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Recorded at the Request of
And after recording return to:
BETTS AUSTIN JOHNSON, *pllc*
2200 Rimland Drive, Suite 230
Bellingham, WA 98226

Document Title: Deed of Trust
Grantor: Pacific Tire Company, Inc.
Grantee: Jack & Joan Hilde Family, L.L.C.
Abbreviated Legal Description: Lot 5, Hilde Commercial Facility Binding Site Plan 97-0361, AF#9811250022
Assessor Tax Parcel No: P113737

LAND TITLE OF SKAGIT COUNTY

144819-5e

DEED OF TRUST

THIS DEED OF TRUST, is made this 12th day of December, 2012, by and between PACIFIC TIRE COMPANY, INC., a Washington corporation whose address is 501 Jack Lane Mount Vernon WA 98223 ("GRANTOR"), LAND TITLE COMPANY, whose address is 111 E. George Hopper Road, Burlington, WA 98233 ("TRUSTEE"), and JACK & JOAN HILDE FAMILY, L.L.C., a Washington limited liability company, whose address is 9994 Collins Road, Sedro Woolley, WA 98284 ("BENEFICIARY").

Grantor hereby bargains, sells and conveys to Trustee in Trust, with power of sale, the real property described on the attached Exhibit A (the "Property"), 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 EIGHT HUNDRED THOUSAND AND NO/100 DOLLARS (\$800,000.00) with interest, in accordance with the terms of a Secured Promissory Note of even date herewith ("Note"), payable to Beneficiary or order, and made by Grantor, and all renewals, modifications and extensions thereof, 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 Beneficiary may approve and have loss payable first to Beneficiary and then to the Grantor. The amount collected under any insurance policy may be applied upon any indebtedness hereby secured in such order as Beneficiary shall determine. Such application by 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 attorneys' 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, including costs of title search, and Trustee's and attorneys' 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 as of the date of such payment.

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 or for Beneficiary's benefit 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



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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 attorneys' fees; (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 may cause this Deed of Trust to be foreclosed as a mortgage.

7. In the event of 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 acknowledges and agrees that the indebtedness secured by this Deed of Trust is personal to Grantor, and that Grantor's personal responsibility, financial capability and control of the Property are material inducements upon which Beneficiary has relied in accepting the Note and Deed of Trust from Grantor. If Grantor should sell, assign, (including assignment(s) made for the benefit of creditors, assignment(s) to receiver(s) or assignment(s) in bankruptcy proceedings) alienate, encumber, transfer title to or possession of any part of the secured property, whether by deed of trust, mortgage or other transfer or conveyance or encumbrance agreement, or if there is a change in the voting control of Grantor (if Grantor is a corporation) or if the Property is abandoned by Grantor, the entire principal balance of the Note, plus interest at



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the Default Rate, shall be immediately due and payable. This Section shall not apply to assignments to the heirs, Beneficiary or successors of Grantor in the event of the death or legal incompetency of Grantor provided that such assignees shall become personally liable on the Note which is secured by this Deed of Trust.

10. Grantor shall not use any portion of the Property (i) for the storage, disposal or discharge of oil, solvents, fuel, chemical or any type of toxic or dangerous or hazardous waste or substance, or (ii) as a landfill or waste disposal site. Grantor agrees to indemnify and hold Beneficiary harmless from and against any and all loss, damage, claims, penalties, liability, suits, costs and expenses (including, without limitation, reasonable attorneys' fees) and also including without limitation, costs of remedial action or cleanup, suffered or incurred by Beneficiary arising out of or related to any such use of the Property subsequent to the date of this Deed of Trust.

11. In addition to any default under the covenants and agreements of this Deed of Trust, Grantor shall also be in default under this Deed of Trust if Grantor is in default of any of the provisions of the Note secured by this Deed of Trust.

12. At any time and from time to time, upon the written request of Beneficiary, Grantor will promptly and duly execute and deliver any and all such further instruments and documents as Beneficiary may deem advisable in order to obtain the full benefits of this Deed of Trust and the rights and powers herein contained.

13. Time is of the essence hereof.

14. This Deed of Trust shall inure to the benefit of and bind the heirs, legatees, devisees, administrators, executors, successors and assigns of Grantor and Beneficiary.

15. This Deed of Trust shall be governed by and construed in accordance with the laws of the State of Washington. Grantor and Beneficiary hereby irrevocably consent to the jurisdiction of the courts of the State of Washington, in the County where the subject property is located.

16. It is understood and agreed that Grantor shall be entitled to receive prior written notice of and opportunity to cure any default. In those circumstances when Grantor is entitled to prior written notice hereunder, such notice shall be given at least ten (10) days prior to the exercise of any remedy. All notices, requests, demands or other communications hereunder shall be in writing and shall be addressed to the address first above given or to such other address as either party may designate in writing. All notices shall be effective: (a) two days after deposit in the U.S. mail, postage prepaid, registered or certified mail, return receipt requested at the time evidenced for such delivery by such requested return receipt; (b) upon delivery, if delivered in person to the address set forth in this Deed of Trust; or (c) upon delivery if sent by commercial express services, such as Federal Express; except that notices of change of address shall be effective ten (10) days after the effective date of all other notices hereunder.



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17. In the event of any conflict, claim or dispute between the parties hereto affecting or relating to the purpose or subject matter of this Deed of Trust, the prevailing party shall be entitled to receive from the non prevailing party all reasonable expenses, including but not limited to, attorney's fees and accounting fees actually incurred or expended including any appeals.

18. If any provision hereunder shall be determined to contravene or be invalid under the laws of the State of Washington, such contravention or invalidity shall not invalidate any other provisions of this agreement, but it shall be construed as if not containing the particular provision or provisions held to be invalid and all rights and obligations of the parties shall be construed and enforced accordingly.

19. If the Grantor shall sell, convey or alienate said Property, or any part thereof, or any interest therein, or shall be divested of his title or any interest therein in any manner or way, whether voluntarily or involuntarily, without the written consent of the Beneficiary being first had and obtained, Beneficiary shall have the right, at its option, to declare any indebtedness or obligations secured hereby, irrespective of the maturity date specified in any Note evidencing the same, immediately due and payable.

GRANTOR:
PACIFIC TIRE COMPANY, INC.



Charles H. Montgomery III

JCE PRES.

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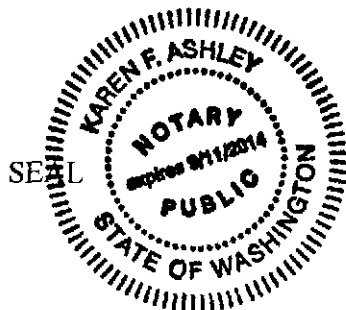
STATE OF WASHINGTON

COUNTY OF Skagit

SS.

On this 12th day of December, 2012, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared CHARLES H. MONTGOMERY III, to me known to be the Vice-President of PACIFIC TIRE COMPANY, INC., the Company that executed the foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said Company, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument on behalf of said Company.

Witness my hand and official seal hereto affixed the day and year first above written.



Karen Ashley
Signature of Notary Public

Notary Public in and for the State of Washington

Residing in: Sedro-Woolley

My commission expires: 0-11-2014



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Exhibit A

Deed of Trust
Legal Description of Property

Parcel Number P113737

Lot 5, Hilde Commercial Facility Binding Site Plan No. 97-0361, approved November 25, 1998, recorded November 25, 1998 in Volume 13 of Short Plats, pages 186 and 187, under Auditor's File No. 9811250022 and being a portion of the Northwest Quarter of the Southwest Quarter, Section 32, Township 34 North, Range 4 East, W.M.

Situate in Skagit County, Washington.

TOGETHER WITH a non-exclusive easement for ingress, egress and utilities as granted and filed February 25, 2004, under Auditor's File Nos. 200402250152 and 200402250154, records of Skagit County, Washington.

ALSO TOGETHER WITH a non-exclusive easement for the construction, placement, reconstruction, repair and maintenance of a retaining wall as granted and filed February 25, 2004, under Auditor's File No. 200402250153, records of Skagit County, Washington.

Situate in the County of Skagit, State of Washington.



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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 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 evidence 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: _____

Signature of Beneficiary: _____

Printed Name of Beneficiary: _____



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