or appropriation and in its sole discretion, to apply said awards to the Indebtedness, whether or not then due or otherwise in accordance with applicable law. Unless Lender otherwise agrees in writing, any application of proceeds to the Indebtedness shall not extend or postpone the due date of the payments due under the Indebtedness or change the amount of such payments.

GRANTOR'S ASSURANCES. At any time, upon a request of Lender, Grantor will execute and deliver to Lender, and if appropriate, cause to be recorded, such further mortgages, assignments, assignments of leases and rents, security agreements, pledges, financing statements, or such other document as Lender may require, in



201103020053
Skagit County Auditor

Lender's sole discretion, to effectuate, complete and to perfect as well as to continue to preserve the Indebtedness, or the lien or security interest created by this Security Instrument.

ATTORNEY-IN-FACT. Grantor appoints Lender as attorney-in-fact on behalf of Grantor. If Grantor fails to fulfill any of Grantor's obligations under this Security Instrument or any Related Documents, including those obligations mentioned in the preceding paragraph, Lender as attorney-in-fact may fulfill the obligations without notice to Grantor. This power of attorney shall not be affected by the disability of the Grantor.

EVENTS OF DEFAULT. The following events shall constitute default under this Security Instrument (each an "Event of Default"):

- (a) Failure to make required payments when due under Indebtedness;
- (b) Failure to perform or keep any of the covenants of this Security Instrument or a default under any of the Related Documents;
- (c) The making of any oral or written statement or assertion to Lender that is false or misleading in any material respect by Grantor or any person obligated on the Indebtedness;
- (d) The death, dissolution, insolvency, bankruptcy or receivership proceeding of Grantor or of any person or entity obligated on the Indebtedness;
- (e) Any assignment by Grantor for the benefit of Grantor's creditors;
- (f) A material adverse change occurs in the financial condition, ownership or management of Grantor or any person obligated on the Indebtedness; or
- (g) Lender deems itself insecure for any reason whatsoever.

REMEDIES ON DEFAULT. Upon the occurrence of an Event of Default, Lender may, without demand or notice, pay any or all taxes, assessments, premiums, and liens required to be paid by Grantor, effect any insurance provided for herein, make such repairs, cause the abstracts of title or title insurance policy and tax histories of the Property to be certified to date, or procure new abstracts of title or title insurance and tax histories in case none were furnished to it, and procure title reports covering the Property, including surveys. The amounts paid for any such purposes will be added to the Indebtedness and will bear interest at the rate of interest otherwise accruing on the Indebtedness until paid. In the event of foreclosure, the abstracts of title or title insurance shall become the property of Lender. All abstracts of title, title insurance, tax histories, surveys, and other documents pertaining to the Indebtedness will remain in Lender's possession until the Indebtedness is paid in full.

IN THE EVENT OF THE SALE OF THIS PROPERTY UNDER THE PROCEDURE FOR FORECLOSURE OF A SECURITY INSTRUMENT BY ADVERTISEMENT, AS PROVIDED BY APPLICABLE LAW, OR IN THE EVENT LENDER EXERCISES ITS RIGHTS UNDER THE ASSIGNMENT OF LEASES AND RENTS, THE GRANTOR HEREBY WAIVES ANY RIGHT TO ANY NOTICE OTHER THAN THAT PROVIDED FOR SPECIFICALLY BY STATUTE, OR TO ANY JUDICIAL HEARING PRIOR TO SUCH SALE OR OTHER EXERCISE OF RIGHTS.

Upon the occurrence of an Event of Default, Lender may, without notice unless required by law, and at its option, declare the entire Indebtedness due and payable, as it may elect, regardless of the date or dates of maturity thereof. If Lender invokes the power of sale, Lender shall give written notice to Trustee of the occurrence of an Event of Default and of Lender's election to cause the Property to be sold. Trustee and Lender shall give such notices as the laws of Washington prescribe, and after the lapse of such time as may be required by applicable law, Trustee shall sell the Property according to the laws of Washington. Trustee may sell the Property at the time and place and under the terms designated in the notice of sale in one or more parcels and in such order as Trustee may determine. Trustee may postpone sale of all or any parcel of the Property for a period or periods not exceeding a total of 30 days by public announcement at the time and place fixed in the notice of sale. Lender or Lender's designee may purchase the Property at any sale.

NO WAIVER. No delay or failure of Lender to exercise any right, remedy, power or privilege hereunder shall affect that right, remedy, power or privilege nor shall any single or partial exercise thereof preclude the exercise of any right, remedy, power or privilege. No Lender delay or failure to demand strict adherence to the terms of this Security Instrument shall be deemed to constitute a course of conduct inconsistent with Lender's right at any time,



201103020053

Skagit County Auditor

before or after an event of default, to demand strict adherence to the terms of this Security Instrument and the Related Documents.

SUBSTITUTE TRUSTEE. In accordance with applicable law, Lender may from time to time appoint a successor trustee to any Trustee appointed hereunder who has ceased to act. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by applicable law.

JOINT AND SEVERAL LIABILITY. If this Security Instrument should be signed by more than one person, all persons executing this Security Instrument agree that they shall be jointly and severally bound, where permitted by law.

SURVIVAL. Lender's rights in this Security Instrument will continue in its successors and assigns. This Security Instrument is binding on all heirs, executors, administrators, assigns and successors of Grantor.

NOTICES AND WAIVER OF NOTICE. Unless otherwise required by applicable law, any notice or demand given by Lender to any party is considered effective when it is deposited in the United States Mail with the appropriate postage, mailed to the address of the party given at the beginning of this Security Instrument unless an alternative address has been provided to Lender in writing. To the extent permitted by law, Grantor waives notice of Lender's acceptance of this Security Instrument, defenses based on suretyship, any defense arising from any election by Lender under the United States Bankruptcy Code, Uniform Commercial Code, as enacted in the state where Lender is located or other applicable law or in equity, demand, notice of acceleration, notice of nonpayment, presentment, protest, notice of dishonor and any other notice.

TO THE EXTENT PERMITTED BY LAW, GRANTOR WAIVES ANY RIGHT TO NOTICE, OTHER THAN THE NOTICE PROVIDED ABOVE, AND WAIVES ANY RIGHT TO ANY HEARING, JUDICIAL OR OTHERWISE, PRIOR TO LENDER EXERCISING ITS RIGHTS UNDER THIS SECURITY INSTRUMENT.

USAGE. The Property is not used principally for agricultural or farming purposes.

WAIVER OF APPRAISEMENT RIGHTS. Grantor waives all appraisement rights relating to the Property to the extent permitted by law.

LENDER'S EXPENSES. Grantor agrees to pay all expenses incurred by Lender in connection with enforcement of its rights under the Indebtedness, this Security Instrument or in the event Lender is made party to any litigation because of the existence of the Indebtedness or this Security Instrument, as well as court costs, collection charges and reasonable attorneys' fees and disbursements.

ASSIGNABILITY. Lender may assign or otherwise transfer this Security Instrument or any of Lender's rights under this Security Instrument without notice to Grantor. Grantor may not assign this Security Instrument or any part of the Security Instrument without the express written consent of Lender.

GOVERNING LAW. This Security Instrument will be governed by the laws of the State of Washington including all proceedings arising from this Security Instrument.

SEVERABILITY. If a court of competent jurisdiction determines any term or provision of this Security Instrument is invalid or prohibited by applicable law, that term or provision will be ineffective to the extent required. Any term or provision that has been determined to be invalid or prohibited will be severed from the rest of the Security Instrument without invalidating the remainder of either the affected provision or this Security Instrument.

ORAL AGREEMENTS DISCLAIMER. 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.



By signing this Security Instrument, each Grantor acknowledges that all provisions have been read and understood. Signed and sealed by Grantor(s):

Mount Vernon Plaza Associates LLC

By: Ruth Genauer Date
Its: Member

[Signature] 2/15/11
By: Eli Genauer Date
Its: Managing Member

BUSINESS ACKNOWLEDGMENT

STATE OF WASHINGTON)
)
COUNTY OF)

On this the _____, before me, _____, a _____, personally appeared **Ruth Genauer, Member and Eli Genauer, Managing Member** on behalf of **Mount Vernon Plaza Associates LLC**, a Washington Limited Liability Company, to me personally known or who having proven to me on the basis of satisfactory evidence to be the persons whose names are subscribed within this instrument and who acknowledged that they hold the positions set forth and that they are being authorized to do so, executed the foregoing instrument for the purpose therein contained, by signing the name of the Limited Liability Company by themselves as **Member and Managing Member of Mount Vernon Plaza Associates LLC**, and that the foregoing instrument is the voluntary act and deed of the Limited Liability Company.

In witness whereof, I hereunto set my hand and, if applicable, official seal.

My commission expires:

_____, in and for the state of
Washington, residing at

Identification Number

(Official Seal)

THIS INSTRUMENT PREPARED BY:
First Federal Savings and Loan Assn of Port Angeles
105 W 8th St/PO Box 351
PORT ANGELES, WA 98362



201103020053
Skagit County Auditor

By signing this Security Instrument, each Grantor acknowledges that all provisions have been read and understood. Signed and sealed by Grantor(s):

Mount Vernon Plaza Associates LLC

Ruth Genauer

By: **Ruth Genauer** Date **2/15/11**
Its: **Member**

By: **Eli Genauer** Date
Its: **Managing Member**

BUSINESS ACKNOWLEDGMENT

STATE OF WASHINGTON)
COUNTY OF)

On this the _____, before me, _____, personally appeared **Ruth Genauer, Member** and **Eli Genauer, Managing Member** on behalf of **Mount Vernon Plaza Associates LLC**, a Washington Limited Liability Company, to me personally known or who having proven to me on the basis of satisfactory evidence to be the persons whose names are subscribed within this instrument and who acknowledged that they hold the positions set forth and that they are being authorized to do so, executed the foregoing instrument for the purpose therein contained, by signing the name of the Limited Liability Company by themselves as **Member** and **Managing Member** of **Mount Vernon Plaza Associates LLC**, and that the foregoing instrument is the voluntary act and deed of the Limited Liability Company.

In witness whereof, I hereunto set my hand and, if applicable, official seal.

My commission expires:

_____, in and for the state of Washington, residing at _____

Identification Number _____

(Official Seal)

THIS INSTRUMENT PREPARED BY:
First Federal Savings and Loan Assn of Port Angeles
105 W 8th St/PO Box 351
PORT ANGELES, WA 98362



201103020053
Skagit County Auditor

By signing this Security Instrument, each Grantor acknowledges that all provisions have been read and understood. Signed and sealed by Grantor(s):

Mount Vernon Plaza Associates LLC

By: Ruth Genauer Date
Its: Member

By: Eli Genauer Date
Its: Managing Member

BUSINESS ACKNOWLEDGMENT

STATE OF WASHINGTON)
COUNTY OF King)

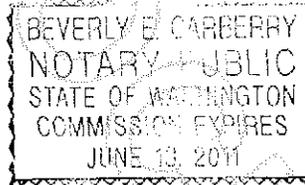
On this the 15th of February, 2011, before me, , a , personally appeared Ruth Genauer, Member and Eli Genauer, Managing Member on behalf of Mount Vernon Plaza Associates LLC, a Washington Limited Liability Company, to me personally known or who having proven to me on the basis of satisfactory evidence to be the persons whose names are subscribed within this instrument and who acknowledged that they hold the positions set forth and that they are being authorized to do so, executed the foregoing instrument for the purpose therein contained, by signing the name of the Limited Liability Company by themselves as Member and Managing Member of Mount Vernon Plaza Associates LLC, and that the foregoing instrument is the voluntary act and deed of the Limited Liability Company.

In witness whereof, I hereunto set my hand and, if applicable, official seal.

My commission expires:

6-13-11, in and for the state of WA
Washington, residing at Woodenville

Beverly E. Carberry
Identification Number



(Official Seal)

THIS INSTRUMENT PREPARED BY:
First Federal Savings and Loan Assn of Port
Angeles
105 W 8th St/PO Box 351
PORT ANGELES, WA 98362



201103020053
Skagit County Auditor