

When Recorded Return to:

Mark E. Holcomb
Morton McGoldrick, P.S.
820 "A" Street, Suite 600
Post Office Box 1533
Tacoma, WA 98401-1533



200401060026
Skagit County Auditor
1/6/2004 Page 1 of 5 10:21AM

DEED OF TRUST AND ASSIGNMENT OF RENTS

Reference Number(s) of Related Documents (if applicable):

Grantor: Randy S. Audette & Marsha A. Audette

Beneficiary: Associated Petroleum Products, Inc.

Legal Description: Tract 1 Short Plat No. 29-87

Additional legal on page 1 of this document.

Assessor's Tax Parcel Numbers: 340414-3-010-0002

THIS DEED OF TRUST, made this 24 day of December, 2003, between Randy S. Audette and Marsha A. Audette, husband and wife, GRANTOR, whose address is 1487 Highway 9, Mount Vernon, Washington 98273, Morton McGoldrick, P.S., TRUSTEE, whose address is 820 "A" Street, Suite 600, Tacoma, Washington 98402, and Associated Petroleum Products, Inc., a Washington corporation, as BENEFICIARY, whose address PO Box 1397, Tacoma, Washington 98401.

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

Tract 1 of SKAGIT COUNTY SHORT PLAT NO. 29-87 as approved February 12, 1988, and recorded February 12, 1988, in Volume 8 of Short Plats, page 23, under Auditor's File No. 8802120024, records of Skagit County, Washington; being a portion of the South Half of the Southwest

quarter of Section 14, Township 34 North, Range 4 East of the Willamette Meridian.

Situated in Skagit County, Washington.

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 secures a promissory note in the amount of \$52,000.00, together with Grantor's reimbursement obligation under the lease agreement dated July 1, 1997, between Grantor and Beneficiary.

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 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.



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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.

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.

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 to 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 pay 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 its execution of this Deed of Trust, and such as it may have acquired thereafter. The 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 for value.



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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 the 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.

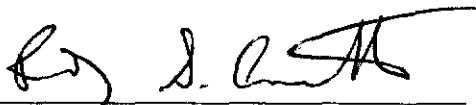
8. This Deed of Trust applies to and inures to the benefit of, and is binding not only on the parties hereto, but on their heirs, devisees, legatees, administrators, executors and assigns. The term Beneficiary shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiary herein.

9. If all or any part of the property or any interest in it is sold or transferred without Beneficiary's prior written consent, Beneficiary may, at its option, require immediate payment of all sums secured by this Security Instrument.

10. As further security for the payment of all indebtedness herein mentioned, all Grantor rents and profits of said property and the right, title and interest of the Grantor in and under all leases now or hereafter affecting said property, are hereby assigned and transferred to the Beneficiary. So long as no default shall exist in compliance with any requirement hereof or of any further instrument at any time executed with respect to this Deed of Trust, the Grantor may collect assigned rents and profits as the same fall due, but upon the occurrence of any such default, all right of the Grantor to collect or receive rents or profits shall wholly terminate. All rents or profits of Grantor receivable from or in respect to said property which it shall be permitted to collect hereunder shall be received by it in trust to pay the usual and reasonable operating expenses of, and the taxes upon, said property and the sums owing the Beneficiary as they become due and payable as provided in this Deed of Trust or in the said note or in any modification of either. The balance of such rents and profits after payment of such operating expenses, taxes and sums, including amortization, shall be Grantor absolute property. No lease of the whole or any part of the property involving an initial term of more than three years shall be modified or terminated without the written consent of the Beneficiary, nor shall the surrender of any such lease be accepted nor any rental thereunder be collected for more than two months in advance without like written consent. In the event of any default hereunder and the exercise by the Beneficiary of its rights hereby granted, Grantor agrees that payments made by tenants or occupants to the Beneficiary shall, as to such tenants, be considered as though made to Grantor and in discharge of tenants' obligations as such to



Grantor. Nothing herein contained shall be construed as obliging the Beneficiary to perform any of Grantor covenants under any lease or rental arrangement. Grantor shall execute and deliver to the Beneficiary upon demand any further or supplemental assignments necessary to effectuate the intentions of this paragraph and upon failure of the Grantor so to comply, Beneficiary may, in addition to any other right or remedy it has, declare the maturity of the indebtedness hereby secured.



Randy S. Audette



Marsha A. Audette

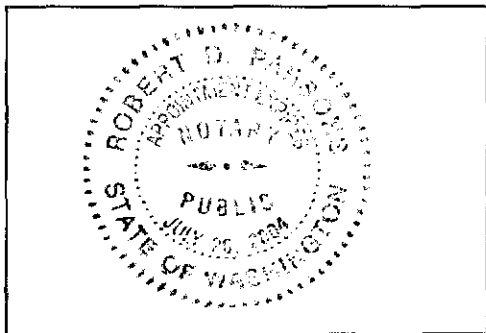
STATE OF WASHINGTON)

COUNTY OF SKAGIT)

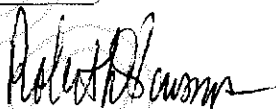
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I certify that I know or have satisfactory evidence that Randy S. Audette and Marsha A. Audette are the persons who appeared before me, and said persons acknowledged that they signed this instrument and acknowledged it to be their free and voluntary act for the uses and purposes mentioned in the instrument.

DATED this 24 day of December, 2003.



Notary Seal



ROBERT PARSONS (Name)

NOTARY PUBLIC in and for the State of Washington residing at: MOUNT VERNON

My Commission Expires: 7/25/04



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