

Filed for Record at the Request of:

West Law Offices P.S.
332 1st St NE
Auburn, WA 98002



201108040073

Skagit County Auditor

8/4/2011 Page 1 of 5 3:57PM

DEED OF TRUST

Grantor(s): North Counties, LLC
Grantee(s): William Sundby and Cheryl Sundby
Robert Hollis and Tara Hollis
Legal Description: Ptn. NE ¼ of Sec. 6-T34N-R4E
Tax Parcel No(s): P23814; 340406-1-016-0000

THIS DEED OF TRUST, made this 15th day of July, 2011, by and between the Grantor: **NORTH COUNTIES, LLC**, a Washington limited liability company, whose address is 485 Andis Road, Burlington, WA 98233; Trustee: **PACIFIC NORTHWEST TITLE COMPANY OF WASHINGTON**, whose address is 1201 Third Avenue, Suite 3800, Seattle, WA 98101; and Beneficiary (collectively): **WILLIAM SUNDBY** and **CHERYL SUNDBY**, husband and wife, whose address is 11306 62nd Avenue East, Puyallup, WA 98373, and **ROBERT HOLLIS** and **TARA HOLLIS**, whose address(es) will be provided at a later date.

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

The West 100 feet of the South ½ of the North ½ of the Southeast ¼ of the Northeast ¼ AND the East 8 feet of the South ½ of the North ½ of the Southwest ¼ of the Northeast ¼ of Section 6, Township 34 North, Range 4 East, W.M., EXCEPT road along the South line thereof, AND EXCEPT that portion condemned by the State of Washington by Judgment and Decree of Appropriation entered February 5, 1973, in Skagit County Superior Court Cause No. 33010.

Tax Parcel Number(s): P23814, 340406-1-016-0000

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

DEED OF TRUST

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This Deed of Trust is for the purpose of securing performance of each agreement of Grantor(s) incorporated by reference or contained herein, including payment of \$300,000.00 of the \$1,000,000.00 Promissory Note, executed on an even date herewith.

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. The insurance policy shall name Beneficiary as an additional insured. Grantor shall provide a certificate of title insurance or other satisfactory proof of insurance to Beneficiary. Such insurance shall 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 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 Promissory Note secured hereby, shall be added to and become a part of the debt secured by 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 thereof 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 or its authorized agent 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 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 purchasers and encumbrances for value.

6. The obligation owed under the Promissory Note secured by this Deed of Trust shall be paid in full upon sale of the property by Grantor.

7. 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.

8. In the event of the death, incapacity, disability or resignation of Trustee, Beneficiary shall 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.

9. Should Beneficiary retain the services of an attorney to enforce any provision herein the prevailing party shall be obligated to pay the attorneys' fees and costs incurred therein.

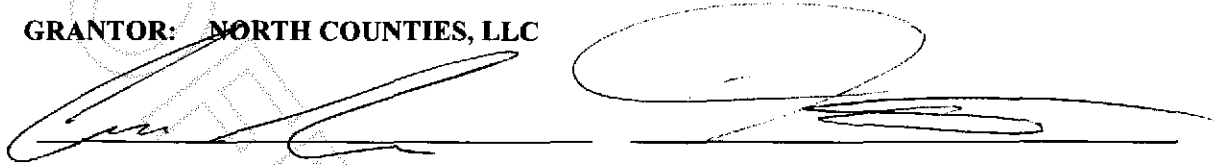
10. This Deed of Trust applies to, insures to the benefit of, and is binding not only on the parties hereto, but on their heirs, devisees, legatees, administrators, executors, successors and assigns. The term "Beneficiary" shall collectively mean WILLIAM SUNDBY AND CHERYL SUNDBY and ROBERT HOLLIS AND TARA HOLLIS, or their successors or assignees.



11. Deed of Trust Rider. The attached Rider is made a part hereof and is incorporated herein.

12. Restated Finance Agreement. The attached Restated Finance Agreement is made a part hereof and is incorporated herein.

GRANTOR: **NORTH COUNTIES, LLC**



STATE OF WASHINGTON

COUNTY OF Skagit

ss.

I certify that I know or have satisfactory evidence that CURTIS M. GRUBER and DAVID A. ORTH are the persons who appeared before me, and said persons acknowledged that they signed this instrument, on oath stated that they are authorized to execute the instrument and acknowledge it as the Member/Managers of NORTH COUNTIES, LLC, to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated: July 21, 2011

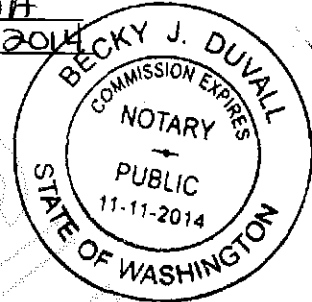


Notary name printed or typed: Becky J. Duvall

Notary Public in and for the State of Washington

Residing at Burlington, WA

My appointment expires: 11-11-2014



DEED OF TRUST

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DEED OF TRUST RIDER

1. **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.
2. When and if Grantor(s) and Beneficiary shall respectively become the Debtor and Secured Party in any Uniform Commercial Code Financing Statement affecting property either referred to or described herein, or in any way connected with the use and enjoyment of these premises, this Deed of Trust shall be deemed a Security Agreement as defined in said Uniform Commercial Code and the remedies for any violation of the covenants, terms, and conditions of the agreements herein contained shall be (i) as prescribed herein, or (ii) by general law, or (iii) as to such part of the security which is also reflected in said Financing Statement by the specific statutory consequences now or hereafter enacted and specified in the Uniform Commercial Code, all at Beneficiary's sole election.
3. As further security for the payment of all indebtedness herein mentioned, all Grantor(s)'s rents and profits of said property and the right, title, and interest of the Grantor(s) in and under all leases now or hereafter affecting said property, are hereby assigned and transferred to the Beneficiary. So long as no default shall exist in compliance with any requirement hereof or of any further instrument at any time executed with respect to this Deed of Trust the Grantor(s) may collect assigned rents and profits as the same fall due, but upon the occurrence of any such default, or at such later time as the Beneficiary in its sole discretion may fix by written notice, all right of the Grantor(s) to collect or receive rents or profits shall wholly terminate. All rents or profits of Grantor(s) receivable from or in respect to said property which it shall be permitted to collect hereunder shall be received by it in trust to pay the usual and reasonable operating expenses of, and the taxes upon, said property and the sums owing the Beneficiary as they become due and payable as provided in this Deed of Trust or in the said note or in any modification of either. The balance of such rents and profits after payment of such operating expenses, taxes, and sums due the Beneficiary, and after the setting aside of accruals to date of such expenses, taxes, and sums, including amortization, shall be Grantor(s)'s absolute property. No lease of the whole or any part of the property involving an initial term of more than three (3) years shall be modified or terminated without the written consent of the Beneficiary, nor shall the surrender of any such lease be accepted nor any rental thereunder be collected for more than two (2) months in advance without like written consent. In the event of any default hereunder and the exercise by the Beneficiary of its rights hereby granted, Grantor(s) agree(s) that payments made by tenants or occupants to the Beneficiary shall, as to such tenants, be considered as though made to Grantor(s) and in discharge of tenants' obligations as such to Grantor(s). Nothing herein contained shall be construed as obliging the Beneficiary to perform any of Grantor(s)'s covenants under any lease or rental arrangement. Grantor(s) shall execute and deliver to the Beneficiary upon demand any further or supplemental assignments necessary to effectuate the intentions of this paragraph and upon failure of the Grantor(s) so to comply, Beneficiary may, in addition to any other right or remedy it has, declare the maturity of the indebtedness hereby secured.

