



200211070092

Skagit County Auditor

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AFTER RECORDING MAIL TO:

FIRST AMERICAN TITLE CO.

A71173

Filed for Record at Request of First American Title of Skagit County

A71173

Short Form
DEED OF TRUST

THIS DEED OF TRUST, made this 30th day of OCTOBER, between MCHOLDINGS LLC, as GRANTOR, whose address is 18885 WEST BIG LAKE BLVD., MOUNT VERNON, WA 98274, and FIRST AMERICAN TITLE COMPANY, as TRUSTEE, whose address is P.O. BOX 1667, Mount Vernon, Wa. 98273, and BAK DISTRIBUTING INC., as BENEFICIARY, whose address is P.O. BOX 1207, Mount Vernon, Wa. 98273.

Grantor hereby irrevocably grants, bargains, sells and conveys to Trustee in trust, with power of sale, the following described property in SKAGIT County, Washington:

That certain tract of land described in EXHIBIT A attached hereto and by reference made a part hereof.

being ptn S 1/2 of SW 1/4, Sec. 25, Township 34 N. R. 4 E. W.M.

Assessor's Property Tax Parcel/Account Number: P27807, P67141 and P67142

ADDITIONAL TERMS: See EXHIBIT B TOGETHER WITH all the tenements hereditaments and appurtenances, now or hereafter thereunto belonging or in anywise appertaining, and the rents, issues, and profits thereof and all other property or rights of any kind or nature whatsoever further set forth in the Master Deed of Trust hereinafter referred to. SUBJECT, HOWEVER, to the rights, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits.

THIS DEED IS FOR THE PURPOSE OF SECURING PERFORMANCE of each agreement of Grantor incorporated by reference or contained herein and payment of the sum Three Hundred Five Thousand DOLLARS (\$ 305,000.00) with interest thereon according to the terms of a promissory note of even date herewith, payable to Beneficiary or order and made by Grantor; all renewals, modifications or extensions thereof, and also such further sums as may be advanced or loaned by Beneficiary to Grantor, or any other successors or assigns, together with interest thereon at such rate as shall be agreed upon.

By executing and delivering this Deed of Trust and the Note secured hereby, the parties agree that all provisions of Paragraphs 1 through 35 inclusive of the Master Form Deed or Trust hereinafter referred to, except such paragraphs as are specifically excluded or modified herein, are hereby incorporated herein by reference and made an integral part hereof for all purposes the same as if set forth herein at length, and the Grantor hereby makes said covenants and agrees to fully perform all of said provisions. The Master Form Deed of Trust above referred to was recorded on the twenty-fifth (25th) day of July, 1968, in the Official Records of the offices of the County Auditors of the following counties in Washington in the book, and at the page designated after the name of each county, to wit:

COUNTY	BOOK OR VOL.	PAGE NO.	AUDITOR'S	COUNTY	BOOK OR VOL.	PAGE NO.	AUDITOR'S
Adams	2 of Record. Inv.	513-16	122987	Lewis	7 of Official Rec.	639-842	725562
Asotin	Microfilmed under Auditor's No.		107896	Lincoln	102 of Mortgages	776-779	316596
Benton	241 of Official Rec.	095A-C	592991	Mason	Book 48	From 835-838	236038
Chelan	688 of Official Rec.	1082-1683	681844	Okanogan	121 of Mortgages	517-519A	360538
Clallam	313 of Official Rec.	195-198	383176	Pacific	213 of Official Rec.	649-652	53707
Clark	Aud. Microfilm No.	701K59-702862	G-519253	Pend Oreille	27 of Migs.	8-11	126854
Columbia	49 of Deeds	198-201	P-3115	Pierce	1254 of Migs.	707-710	2250799
Cowlitz	247 of Official Rec.	244-237	151893	San Juan	28 of Migs.	459-462	69382
Douglas	125 of Mortgages	126-123	152150	Skagit	19 of Official Rec.	80-81	716277
Ferry	28 of Deeds	413-414	152150	Snohomish	47 of Migs.	41-44	70197
Franklin	11 of Official Rec.	138-141	309636	Snohomish	233 of Official Rec.	540-543	376267C
Garfield	Microfilmed under Auditor's No.		13044	Sposkane	14 of Official Rec.	1048-1051	2043549
Grant	44 of Rec. Doc.	373-376	538241	Stevens	109 of Migs.	394-397	390633
Grays Harbor	21 of General	31-34	207544	Thurston	434 of Official Rec.	731-734	785350
Island	181 of Official Rec.	710-713	211626	Waukegan	17 of Mortgages	89-92	24712
Jefferson	4 of Official Rec.	216-219	196853	Walla Walla	708 of Migs.	711-714	495731
King	3690 of Migs.	476-439	6782309	Whitman	82 of Official Rec.	853-858	1047522
Klickap	929 of Official Rec.	480-483	934970	Yakima	1 of Misc.	291-294	782282
Kittitas	311 of Mortgages	351-364	349693		712 of Official Rec.	147-150	2170555
Klickwa	101 of Mortgages	107-110	131095				

A copy of such Master Form Deed of Trust is hereby furnished to the person executing this Deed of Trust and by executing this Deed of Trust the Grantor acknowledges receipt of such Master Form Deed of Trust.

The property which is the subject of this Deed of Trust is not used principally or primarily for agriculture or farming purposes.

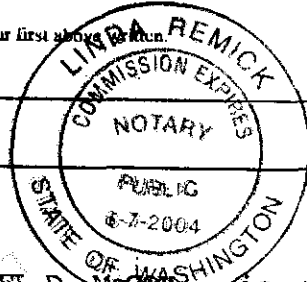
The undersigned Grantor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to him at the address hereinbefore set forth.

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

McHoldings, Inc.

By MICHAEL D. MCCOY, Managing Member

STATE OF WASHINGTON
COUNTY OF SKAGIT



I certify that I know or have satisfactory evidence that MICHAEL D. MCCOY is ~~the~~ is the person who appeared before me, and said person acknowledged that ~~he/she/they~~ he signed this instrument, on oath stated that ~~he/she/they~~ he authorized to execute the instrument and acknowledged it as the managing member of MCHOLDINGS, LLC to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated: 11-7-02

Linda Remick
Notary Public in and for the State of Washington
Residing at Starwood
My appointment expires 6-7-04

REQUEST FOR FULL RECONVEYANCE

To be used only when all obligations have been paid under the note and this Deed of Trust.

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 evidences of indebtedness secured by said Deed of Trust delivered in 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

Mail reconveyance to _____

Do not lose or destroy this Deed of Trust OR THE NOTE which it secures. Both must be delivered to the Trustee before cancellation will be made.





North West Properties,
Commercial Division
2204 Riverside Dr., Suite 210
Mt. Vernon, WA 98273
Phone: (360) 428-0195
Fax: (360) 428-0381

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Commercial Brokers Association
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CBA Form DTR
Deed of Trust Rider
Rev. 12/99
Page 1 of 1

DEED OF TRUST RIDER

This Deed of Trust Rider is attached and made a part of that Short Form Deed of Trust (Limited Practice Board Form No. 20) ^(g) dated _____, _____ in which

Grantor is McHOLDINGS, LLC

Trustee is FIRST AMERICAN TITLE COMPANY

and Beneficiary is B.A.K. DISTRIBUTING, INC.

The following modifications to the Master Form Deed of Trust are hereby incorporated:

(1) New Subsection 1(e). The following new Subsection 1(e) is hereby added: "(e) All inventory, equipment, goods, supplies and materials now or hereafter owned by Grantor and located at or on or used in connection with the property, and all present and future accounts, general intangibles, chattel paper, documents, instruments, deposits accounts, money, contract rights, insurance policies, and all proceeds, products, substitutions and accessions therefor and thereto. This Deed of Trust is intended to constitute a security agreement under the Uniform Commercial Code of Washington, and a UCC-2 Fixture Filing."

(2) Section 5. This Section is amended to provide that the amount of late charge shall be five cents (\$0.05) per dollar, but if any different amount is provided in the promissory note, the amount in the promissory note shall control.

(3) Section 25. Subsection 25(c) is amended to read: "(c) the property is sold or transferred without the Holder's consent." The following new subsection 25(e) is also added: "or (e) in one or more transaction, fifty percent (50%) or more of the stock, ownership, or partnership interests in, or the right to control, the Grantor is sold or transferred without the Holder's consent."



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INITIALS: BUYER: [Signature] DATE: 11-7-02 SELLER: [Signature] DATE: 11/7/2002
BUYER: [Signature] DATE: 11-7-02 SELLER: [Signature] DATE: _____

Parcel "A": Tax Parcel P27807

That portion of the South 1/2 of the Southwest 1/4 of Section 25, Township 34 North, Range 4 East, W.M. described as follows:

Beginning at a point 1,460.09 feet East and 333.97 feet South of the Northwest corner of the South 1/2 of the Southwest 1/4 of said Section, said point being the Southwest corner of a tract of land as conveyed to School District No. 73 by deed recorded under Auditor's File No. 296453; thence North 79 degrees 52' East, 182 feet to the true point of beginning of this description; thence South 161 feet; thence North 79 degrees 52' East to the West line of Lake View Boulevard; thence Northwesterly along the West line of Lake View Boulevard to a point North 79 degrees 52' East of the true point of beginning; thence South 79 degrees 52' West to the true point of beginning.

(Also known as Parcel "A" of Survey recorded September 6, 2002 under Skagit County Auditor's File No. 200209060015).

Together with 1988 Fleetwood Mobile Home 44x28
Serial No. 8284



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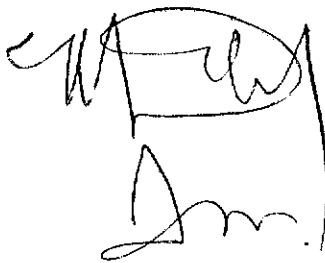
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Parcel "B": Tax Parcel P67141

That portion of the South 1/2 of the Southwest 1/4 of Section 25, Township 34 North, Range 4 East, W.M., AND ALSO being a portion of Tract 2 of Skagit County Short Plat No. 32-79, approved April 30, 1979 and filed in Volume 3 of Short Plats at page 114 under Auditor's File No. 7905150047, TOGETHER WITH a portion of Tract "C" of Skagit County Short Plat No. 32-79 (Revised), approved January 9, 1981 and filed in Volume 5 of Short Plats, at page 18 under Auditor's File No. 8101120002, described as follows:

Beginning at the Southeast corner of said Tract 2; thence North 10 degrees 22'30" West along the East line of said Tract 2, a distance of 208.71 feet to the Northeast corner thereof; thence South 79 degrees 52'00" West along the North line of said Tract 2, a distance of 115.16 feet to the South corner on the most Easterly line of said Tract "C"; thence North 00 degrees 00'00" East along said most Easterly line, a distance of 61.00 feet to the North corner on said most Easterly line; thence South 79 degrees 52'00" West along the Northerly line of said Tract "C", a distance of 104.54 feet to the Northerly projection of the Westerly line of said Tract 2; thence South 10 degrees 22'30" West along said Westerly line and its projection, a distance of 188.76 feet; thence North 79 degrees 52'00" East, a distance of 130.0 feet; thence South 10 degrees 22'30" East, a distance of 80.00 feet to the South line of said Tract 2; thence North 79 degrees 52'00" East, a distance of 78.71 feet to the point of beginning of this description.

(Also known as Parcel "C" of Survey recorded September 6, 2002, under Skagit County Auditor's File No. 200209060015)



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Parcel "C": Tax Parcel P67142

That portion of the South 1/2 of the Southwest 1/4 of Section 25, Township 34 North, Range 4 East, W.M., and also being a portion of Tract 2 of Skagit County Short Plat No. 32-79, approved April 30, 1979 and filed in Volume 3 of Short Plats, page 114, under Auditor's File No. 7905150047, TOGETHER WITH a portion of Tract "B" of Skagit County Short Plat No. 32-79 (Revised), approved January 9, 1981 and filed in Volume 5 of Short Plats, page 18, under Auditor's File No. 8101120002, described as follows:

Beginning at the Southeast corner of said Tract 2; thence North 10 degrees 22'30" West along the East line of said Tract 2, 208.71 feet to the Northeast corner thereof; thence South 79 degrees 52'00" West along the North line of said Tract 2, 115.16 feet to the South corner of the most Easterly line of Tract "C" of said Revised Short Plat; thence North 00 degrees 00'00" East along said most Easterly line 61.00 feet to the North corner on said most Easterly line; thence South 79 degrees 52'00" West along the Northerly line of said Tract "C", 104.54 feet to the Northerly projection of the Westerly line of said Tract 2; thence South 10 degrees 22'30" West along said Westerly line and its projection, 188.76 feet to the true point of beginning; thence North 79 degrees 52'00" East, 130.00 feet; thence South 10 degrees 22'30" East, 80.00 feet to the South line of said Tract 2; thence North 79 degrees 52'00" East, 78.71 feet to the Easterly line of said Tract "B"; thence South 10 degrees 22'30" East along said Easterly line, 60 feet to the Easterly most corner of Tract "B"; thence South 79 degrees 52'00" West along the Southerly line of Tract "B", 100 feet; thence continue along said Southerly line at an angle of South 58 degrees 08'57" West (shown as South 58 degrees 08'52" West on Short Plat No. 32-79 (Revised), 116.82 feet to a point which lies South 10 degrees 22'30" East of the true point of beginning; thence North 10 degrees 22'30" West, 183.23 feet to the true point of beginning.

(Also known as Parcel "C" of Survey recorded September 6, 2002 under Skagit County Auditor's File No. 200209060015.)

[Handwritten signatures and initials]



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EXHIBIT B

This is EXHIBIT B to a Deed of Trust in the amount of Three Hundred Five Thousand Dollars (\$305,000.00) dated November 1, 2002.

1. PERSONAL GUARANTEE. MICHAEL D. McCOY and TAMARA L. McCOY are the sole shareholders of Maker which is buying Holder's real property commonly known as The Big Lake Grocery. Holder has permitted MICHAEL D. McCOY and TAMARA L. McCOY to assign the purchase rights to MCHOLDINGS, LLC, provided that MICHAEL D. McCOY and TAMARA L. McCOY agree to individually and on behalf of their community guarantee all obligations and duties of the Deed of Trust. MICHAEL D. McCOY and TAMARA L. McCOY by their signatures below hereby personally guarantee any and all obligations due and owing Holder arising out of the terms and conditions of the Deed of Trust attached.

2. CONTEMPORANEOUS BREACH. This Three Hundred Five Thousand Dollar (\$305,000.00) Deed of Trust is executed contemporaneously with a Promissory Note and Deed of Trust in the amount of Sixty-five Thousand Dollars (\$65,000.00). The Sixty-five Thousand Dollar Promissory Note (\$65,000.00) evidences purchase of business assets of the Big Lake Grocery. A breach/default in this Deed of Trust or the Sixty-five Thousand Dollar (\$65,000.00) Deed of Trust will be deemed a breach/default in both Deeds of Trust, giving Holder the cumulative rights available under both Deeds of Trust and Promissory Notes and related security documents.

3. PARTIAL RECONVEYANCE/FIRST RIGHT OF REFUSAL. Holder, is granted a First Right of Refusal to purchase, for the price and terms as those offered by any bona fide offeror, the real property and/or mobile home described in EXHIBIT A, page 1, of the Deed of Trust in the event that maker has a bona fide all cash offer to purchase either or both. Maker, in the event Maker desires to accept a bona fide offer, shall give Holder twenty (20) calendar days prior written notice before accepting any such offer. Holder shall have the right to purchase the property for the same price and on the same terms as those offered by the bona fide offeror. The transaction, if Holder elects to purchase, shall close within thirty (30) days following Holder's notice of Holder's election to purchase, which closing shall take place at First American Title Company in Skagit County. The purchase price shall be paid by Holder to Maker by way of a set off against the outstanding balance owing on the Promissory Notes secured by this Deed of Trust. Closing costs shall be allocated between Holder and Maker in the same manner as specified in the bona fide offer. Holder, if Maker is unable to pay his share of the closing costs, at Holder's option, may elect to pay the same and add the amount of Maker's share of the closing costs to the balance of the Promissory Note remaining between Maker and Holder, or at Holder's option cancel the transaction.



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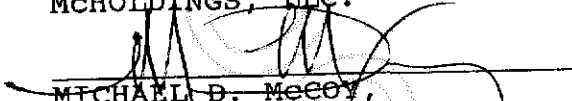
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Maker, in the event Holder does not exercise his first right of refusal, may sell to a third party. Holder, in such event shall grant a partial reconveyance of the real property and/or clear title to the mobile home on the following terms:

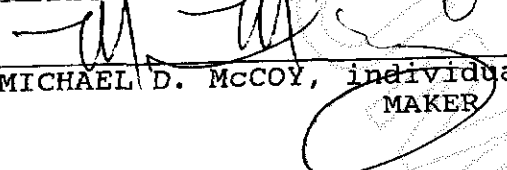
1. One-half of the net sale proceeds paid to Holder through closing shall be applied to the outstanding balance of this Deed of Trust and Promissory Note.

2. The remaining proceeds shall be held in escrow by First American Title Company of Skagit County. These funds shall be paid or applied to the payment for capital improvements to the real property secured by this Deed of Trust. The improvements must be likely to produce sufficient additional cash flow or increase the value of the properties in order to justify the capital expenditures. The parties have agreed that improvements such as the installation of fuel pumps, propane sales equipment, additional mini storage units or additional outdoor storage areas for RV's are examples of such capital improvements. The proceeds held in escrow shall be disbursed from escrow only upon the approval of Holder, which approval shall not be unreasonably withheld. The parties in the event of a disagreement shall select an architect and/or real property appraiser doing business in Skagit County to determine if the proposed improvements meet the criteria set forth above, which determination by said architect or appraiser shall be conclusive. The Skagit County Superior Court upon petition shall appoint an appraiser and/or architect in the event that the parties are unable to agree upon the name of an appraiser or architect. Any funds remaining in the escrow account after eighteen months following sale shall be disbursed to Holder and shall be applied to the reduction of the outstanding balance owed by Maker to Holder.

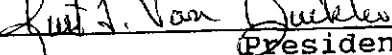
MCHOLDINGS, LLC.


MICHAEL D. MCCOY,
Managing Member


TAMARA L. MCCOY, individually


MICHAEL D. MCCOY, individually
MAKER

B.A.K. DISTRIBUTING, INC.

BY 
Kurt L. Van Bueken
President

attest:

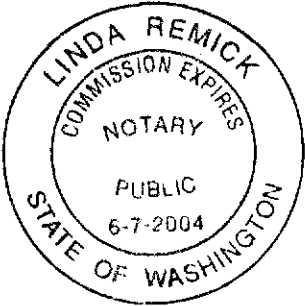


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STATE OF WASHINGTON)
)
) ss.
COUNTY OF SKAGIT)

On this day personally appeared before me MICHAEL D. McCOY and TAMARA L. McCOY, husband and wife, to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 7th day of November, 2002



Linda Remick
Printed name: Linda Remick
Notary Public in and for the state of Washington, residing at Mount Vernon.
My appointment expires: 6-7-04



200211070092
Skagit County Auditor