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8/12/94

STATE OF WASHINGTON

OFFICE OF DAVID L. DAY

POLLUTION LIABILITY INSURANCE AGENCY

1015 10th Ave SE • PO Box 40930 • Olympia, Washington 98504-0930 • (206) 586-5997 • FAX 586-7187 • (800) 822-3905


ASSIGNMENT OF
UNDERGROUND STORAGE TANK COMMUNITY ASSISTANCE PROGRAM
GRANT AGREEMENT AND DEED OF TRUST

CONTRACT NUMBER: USTCAP-PVT-055-93

PROJECT SITE: 5867 Highway 20, Marblemount, WA 98267

In the Underground Storage Tank Community Assistance Program Grant Agreement No. USTCAP-PVT-055-93 (the "Grant Agreement"), between the Pollution Liability Insurance Agency (PLIA) and Mervyn & Delia Peterson (Husband and Wife) ("Grantee #1", also known as the "Assignor" under this Assignment), the parties set forth the rights and obligations of both parties related to the scope of work for the removal and installation of USTs at the project site, the funding of the work and the continuing responsibilities under the Grant Agreement.

The parties to this Assignment desire to assign the rights and obligations of the Grantee #1 under the Grant Agreement and the Deed of Trust securing the Grant Agreement to Ray & Marie Bull (Husband and Wife) ("Grantee #2 or "Assignee").

 ARTHUR R. BULL, an unmarried individual, as his separate property
Now, therefore, PLIA, the Grantee #1, also known as the Assignor, and Grantee #2, agree as follows:

For value received, the Assignor under this Assignment does hereby sell, assign, and set over to Grantee #2 all remaining rights, responsibilities, interests and liabilities, exclusive of that set forth below in and to that certain Grant Agreement dated April, 28 1994, a copy of which is attached hereto as Exhibit "A" and the Deed of Trust securing the Grant Agreement, a copy of which is attached hereto as Exhibit "B", both of which are by this reference incorporated herein as though fully set forth.

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ASSIGNOR RESPONSIBILITIES

The Assignor under this Assignment hereby agrees to defend, indemnify, protect and hold harmless the Grantee #2, the state of Washington, and PLIA, their officers, agents, employees, and assigns from and against the Assignor's actions or omissions during the period from the effective date of the original Grant Agreement through the effective date of this Assignment.

By signature below, the Assignor under this Assignment acknowledges that this Assignment is subject to the approval of PLIA and does not constitute a novation. The Grant Agreement may not be further assigned in whole or in part, without the prior written approval of PLIA.

GRANTEE #2 RESPONSIBILITIES

Grantee #2 does by its signature below, hereby assume the herein incorporated Grant Agreement and Deed of Trust together with all duties, obligations, responsibilities and liabilities appurtenant thereto, except as set forth above and does hereby agree to comply with and be legally bound by all terms and conditions of the Grant Agreement, the Deed of Trust and this Assignment.

Grantee #2 understands that this Assignment is subject to the approval of PLIA and does not constitute a novation. The Grant Agreement may not be further assigned in whole or in part without the prior written approval of PLIA.

Grantee #2 hereby agrees to defend, indemnify, protect and hold harmless the state of Washington, PLIA, and all employees, agents, officers or assigns thereof, from and against any and all claims, damages, suits, actions, losses and expenses, including, but not limited to, attorney's fees arising out of or resulting from any activities related to or performed under the Grant Agreement, the Deed of Trust or this Assignment.

GENERAL TERMS

Each party executing this Assignment on behalf of a corporation personally represents that he or she is authorized to execute this Assignment on behalf of such corporation and that this Assignment is binding on that corporation.

PLIA reserves the right to immediately suspend or terminate the Grant Agreement if at any time during the term of the Grant Agreement Grantee #2 fails to comply with the material terms or duties set forth in this Assignment, the Grant Agreement or the Deed of Trust.

If the Grant Agreement is suspended or terminated for failure to comply with material terms or duties, the Grant funds shall immediately become due and payable to the state of Washington.

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STATE OF WASHINGTON

:SS.

COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that Mervyn Peterson and Delia Peterson (husband and wife) as Assignors, signed this instrument and acknowledged it as his or her free and voluntary act for the uses and purposes set forth herein.

Dated this 3rd day of July, 1996.

Candace M. Taylor
NOTARY PUBLIC in and for the State of
Washington. Residing at Mount Vernon.
My commission expires on: 1/1/97.
Candace M. Taylor

STATE OF WASHINGTON

:SS.

COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that Arthur R. Bull, single man and Ray Bull & Marie Bull (husband and wife) as Grantee #2, signed this instrument and acknowledged it as his or her free and voluntary act for the uses and purposes set forth herein.

Dated this 3rd day of July, 1996.

Candace M. Taylor
NOTARY PUBLIC in and for the State of
Washington. Residing at Mount Vernon.
My commission expires on: 1/1/97.
Candace M. Taylor

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The parties to this Assignment, being fully advised and informed, hereby consent to the Assignment set forth above. The effective date of this Assignment shall be the date upon which the last party of this Assignment executes the document or the date upon which PLIA grants its approval to the Assignment, whichever occurs later. All references in the original Grant Agreement to the "Grantee" shall now mean "Grantee #2."

ASSIGNOR(S) (GRANTEE #1 UNDER THE ORIGINAL GRANT AGREEMENT)

Mervyn Peterson
NAME

Delia Peterson
NAME

TITLE
July 3, 1996

DATE

TAXPAYER IDENTIFICATION NUMBER

GRANTEE(S) #2 (ASSIGNEE)

Arthur R. Bull
NAME Arthur R. Bull

Ray Bull
NAME Ray Bull, Personal Guarantor

Marie Bull
TITLE Marie Bull, Personal Guarantor
July 3, 1996

DATE

TAXPAYER IDENTIFICATION NUMBER

APPROVAL:

PLIA HEREBY APPROVES THE ASSIGNMENT OF THIS GRANT AGREEMENT FROM
Mervyn and Delia Peterson TO Ray and Marie Bull
Arthur R. Bull

APPROVAL AS TO FORM:

Eric Thomas, Jr. Counsel
ASSISTANT ATTORNEY GENERAL

2/20/97
DATE

POLLUTION LIABILITY INSURANCE AGENCY

NAME

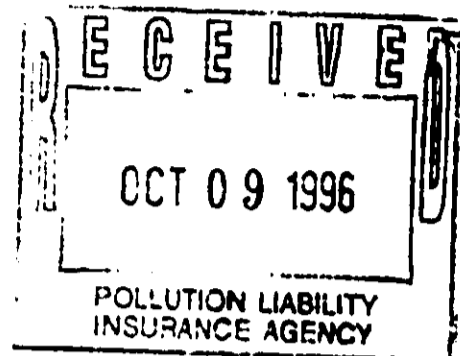
TITLE

DATE

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ADDENDUM TO PURCHASE AND SALE AGREEMENT
Mervyn Peterson to Ray Bull



The undersigned purchasers herein assign their interest in that certain purchase and sale agreement dated June 10, 1996 Arthur R. Bull, an unmarried individual, as his separate property, for that certain property commonly known as Merv's Chevron and Towing located at 5795 Hwy 20, Marblemount, WA 98267.

Ray Bull
Ray Bull

Marie Bull
Marie Bull

Accepted:

Mervyn Peterson

Delia Peterson

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ADDENDUM TO PURCHASE AND SALE AGREEMENT
Mervyn Peterson to Ray Bull

The undersigned purchasers herein assign their interest in that certain purchase and sale agreement dated June 10, 1996 Arthur R. Bull, an unmarried individual, as his separate property, for that certain property commonly known as Merv's Chevron and Towing located at 5795 Hwy 20, Marblemount, WA 98267.

Ray Bull

Marie Bull

Accepted:

Mervyn Peterson
Mervyn Peterson

Delia Peterson
Delia Peterson

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EXHIBIT "A"



RECEIVED

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STATE OF WASHINGTON

POLLUTION LIABILITY INSURANCE AGENCY POLLUTION LIABILITY INSURANCE AGENCY

1015 10th Ave SE MS EN 12 • Olympia, Washington 98501 • (360) 339-1999

JAMES M. SIMS
Director

**UNDERGROUND STORAGE TANK COMMUNITY ASSISTANCE PROGRAM
GRANT AGREEMENT**

CONTRACT NUMBER: USTCAP-PVT-055-93

PROJECT SITE: 5867 Highway 20, Marblemount, WA 98267

This Agreement, and the incorporated attachment, contains all terms and conditions agreed to by the Pollution Liability Insurance Agency and Mervyn Peterson, dba Merv's Service. Attachment A (Work Order) to this Agreement, is hereby incorporated into this Agreement.

The Agency and Mervyn Peterson, dba Merv's Service have executed this Agreement as of the date and year written below.

POLLUTION LIABILITY INSURANCE AGENCY

GRANTEE

James M. Sims
Name

Mervyn Peterson
Name

Director, PLIA
Title

10-20-93
Date

4-28-94
Date

91-6838384
Taxpayer Identification Number

55-538-18-1342

APPROVED AS TO FORM BY THE ATTORNEY GENERAL

Jersey Oberman
Assistant Attorney General

5/3/94
Date

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GRANT AGREEMENT

THIS AGREEMENT is entered into between the Washington State Pollution Liability Insurance Agency (PLIA) and Mervyn Peterson, dba Merv's Service (Grantee), in order to help bring the Underground Storage Tank (UST) Site located at 5867 Highway 20, Marblemount, WA 98267 into compliance with appropriate environmental regulations and, if necessary, to help take corrective action for existing contamination at that site.

BACKGROUND

Financial assistance in the form of a grant provided under this Agreement is made possible by the UST Community Assistance Program (Program) authorized by the Washington State Legislature under RCW 70.148, Chapter 374-60 of the Washington Administrative Code, and administered by PLIA. The purpose of the Program is to assist small communities in the state of Washington by ensuring continued access to petroleum to see that vital local government, public health, education and safety needs are met.

DEFINITIONS

1. **"Agreement"** - Grant Agreement as set forth here and pursuant to the legislative intent of the Program.
2. **"Contractor's Agreement"** - Contract entered into between the Grantee and the Contractor that the Grantee selects to undertake a construction project at the UST Site pursuant to accomplishing the goals of the Program.
3. **"Corrective Action"** - Those actions reasonably required to be undertaken to remove, treat, neutralize, contain, or clean up an accidental release of petroleum in order to comply with any statute, ordinance, rule, regulation, directive, order, or similar legal requirement of the United States, the state of Washington, or any political subdivision of the United States or the state of Washington applicable to such an accidental release. Corrective action includes action to remove, treat, neutralize, contain, or clean up an accidental release to avert, reduce, or eliminate the liability of the Grantee for corrective

action, bodily injury or property damage. Corrective action also includes actions reasonably necessary to monitor, assess and evaluate an accidental release. Corrective action does not include:

- A. Replacement or repair of storage tanks or other receptacles;
 - B. Replacement or repair of piping, connections and valves of storage tanks or other receptacles;
 - C. Excavation or backfilling done in conjunction with A or B of this paragraph;
 - D. Testing for a suspected accidental release if the results of the testing indicate that there had been no accidental release.
4. **"Change Order"** - A document signed by the Contractor and the Grantee stating their agreement upon all of the following:
- A. A change in the Work Order;
 - B. The amount of adjustment in the Project cost if any; and
 - C. The extent of adjustment in the time required to complete the Project.
5. **"Cost-Plus Basis"** - Cost of Petroleum to the Grantee plus a specified percentage or amount of profit as agreed between Grantee and Local Government Entities.
6. **"Disability"** - Has a physical, mental or sensory impairment which substantially limits one or more of such person's major life activities. Any physiological disorder or condition, cosmetic disfigurement, or anatomical loss affecting one or more of the following body systems: Neurological; musculoskeletal; sense organs; respiratory; speech organs; cardiovascular; reproductive; digestive genitourinary; hemic and lymphatic; skin and endocrine; or any mental or psychological disorder such as mental retardation, emotional or mental illness and specific learning disabilities.
7. **"Elderly"** - is any person over the age of forty years.
8. **"Full Time"** - A minimum of 5 days per week, 8 hours per day.
9. **"EPA"** - U.S. Environmental Protection Agency
10. **"Ecology"** - Washington State Department of Ecology.
11. **"Local Government Entity"** - A unit of local government, either general purpose or special purpose, including but not limited to, counties, cities, towns, school districts, fire districts and other governmental and political subdivisions. The local government unit must perform a public purpose and either:

- UNOFFICIAL
- A. Receive an annual appropriation;
 - B. Have taxing power; and
 - C. Derive authority from state or local government law enforcement power.
12. **"PLIA"** - Washington State Pollution Liability Insurance Agency and its agents and employees or successor(s) in interest.
13. **"Petroleum"** - Crude oil or any fraction of crude oil that is liquid at standard conditions of temperature and pressure (at sixty degrees Fahrenheit and 14.7 pounds per square inch absolute) and includes gasoline, kerosene, heating oils and diesel fuels.
14. **"Underground Storage Tank (UST)"** - Any one or combination of tanks including underground pipes connected thereto that are used to contain an accumulation of petroleum the volume of which (including the volume of underground pipes connected to the tank) is ten percent or more beneath the surface of the ground.
15. **"UST Site"** - The location at which underground storage tanks are in place or will be placed. The UST Site encompasses all of the property with a contiguous ownership that is associated with the use of the tanks.
16. **"Vital local government, public health, education or safety need"** - Means an essential or indispensable service provided by government for citizens.
17. **"Work Order"** - The document(s) setting forth construction, services and other Project parameters, including any Change Order(s), which are attached to and made part of this Agreement as Attachment A.

ASSIGNMENT

The right to receive financial assistance under this Agreement cannot be assigned.

TRANSFER/DELEGATION

If Grantee or any other person or entity with any interest in the UST Site transfers his or her interest in the UST Site while this Agreement is in force, the new owner must agree to be legally bound by the Agreement. PLIA must review and approve the terms of the contract of sale to ensure that it is in keeping with the terms and conditions of this Grant Agreement. Otherwise, the financial assistance provided under this Agreement shall be immediately repaid to the state by the Grantee who received the assistance.

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GRANT AMOUNT

The amount payable under this Agreement is \$92,176.10 (Ninety two thousand, one hundred seventy six dollars and ten cents) and consists of the total Project cost as approved in advance by PLIA and does not exceed Program limits as determined by PLIA or applicable governing laws. Whenever practicable, PLIA will provide assistance to Grantee through joint payment(s) to Grantee and to Contractors and other professionals for labor, materials and other services. The amount and allocation of the grant funds are at the sole discretion of PLIA, subject to limitations under applicable governing laws. Grantee assumes the risk that costs incurred in corrective action or in bringing his or her UST site into compliance with environmental regulations may exceed the amount of grant funds authorized under this Agreement. In the event final costs exceed the approved maximum, the balance is solely the responsibility of the Grantee.

CONDITIONS

1. Grantee shall continue to operate his or her existing business at the UST site selling petroleum full time to the public. Grantee shall continue to maintain such full time retail sale of petroleum products to the public for at least 15 years after project closure as defined in the Contractor's Agreement. Failure to do so is a material breach of this Agreement.
2. Grantee shall sell petroleum to local government entities on a cost-plus basis periodically negotiated between Grantee and the government entities.
3. Grantee shall, on request, provide full service to the elderly and the physically disabled at no increased cost for the service.
4. Grantee shall allow PLIA access to the UST site and all records of the work being performed under the Contractor's Agreement (see Rights of Inspection Section).
5. Grantee shall cooperate with PLIA as necessary to comply with applicable statutes and the legislative intent of the Program.
6. Grantee shall comply with all applicable technical requirements and financial responsibility regulations of the EPA, Ecology and local government(s).
7. Grantee shall, upon project completion, comply with the financial responsibility requirements of EPA and Ecology through the immediate purchase of pollution liability

insurance or any other authorized mechanism, regardless of any other EPA or Ecology compliance dates. If insurance is the chosen vehicle, PLIA shall be named as a loss payee. If another method is selected, there must exist a provision for PLIA to place an appropriate encumbrance on that document.

8. The Contractor's Agreement, including the Work Order and any Change Order(s) must be submitted to and acknowledged as grant eligible by PLIA before Grantee authorizes the performance of any work. Any changes Grantee makes to the Contractor's Agreement without additional acknowledgement by PLIA shall not be considered payable under the Program and shall subject Grantee to any liability forthcoming from such unauthorized changes.

WARRANTY

Grantee warrants that Grantee made no misrepresentations to PLIA in order to receive the benefits of this grant.

Grantee further warrants that Grantee conducted a reasonable credit check on all contractors authorized to perform work under the Contractor's Agreement so as to ensure Contractor's ability to use its credit to acquire the supplies and machinery necessary to perform under the Contractor's Agreement.

SECURITY

The grant funds paid under this Agreement shall be secured by a real property lien properly recorded in the state of Washington upon the UST site. Grantee warrants that Mervyn Peterson is the legal owner of the site and has authorized placement of such lien and will sign the necessary documents for recording the lien. At the expiration of the fifteen (15) year term, PLIA will sign a release of any claim on the real property at the request of the current property owner of record. Actual removal of the recorded lien shall be Grantee's responsibility.

TERM OF THE AGREEMENT

This Agreement shall expire fifteen (15) years from the Project closure as defined in the Contractor's Agreement.

DEFAULT

As determined by PLIA, if Grantee materially breaches this Agreement, the amount of the grant shall immediately become due and payable to the state of Washington.

INSURANCE PROCEEDS

If insurance proceeds are available or become available to Grantee for all or a part of the costs paid by grant funds, Grantee shall assign those proceeds to PLIA.

REPORTING

Grantee shall submit a quarterly report, on a form provided by PLIA, of petroleum business volume and identifying any government contracts currently in effect.

EFFECTIVE DATE

This Agreement becomes effective only with the signing of both it and the Contractor's Agreement. The day of the signing establishes the effective date of this Agreement. No costs incurred prior to that date are eligible for payment under the grant unless specific provision is made by amendment to this Agreement for such costs.

RIGHTS OF INSPECTION

The Grantee shall provide PLIA and other authorized entities the right of access to its facilities at all reasonable times, in order to monitor and evaluate performance, compliance, and/or quality assurance under this Agreement on behalf of PLIA.

HOLD HARMLESS

Grantee shall indemnify and hold PLIA harmless from claims, damages, losses and expenses including, but not limited to, attorney's fees arising out of or resulting from the work performed under the Contractor's Agreement.

Each party executing this Agreement on behalf of a corporation personally represents that he or she is authorized to execute this Agreement on behalf of such corporation and that this Agreement is binding on that corporation.

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NON-DISCRIMINATION

During the performance of this Agreement, the Grantee shall comply with PLIA's Non-Discrimination Plan and the Federal and state laws upon which it is based. These laws include: Title VI and VII of the Civil Rights Act of 1964, Executive Order 11246 as amended by Executive Order 11375, Section 503 and 504 of the Rehabilitation Act of 1973, the Age Discrimination in Employment Act of 1967, the Age Discrimination Act of 1975, the 1974 Vietnam Era Veterans Readjustment Assistance Act, the Americans with Disabilities Act of 1990 as amended, including the provisions of Title II as if they were a Public entity, the Civil Rights Act of 1991 and the Washington State Law Against Discrimination, Chapter 49.60 RCW. Requirements of PLIA's Non-discrimination Plan are hereby incorporated by reference, to include, but are not limited to:

- A. **Non-discrimination in Employment:** The Grantee shall not discriminate against any employee or applicant for employment because of race, color, sex, religion, national origin, creed, marital status, age, Vietnam Era veteran status, disabled veteran status or disability. This requirement does not apply, however, to a religious corporation, association, educational institution or society with respect to the employment of individuals of a particular religion to perform work connected with the carrying on by such corporation, association, educational institution or society of its activities.

The Grantee shall take affirmative action to ensure that employees are employed and treated during employment without discrimination because of their race, color, religion, sex, national origin, creed, marital status, age, Vietnam Era veteran status, disabled veteran status or disability. Such action shall include, but not be limited to the following: Employment, upgrading, demotion or transfer, recruitment or selection for training, including apprenticeships and volunteers.

- B. **Non-discrimination in Client Services:** The Grantee shall not, on the grounds of race, color, sex, religion, national origin, creed, age, or disability:

1. Deny an individual any services or other benefits provided under this Agreement.
2. Provide any service(s) or other benefits to an individual which are different, or provided in a different manner from those provided to others under this Agreement.
3. Subject an individual to unlawful segregation, separate treatment or discriminatory treatment in any manner related to the receipt of any service(s), and/or the use of the Grantee's facilities or other benefits provided under this Agreement.
4. Deny any individual an opportunity to participate in any program provided by this Agreement through the provision of services or otherwise, or afford an opportunity to do so which is different from that afforded others under this Agreement. The Grantee, in determining (1) The types of services or other benefits to be provided; or (2) The class of individuals to whom, or the situation in which such services or other benefits will be provided; or (3) The class of individuals to be afforded an opportunity to participate in any services or other benefits, will not utilize criteria or methods of administration which have the effect of subjecting individuals to discrimination because of their race, color, sex, religion, national origin, creed, age, or disability.

NON-COMPLIANCE WITH NON-DISCRIMINATION PLAN

In the event of the Grantee's non-compliance or refusal to comply with the above Non-discrimination plan, this Agreement may be rescinded, canceled or terminated in whole or in part, and the Grantee may be declared ineligible from further Agreements with PLIA. PLIA shall, however, give the Grantee reasonable time to cure this non-compliance.

UST Community Assistance Program

Contract Number: USTCAP-PVT-055-93

Project Site: 5867 Highway 20, Marblemount, WA 98267

ATTACHMENT A: WORK ORDER

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WORK ORDER

1.1 GENERAL

1.1.1 The project consists of: (a) removing and disposing of 5 existing UST(s) (Capacity: 10k, 2(3k), 5k, 2k gal), piping and miscellaneous other equipment, and (b) installing 2 new UST(s) (Capacity: 12k(8k/4k), 10k(6k/4k) gal; Material: Steel sti-P₃; Type: Single Wall), pumps, leak monitoring system, pipes, fittings, paving, and all other equipment for a complete and fully operational UST and petroleum fuel dispensing system that will meet current EPA, Washington State Department of Ecology, local jurisdiction, and all other applicable rules and regulations at project site 5867 Highway 20, Marblemount, WA 98267.

1.1.2 The project requires performance in accordance with "Guidance for Site Checks and Site Assessments for USTs" (Washington State Department of Ecology, February 1991) during the removal of existing UST(s). The Contractor is to allow ample time for delays due to soil sampling, inspection and laboratory analysis.

1.1.3 The work included in this contract is defined with this WORK ORDER and the attached drawings.

1.2 PERMITS

1.2.1 The Contractor is responsible for complying with any Federal, state and municipal laws, codes and regulations applicable to the performance of the work. Permits or approval for construction activities may be required by the local jurisdiction(s). These may include, but are not limited to, requirements to obtain grading, building or demolition permits, and requirements for compliance with local ordinances pertaining to environmental review under the state Environmental Policy Act (Chapter 43.21C RCW).

1.2.2 Prior to commencement of work, the Contractor shall, without additional expense to the Operator, be responsible for obtaining all necessary licenses and permits required by all authorities having jurisdiction for the removal of the existing UST system and for installation of the new UST system. The Contractor must notify all affected utility companies or providers.

1.2.3 The Contractor must obtain approval of authorities having jurisdiction for any work which affects existing exit ways, exit stairs, means of egress, or access to or exit from such area. The Contractor must also review with and obtain approval of authorities for any temporary construction which affects such area. Particular attention is directed to approval by fire authorities.

1.3 SITE SAFETY

1.3.1 The Contractor must provide protection for all persons and property in accordance with:

- a. WAC Chapter 296-155, Safety Standards for Construction Work.
- b. WAC Chapter 296-62, Occupational Health Standards.
- c. 29 CFR; 1910.120, Federal Register.
- d. All other applicable Rules and Regulations.

1.4 INSURANCE

1.4.1 The Contractor shall not commence work under this contract until the Contractor has obtained all insurance required and such insurance has been approved by the Owner/Operator. Approval of the insurance by the Owner/Operator shall not relieve or decrease the liability of the Contractor. Companies writing insurance under this article shall be licensed to do business under Title 48 RCW, or comply with the Surplus Lines Laws of the state of Washington.

1.4.2 The insurance coverage shall include claims for damages for personal and bodily injury or death, as well as claims for property damage, which may arise from operations under this Contract whether such operations are by the Contractor or any Subcontractors. The amounts of the required insurance shall not be less than one million dollars per occurrence, two million dollars aggregate.

1.4.3 The Contractor shall comply with the Washington State Industrial Insurance Act and, if the work is over water, the Federal Longshoremen's and Harbor Worker's Act, and the Jones Act.

1.4.4 The Contractor shall purchase and maintain "stop-gap" insurance for all of the Contractor's employees to be engaged in work on this project under this Contract, and shall require the same of all Subcontractors. In case any class of employees, engaged in hazardous work under this Contract at the site of the project, are not protected by the above coverage, the Contractor shall provide and shall require each Subcontractor to provide compensation insurance and employers' liability insurance with a private insurance company.

END OF ATTACHMENT A

UNRECORDED

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EXHIBIT "B"



JERRY McINTURFF
SKAGIT COUNTY AUDITOR

JAMES M. SMITH
Deputy

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STATE OF WASHINGTON

AFTER RECORDING RETURN

POLLUTION LIABILITY INSURANCE AGENCY

RECORDED

1015 10th Ave SE MS 4930 Olympia Washington 98504 • (360) 336-9907 • FAX 360-336-9908

DEED OF TRUST

FIRST AMERICAN TITLE CO

40277

THIS DEED OF TRUST, made this 10th day of May, 1994, between Mervyn Peterson, dba Merv's Service, as Grantor, whose address is 5867 Highway 20, Marblemount, WA 98267; and First American Title as Trustee, whose address is 510 Plum Street SE, Olympia, WA 98507; and Washington State Pollution Liability Insurance Agency, as Beneficiary, whose address is 1015 10th Ave. SE, PO Box 40930, Olympia, WA 98504-0930;

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

That portion of Government Lot 11, Section 7, Township 35 North, Range 11 East, W.M. described as follows:

Beginning 1588 feet East of the Southwest corner of said Section 7; thence North 132.5 feet along the Westerly line of that certain tract described in Quit Claim Deed to Louis A. Wright and Anna Wright, husband and wife, dated October 16, 1922 and recorded as Auditor's File No. 159898 to the Northwest corner thereof; thence continue North 15.00 feet along the West line of that certain tract described in Statutory Warranty Deed to C. Ernest Green and Jewell C. Greene, husband and wife, recorded as Auditor's File No. 767381 to the Northwest corner thereof; thence East 12.45 feet along the North line of said Greene Tract; thence North 252.50 feet to the South line of that certain tract conveyed to Marblemount Community Club, Inc., recorded as Auditor's File No. 537800; thence West 154.52 feet along the South line of said Marblemount Community Club tract to the Northeast corner of that certain tract described in Quit Claim Deed to Sadie E. Curry, as her separate property, as Auditor's File No. 750814; thence South 150.00 feet along the East line of that certain tract to the Southeast corner thereof; thence West 21.80 feet along the South line of said Curry tract to the Northwest corner of that certain tract described in Quit Claim Deed to Otto Peterson as Auditor's File No. 434253; thence South 250.00 feet along the West line of said Peterson tract to a point which bears West 163.87 feet from the POINT OF BEGINNING; thence East 163.87 feet to the TRUE POINT OF BEGINNING. EXCEPT State Road right-of-way.

Skagit County, State of Washington 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 way appertaining, and the rents, issues and profits thereof.

This deed is for the purpose of securing performance of the agreement herein contained, and payment of the sum of Ninety Two Thousand, One Hundred Seventy Six Dollars and Ten Cents (\$92,176.10) in accordance with the terms of the attached agreement, 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 by Beneficiary under the agreement.

9406030079

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BK 1639 PG 0373 BK 1337 PG 0293

UNRECORDED

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 force shall pass to the purchaser at the foreclosure sale.
4. To defend any action of proceedings purporting to affect the security hereof or the rights or powers of Beneficiary of 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 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 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 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.

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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 the 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 deposited with the clerk of the court of the county of sale.

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 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 record 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, successors and assigns. The term Beneficiary shall mean the holder and owner of the contingent debt set forth in the attached agreement and secured hereby, whether or not named as Beneficiary herein.

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Witness the hand(s) of the Grantor(s) on the day and year first above written.

Mervyn Peterson
GRANTOR

STATE OF WASHINGTON)

)ss.

COUNTY OF SKAGIT)

On this day personally appeared before me Mervyn Peterson
to me known to be the individual(s) described in and who executed the within and foregoing
instrument, and acknowledged that he signed the same as his free and voluntary act and deed,
for the uses and purposes therein mentioned.

Signed and sworn to before me this 23 day of May, 1994.

Steph Smith
Notary Public in and for the State of Washington,
residing at Concret

My appointment expires: 3-9-96

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