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Skagit County Auditor

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WHEN RECORDED RETURN TO

Name: HAWKES LAW FIRM, P.S.

Address: 19909 Ballinger Way N.E.

City, State, Zip: Shoreline, WA 98155

DEED OF TRUST

(For Use in the State of Washington Only)

Reference # (If Applicable):

Grantor/Borrower: J & S Realty Holdings, LLC

Grantee/Beneficiary: Myung Je Lee

Legal Description (abbreviated): Lots 9 and 10, "Memorial Highway Tracts," as per plat recorded in Volume 5 of Plats, page 35, records of Skagit County, Washington."

Situated in Skagit County, Washington.

Assessor's Tax Parcel ID #: 3955-000-010-0007 (P67450)

THIS DEED OF TRUST, made as of this 16th day of November, 2016, between **J & S Realty Holdings, LLC**, a Washington limited liability company (hereinafter referred to as "Grantor"), whose address is P.O. Box 54, Yorba Linda, CA 92885; **CHICAGO TITLE INSURANCE COMPANY, a corporation**, TRUSTEE and its successors in the Trust hereby created (such Trustee and any successors in Trust being hereinafter referred to as "Trustee"), whose address is 701 Fifth Avenue, Suite 3400, Seattle, WA 98104; and **Myung Je Lee**, an individual, and his assigns (hereinafter referred to as "Beneficiary"), whose address is 45215 164th St SW, Apt. #J204, Lynnwood, WA 98087.

WITNESSETH: Grantor in consideration of the indebtedness and the trust created by this Deed of Trust, irrevocably grants, conveys and assigns to Trustee, in trust, with power of sale, all their interest in the real property in Skagit County, State of Washington, together with all the tenements, hereditaments and appurtenances now or hereafter thereunto belonging or in any way appertaining, and the rents, issues, and profits, together with all improvements and fixtures now or hereafter attached to the Property, thereof (the "Mortgaged Property").

This deed is granted for the purpose of security payment of the sum of One Hundred Thousand Dollars (\$100,000.00), with interest, in accordance with the terms of a promissory note of even date herewith (the "Note"), payable to Beneficiary, and made by Grantor, and all renewals, modifications, future advances and extensions thereof.

To protect the security of this Deed of Trust, Grantor hereby represents, covenants, and warrants to Beneficiary the following:

DEED OF TRUST

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1. To keep the property in good condition and repair; to permit no waste thereof; to complete any building, structure or improvements 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 not deposit, or permit the deposit of, any toxic or hazardous substance on the premises, and to hold harmless the Trustee and Beneficiary from all costs caused by the presence of hazardous substances.
3. 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, including but not limited to materialmen's and mechanics liens, and not to pledge, sell, transfer, convey or grant any security interest in the property, whether superior or junior to the lien created hereby.
4. 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 force shall pass to the purchaser at the foreclosure sale.
5. To protect, defend, and indemnify and hold harmless the Beneficiary and its successors and assigns from and against any and all claims, demands, losses, expenses, damages, liabilities, fines, penalties, charged, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including but not limited to reasonable attorney's fees and expenses) pursuant to any federal, state, or local laws or regulations relating to protection of health, safety or the environment ("Environmental Laws") resulting from (i) the use, generation, transportation, storage, disposal or presence on the property of any Hazardous Materials or the release or discharge of any Hazardous Materials on, under or from the Property by Purchasers or their licensees, franchisees, sublessees, lessees, employees, agents, contractors or subcontractors, or any third persons at any time occupying or present on the Property, (ii) any failure, subsequent to Closing, to comply with any Environmental Laws, whether by Purchasers or their licensees, franchisees, sublessees, lessees, employees, agents, contractors or subcontractors, or any third persons at any time occupying or present on the Property during Purchasers' ownership, (iii) the treatment, storage or disposal off the Property, subsequent to Closing, of any Hazardous Material, whether by Purchasers or their licensees, franchisees, sublessees, lessees, employees, agents, contractors or subcontractors, or any third persons at any time occupying or present on the Property.
6. 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.
7. 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.
8. 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. Failure to make timely payments shall also be deemed to be a default under the terms of this Deed of Trust.

9. Grantor is a corporation duly organized, validly existing and in good standing under the laws of the State of Washington. Grantor is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations). There are no proceedings or actions pending, threatened or contemplated for the liquidation, termination or dissolution of Grantor.

10. Grantor has delivered to Beneficiary a true and complete list of each and every lease affecting the Property, together with all extensions and amendments thereof, (the "Existing Leases") which reflects the annual and monthly rents payable by all Existing Tenants, including all percentage rents, if any, expiration dates of the Existing Leases, and the amount of security deposit being held by Grantor under each Existing Lease, if any, ("Rent Schedule") and represents there are no other leases, assignments, modifications, extensions, renewals, or other agreements of any kind whatsoever (Written or oral) outstanding with respect to the leases on the Mortgaged Property. Unless otherwise specified, (a) the Existing Leases are in full force and effect, (b) Grantor has not given any notice of default to any tenant under an Existing Lease (an "Existing Tenant") which remains uncured, (c) no Existing Tenant has any set off, claim or defense to the enforcement of any Existing Lease; (d) no Existing Tenant is in arrears in the payment of rent, additional rent or any other charges whatsoever due under any Existing Lease; or, to the knowledge of Grantor, is materially in default in the performance of any other obligations of such Existing Tenant under the applicable Existing Lease; (e) Grantor has completed all work or alterations required of the landlord or lessor under each Existing Lease; and all of the other obligations of landlord or lessor under the Existing Leases have been performed; (f) no Lease contains any option to purchase, right of first refusal to lease or purchase, any right to terminate or vacate the Property prior to the expiration of the term of such Lease (other than due to an event of condemnation or casualty) or any other similar provisions which adversely affect the Property or which might adversely affect the rights of any holder of the Loan, (g) Grantor has not granted any Existing Tenant any rent concessions (whether in form of cash contributions, work agreements, assumption of an Existing Tenant's other obligations, or otherwise) or extensions of time whatsoever not reflected in such Rent Schedule, (h) no rent in excess of one month's rent has been prepaid under any of the Existing Leases, (i) any security deposits specified in the Existing Leases are currently held by Grantor and Grantor has not given any credit, refund, or set off against such security deposits to any person, (j) there are no residential units in the Property, and no portion of the Property is an apartment or other unit subject to any form of rent control, stabilization or regulation and no person presently occupies any of the Property for dwelling purposes, (k) except for Grantor, there are no persons or entities occupying space in the Property as tenants other than the persons or entities specifically named in the Existing Leases, (l) each of the Leases is valid and binding on the parties thereto in accordance with its terms and (m) the execution of this Deed of Trust and the other Loan Documents will not constitute an event of default under any of the Existing Leases. Grantor further represents there are no legal proceedings commenced (or, to the best of the knowledge of the Grantor, threatened) against Grantor by any Existing Tenant.

11. Grantor is now in possession of the Property; Grantor's possession of the Property is peaceable and undisturbed; Grantor does not know any facts by reason of which any claim to the Property, or any part thereof, might arise or be set up adverse to Grantor; and the Property is free and clear of (i) any lien for taxes (except real property taxes), and (ii) any easements, rights-of-way, restrictions, encumbrances, liens or other exceptions to title by mortgage, decree, judgment, agreement, Deed of Trust, or to the knowledge of Grantor, proceeding in any court.

12. All charges for labor, materials or other work of any kind furnished in connection with the construction, improvement, renovation or rehabilitation of the Property or any portion thereof have been paid in full, and no unreleased affidavit claiming a lien against the Property, or any portion thereof, for the supplying of labor, materials or services for the construction of improvements on the Property has been executed or recorded in the mechanic's lien or other appropriate records in the county or other locality in which the Property is located.

13. The Property and the current and contemplated uses of the Property are in compliance with all applicable federal, state, county and municipal laws, rules, regulations and ordinances, applicable restrictions, zoning ordinances, building codes and regulations, building lines and easements, including, without limitations, federal and state environmental protection law and the Americans with Disabilities Act of 1990, the Fair Housing Amendments of Act of 1988, all state and local laws or ordinances related to handicapped access, and any statute, rule, regulation, ordinance, or order of governmental bodies or regulatory agencies, or any order or decree of any court adopted or enacted with respect thereto (collectively, "Applicable Laws"); and the Property is not relied upon by, and does not rely upon, any building or improvement not part of the Property to fulfill any Applicable Law except to the extent of any valid and existing reciprocal easement agreement specifically listed in the title policy insuring Beneficiary's interest in the Property; no governmental authority having jurisdiction over any aspect of the Property has made a claim or determination that there is any such violation; the Property is not included in any area identified by the Secretary of Housing and Urban Development pursuant to the Flood Disaster Protection Act of 1973, as amended, as an area having special flood hazards; and all permits, licenses and the like which are necessary for the operation of the Property have been issued and are in full force and effect.

14. There have been no material adverse changes, financial or otherwise, in the condition of Grantor from that disclosed to Beneficiary in the loan application submitted to Beneficiary by Grantor, or in any supporting data submitted in connection with the Loan, and all of the information contained therein was true and correct when submitted and is now substantially and materially true and correct on the date hereof.

15. There is no claim, litigation or condemnation proceeding pending, or to the knowledge of the Grantor, threatened, against the Property or Grantor, which would affect the Property or Grantor's ability to perform its obligations in the connection with the Loan.

16. The Property is a contiguous parcel and separate tax parcel.

17. No proceedings in bankruptcy or insolvency have ever been instituted by or against Grantor or any affiliate thereof, and no such proceeding is now pending or contemplated.

18. Grantor is, and if there are any general partners or members of Grantor, such partners or members are, solvent pursuant to the laws of the United States, as reflected by the entries in Grantor's books and records and as reflected by the actual facts.

19. The Loan Documents have been duly authorized, executed and delivered by Grantor and constitute valid and binding obligations of Grantor, enforceable against Grantor in accordance with their respective terms. No approval, consent, order or authorizations of any governmental authority is required in connection with the execution and delivery of the Note, this Deed of Trust or any other Loan Document.

20. The execution and delivery of the Loan Documents will not violate or contravene in any way the articles of incorporation or bylaws or partnership agreement, articles of organization or operating agreement, as the case may be, of Grantor or any indenture, agreement or Deed of Trust to which Grantor is a party or by which it or its property may be bound, or be in conflict with, result in a breach of or constitute a default under any such indenture, agreement or other Deed of Trust, result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of Grantor, except as contemplated by the provisions of such Loan Documents, and no action or approval with respect thereto by any third person is required.

21. No part of the Property is all or a part of Grantor's homestead.

22. The Property is served by all utilities required for the current or contemplated use thereof. All utility service is provided by public utilities and the Property has accepted or is equipped to accept such utility service.

23. All public roads and streets necessary for service of and access to the Property for the current or contemplated use thereof have been completed, are serviceable and all-weather and are physically and legally open for use by the public.

24. The Property is serviced by public water and sewer systems.

25. The Property is free from damage caused by fire or other casualty.

26. All liquid and solid waste disposal, septic and sewer systems located on the Property are in a good and safe condition and repair and in compliance with all applicable Federal, State and Local Laws.

27. All service and maintenance agreements affecting the Property may be terminated upon the giving of thirty (30) days or less prior written notice.

28. The Loan is for business and commercial use and is not for personal, family or household purposes. Substantially all of the proceeds of the Loan are being used to acquire or improve or protect an interest in real property (as that term is defined in the United States Treasury regulations section 1.860G-2(a)(4)) which interest in real property is the only security for the Loan or the fair market value of such interest in real property is at least equal to eighty percent (80%) of the principal amount of the Loan.

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 encumbrances of 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 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. In the event the Grantor makes any transfer of title to the real property which is subject to this Deed of Trust, all sums secured hereby shall become immediately due and payable, at the option of the Beneficiary without demand or notice. A "transfer of title" shall include a transfer by real estate contract, vendee's assignment, deed, forfeiture, foreclosure, sheriff's sale, trustee's sale, or deed in lieu of any such involuntary sale or lease with purchase option or for a term in excess of three (3) years (including extension of options), a transfer to a spouse of Grantor, a transfer by devise, descent, or operation of law resulting from the death of any person comprising the Grantor, a transfer resulting from a decree of dissolution of marriage, legal separation agreement, or property settlement agreement. A "Transfer of title" shall not include (i) a lease or other transfer of possession of the property without options to purchase the property or any interest therein; or (ii) a transfer into an inter vivos trust in which the Grantor is and remains a beneficiary and which does not relate to a transfer of rights of occupancy in the property. Notwithstanding the foregoing, Grantor may transfer the Property subject to the Deed of Trust with the consent of Beneficiary, which consent may be withheld without reason.

10. Grantor acknowledges that in the event of default by Grantor in the making of any payment or in the performance of any other terms and conditions of this Deed of Trust, the period of time involved in repossession of said real and personal property by a trustee's sale could cause irreparable damage to Beneficiary and the real and personal property, and possible litigation, and/or foreclosure of prior encumbrances. For the foregoing reasons, Grantor hereby expressly agrees that in the event of a default, and while such default exists in the payment of any moneys or in the performance of any other terms and conditions of this Deed of Trust, Beneficiary shall have the right upon the failure of Grantor to remedy the default within thirty (30) days after written notice to Grantor from Beneficiary specifying the default, to apply to the Skagit County Superior Court of the State of Washington for appointment of a Receiver to take charge of and maintain full control of said real and personal property; oust tenants for non-payment of rent; lease all or any portion thereof in the name of Grantor on such terms as the Receiver may deem best; make alterations and repairs as the Receiver may deem advisable and deduct the cost thereof from the rents; receive all rents and income therefrom and issue receipts therefore, and out of amounts so received to pay the necessary operating and maintenance expenses and retain or pay the customary charges for managing the property; pay any contract and/or mortgage and/or deed of trust payments due hereunder; pay any real or personal property taxes or assessments due; and pay insurance premiums or renewals thereof. After the payment of all of said items, the Receiver shall pay the excess so collected to Grantor. Said Receivership shall be terminated when the contract is no longer in default; and at such time, Receiver shall immediately restore to Grantor all rights and powers hereinabove granted to Receiver, notwithstanding the fact that Receiver has then not yet submitted a final accounting nor been discharged by order of court.

The appointment of a Receiver therein is solely for the purposes of preserving and maintaining the real and personal property, preventing the rents and profits from being lost or removed, maintaining the underlying encumbrances, if any, in current condition to prevent any delinquency which might result in litigation, and/or an action to forfeit or foreclose, as the case may be, by the holder of said underlying encumbrance, and to secure ample justice to the parties. The application for an appointment of said Receiver shall not affect or restrict the right of Beneficiary to any remedies granted to Beneficiary in this Deed of Trust or otherwise provided by law in the event of default by Grantor and is not intended to and shall not be construed to expand or enlarge the

rights of the Beneficiary under any of the remedies granted to Beneficiary in this Deed of Trust or by the statutes of decisions of the courts of the State of Washington.

11. Grantor shall not make any material structural changes or alterations to the property securing this Deed of Trust which would in any way impair or diminish the value of the security during the term of the Note without prior written consent of Beneficiary, which consent shall not be unreasonably withheld; provided, however, that Grantor shall not be required to obtain the consent of the Beneficiary to make ordinary and customary tenant improvements to the commercial space located within the property.

12. Upon any default in payment exceeding thirty (30) days by Grantor of the Note, and charges due under this Deed of Trust, or under any other document signed in connection with the closing of the sale to Grantor, Beneficiary shall have the right, provided prior written notice was given to Grantor, to take possession of and manage the property and collect all rents, receipts, income and profits ("rents") thereof, including amounts past due and unpaid, and apply the net proceeds, over and above Beneficiary's costs, against the balance due under the Note and the Deed of Trust, and Grantor hereby assigns to Beneficiary such rents in the event of such default. In furtherance of this right, Beneficiary may require any tenant or other user of the Property to make payments of rent or use fees directly to Beneficiary. If the rents are collected by Beneficiary, then Grantor irrevocably designates Beneficiary as Grantor's attorney-in-fact to endorse Deed of Trusts received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Beneficiary in response to Beneficiary's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Beneficiary may exercise its rights under this paragraph either in person, by agent, or through a receiver, and the exercise of such rights shall be in addition to any other rights or remedies allowed hereunder or provided by law.

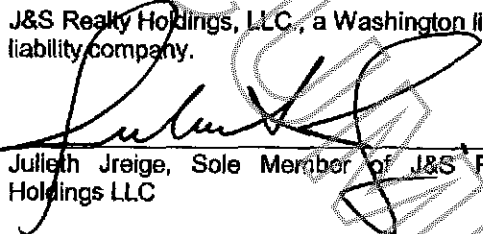
IN ACCORDANCE WITH WASHINGTON LAW, BENEFICIARY MAY FROM TIME TO TIME APPOINT A SUCCESSOR TRUSTEE TO ANY TRUSTEE APPOINTED UNDER THIS DEED OF TRUST WHO HAS CEASED TO ACT. WITHOUT CONVEYANCE OF THE MORTGAGED PROPERTY, THE SUCCESSOR TRUSTEE SHALL SUCCEED TO ALL THE TITLE, POWER AND DUTIES CONFERRED UPON THE PREDECESSOR TRUSTEE AND BY APPLICABLE LAW.

THE PROPERTY IS NOT USED PRINCIPALLY FOR AGRICULTURAL OR FARMING PURPOSES. THE INDEBTEDNESS SECURED BY THIS DEED OF TRUST IS A "COMMERCIAL LOAN" AS THAT TERM IS DEFINED IN CHAPTER 295, WASHINGTON LAWS OF 1998.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE ENOT ENFORCEABLE UNDER WASHINGTON LAW.

Grantor:

J&S Realty Holdings, LLC, a Washington limited liability company.


Juliette Jreige, Sole Member of J&S Realty Holdings LLC

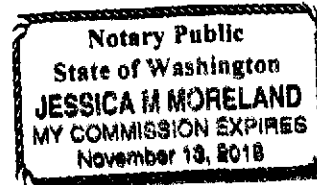
[notary page to follow]

STATE OF WASHINGTON

COUNTY OF

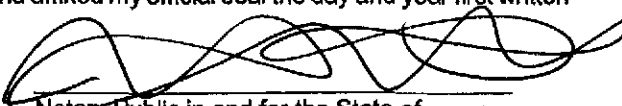
Skagit

) ss.



On this 11th day of November 2016 before me personally appeared Julieth Jreige to me known to be the sole member of J&S Realty Holdings LLC that executed the foregoing Deed of Trust, and acknowledged it to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that she is authorized to execute said Deed of Trust.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first written above.


Notary Public in and for the State of
Washington, residing at Mount Vernon WA
My commission expires on 11-13-18