

When recorded return to

MICHAEL A. WINSLOW  
Attorney at Law  
411 Main Street  
Mount Vernon, Washington 98273



200410280228  
Skagit County Auditor

10/28/2004 Page 1 of 8 3:59PM

FIRST AMERICAN TITLE CO.

**SHORT FORM DEED OF TRUST A82554-E-2**

**GRANTORS:** Rhodo-Drona, LLC, a Washington Limited Liability Company (as to Parcel A)  
Rose Point, LLC, a Washington Limited Liability Company (as to Parcel B)

**GRANTEES:**  
1. Beneficiary Olaf Gildnes and Gayle Gildnes, husband and wife  
2. Trustee First American Title Company of Skagit County

**LEGAL DESCRIPTION:**  
Parcel A: Building only on portion blocks 288 and 289 MAP OF THE CITY OF ANACORTES

Parcel B: Portion lots 18-20, Block 4 STUART'S FIRST ADDITION TO ANACORTES

**ASSESSOR'S PROPERTY TAX**

**PARCEL OR ACCOUNT NO.**

Parcel A: (P56524) 3772-289-011-0006  
(P56526) 3772-289-020-0005  
(P56522) 3772-288-021-0006  
(P56525) 3772-289-014-0003  
Parcel B: (P60431) 3833-004-020-0104

**REFERENCE NOS OF DOCUMENTS**

**ASSIGNED OR RELEASED:** none

**CONVEYANCE:**

This Deed of Trust is made on October 28, 2004, between Rhodo-Drona, LLC, a Washington Limited Liability Company (as to Parcel A), and Rose Point, LLC, a Washington Limited Liability Company (as to Parcel B), Grantors, whose address is 209 T Avenue, Anacortes, Washington, and First American Title Co. of Skagit County, Trustee, whose address is P.O. Box 1667, Mount Vernon, Washington, and Olaf Gilnes and Gayle Gildnes, husband and wife, Beneficiary whose address is 15006

Deed of Trust  
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-1-

**ORIGINAL**

Channel Lane, LaConner, Washington.

Grantors hereby irrevocably grant, bargain, sell, and convey to Trustee in trust, with power of sale, all Grantors' estate, right, title, interest, claim and demand, now owned or hereafter acquired, in and to the following described property in Skagit County, Washington (the "Property," which term shall include all or any part of the Property, any improvements thereon and all the property described in Section 1 of the Master Form Deed of Trust hereinafter referred to); which has the common addresses (Parcel A and Parcel B) of : 209 T Avenue, Anacortes, Washington and 2120 Commercial Avenue, Anacortes, Washington.

Legal Description: See attached "Exhibit A"

The interest of the Grantor, Rhodo-Drona, LLC., in the property described as Parcel A, on the attached Exhibit A, is a lease hold interest of a tenant, as established pursuant to terms of lease recorded under Auditor File No. 9703170121, and subsequent assignments thereof, including those recorded under Auditor File No. 9902180111 and Auditor File No. 200102280172.

TOGETHER WITH all the tenements, hereditments and appurtenances now or hereafter belonging or in any way appertaining leases and other agreements for use and occupancy pertaining thereto 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 Form Deed of Trust hereinafter referred to SUBJECT, HOWEVER, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profit. This Deed of Trust shall constitute a security agreement under the Uniform Commercial Code of Washington between Grantors as debtor and Beneficiary as secured party. Grantors grant a security interest to Beneficiary in any of the property which is personal property and also grants a security interest in the property described in Section 2 of the Master Form Deed of trust hereinafter referred to, now owned or hereafter acquired by Grantors (the Property as defined above, and the property described in said Section 2 are hereafter referred to as the "Collateral").

THIS DEED IS FOR THE PURPOSE OF SECURING the following:

- (a) Payment of the sum of Two Hundred Sixty Thousand Dollars (\$260,000.00) with interest thereon according to the terms of a promissory note of even date herewith, payable to Beneficiary or order and made by Grantors (the "Note," which term shall include all notes evidencing the indebtedness secured by this Deed of Trust, including all renewals, modifications or extensions thereof);
- (b) Payment of any further sums advanced or loaned by Beneficiary to Grantors, or any of its successors or assigns, if:
  - (i) the note or other writing evidencing the future advance or loan specifically states that it is secured by this Deed of Trust; or
  - (ii) the advance, including costs and expenses incurred by Beneficiary, is made pursuant to this Deed of Trust or any other documents executed by Grantors evidencing, securing or relating to the Note and/or the Collateral, whether executed prior to, contemporaneously with or subsequent to this Deed of Trust (this Deed of Trust, the Note and such other documents, including any construction or other loan agreement are



hereafter collectively referred to as the "Loan Documents") together with interest thereon at the rate set forth in the Note unless otherwise specified in the Loan Documents or agreed to in writing.

(c) Performance of each agreement, term and condition set forth or incorporated by reference in the Loan Documents, including without limitation the loan agreement and/or commitment dated and assignment of leases and/or rents of even date herewith, which are incorporated herein by reference, or contained herein.

By executing and delivering this Deed of Trust and the Note secured hereby, the parties agree that all provisions of Paragraphs 1 through 65 inclusive of the Master Form Deed of 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 Grantors freely make said covenants and agree to fully perform all of said provisions. The Master form Deed of Trust above referred to was recorded on the eleventh 11th day of August, 1987, 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 FILE NO.
Adams	142	305	213404
Asotin			175404
Benton	493	1125	87-12850
Chelan	880	1663	8708110050
Clallam	784	278	594433
Clark		19	8708110009
Columbia	2H	296	H2135
Cowlitz			870811020
Douglas	M224	76	245733
Ferry	MF		205269
Franklin	0227	251	454027
Garfield			87248
Grant	634	109	804746
Grays Harbor	87	18669	870811031
Island	559	1756	87011073
Jefferson	243	338	309675
King			8708110560
Kitsap	432	682	8708110065
Kitittas	264	212	506597
Klickitat	141	300	206526
Lewis	365	154	960637
Lincoln			377660
Mason	384	027	470654
Okanogan	70	2376	741827
Pacific	8708	348	84496
Pend Oreille	74	899	194502
Pierce	0440	0367	8708110085



San Juan	188	341	87147097
Skagit	719	58	8708110057
Skamania	106	326	1036446
Snohomish	2079	0467	0708110076
Spokane	918	688	8708110112
Stevens	115	0434	8705730
Thurston	1511	769	8708110045
Wahkiakum	71	256	38075
Walla Walla	166	400	8706174
Whatcom		614	1580300
Whitman	48		521420
Yakima	1217	977	2807235

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 Grantors acknowledge 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 agricultural or farming purposes. The undersigned Grantors request 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.

The specific provisions of this Deed of Trust, the Promissory Note secured hereby and the Loan Agreement (if any) shall control in the event of conflict with provisions with the Master Form.

Paragraph 17 of the Master Form Deed of Trust is deleted and the following language is substituted:

**Due on Sale Clause.** Beneficiary may, at its option, declare immediately due and payable all sums secured by this Deed of Trust upon the sale or transfer of all or any part of the real property, or any interest therein, without the Beneficiaries' prior written consent. A "sale or transfer" means the conveyance of any property or any right, title or interest therein; whether legal or equitable, whether voluntary or involuntary, by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than ten years, lease/ option to purchase contract; sale, assignment or transfer of any beneficial interest in or to any land trust holding title to the real property or any other method of conveyance of real property interests. A sale of the corporation, limited liability company or partnership interest greater than 49% of the voting stock, partnership interests, or member interests after date of the recording the Deed of Trust or dilution of the current voting stock, partnership or member interests through issuance of additional shares or interests shall likewise constitutes a "transfer". In the case of a conveyance or contract to convey, the interest shall likewise increase to the default amount or the holder may consent to the conveyance or contract to convey and increase the interest rate provided for herein. However, this option shall not be exercised by Beneficiary if exercise is prohibited by federal or Washington law.

Paragraph 26 of the Master Form Deed of Trust is deleted and the following language is substituted:  
**Late Charge.** Payments will be late if not received Beneficiary or his successor within the date due as specified in the Promissory Note. If a payment is late, Makers agree to pay a late charge equal to ten percent (10%) of the amount of the delinquency. In the event the full balance of the note is not paid on or before 30 days from the date due, the Maker shall pay a late charge equal to two percent (2%) of the



balance of all principal and interest due. There will be no daily pro rata adjustment. All later charges shall accrue to the benefit of the Beneficiary. This paragraph shall not relieve the Grantor of the obligation to make payments on or before the date on which they are due nor do the terms of this paragraph in anyway affect Beneficiary's remedies pursuant to the terms of the Note secured hereby or this Deed of Trust.

Paragraph 58(b) of the Master Form Deed of Trust is deleted and the following language is substituted:

(b) Grantors shall promptly comply with all statues regulations and ordinances which apply to Grantors or the Property and with all orders, decrees or judgments of governmental authorities or courts having jurisdiction which Grantors are bound by, relating to the use, collection, storage, treatment, control, removal or cleanup of hazardous or toxic substances in, on or under the Property or in, on or under an adjacent property that becomes contaminated with hazardous or toxic substances as a result or construction, operations or other activities on, or the contamination of, the Property, at Grantors' expense. Beneficiary may, but is not obligated to, enter upon the Property and take such actions and incur such costs and expenses to effect such compliance as it deems advisable to protect its interest as Beneficiary; and whether or not Grantors have actual knowledge of the existence of hazardous or toxic substances in, on or under the Property or any adjacent property as of the date hereof, Grantor shall reimburse Beneficiary on demand for the full amount of all costs and expenses incurred by Beneficiary prior to Beneficiary acquiring title to the Property through foreclosure or deed in lieu of foreclosure, in connection with such compliance activities.

**The term "Grantor" as used in this agreement includes the "Borrower" as defined in RCW 61.24, if the Borrower is a person or entity other than the Grantor.**

To the extent permitted by law, including, without limitation, RCW 61.24.100, the Beneficiary hereunder may seek and obtain a deficiency judgment following the completion of a judicial foreclosure or a non-judicial trustee's sale of all or a portion of the security for the obligation secured by this Deed of Trust.

The parties covenant and agree that the loan for which this Deed of Trust is given is for commercial purposes only. The Grantor/Borrower expressly covenants and agrees that the loan proceeds will not be used for any personal, family, or household purpose.

**Agreement for a Partial Reconveyance.** Upon the first anniversary of this loan and upon receipt of an additional principal reduction, as a balloon payment, in the sum of twenty five thousand dollars (\$25,000.00), then Lenders will provide a partial reconveyance as to Parcel B, designated as collateral under this Deed of Trust (the Rose Point, LLC property). This release shall occur only upon the condition that Borrower shall have timely paid all installment payments due under the note for the twelve month period preceding receipt of the balloon payment.

**Ownership of Collateral.** Grantors, Rhodo-Drona, LLC, are the owners of Parcel A, while Rose Point, LLC, is the owner of Parcel B.

Grantors' Street address for service of process:

209 T Avenue  
Anacortes, WA. 98221

Deed of Trust  
Corps/PMI/Deed of Trust.wpd

-5-



200410280228  
Skagit County Auditor

10/28/2004 Page 5 of 8 3:59PM

WITNESS the hands and seals of the Grantors on the day and year first above written.

Rhodo-Drona, L.L.C.

Rose Point, L.L.C.

Jennifer L. Wingett  
By: Jennifer L. Wingett, Member/Manager

Jennifer L. Wingett  
By: Jennifer L. Wingett, Member

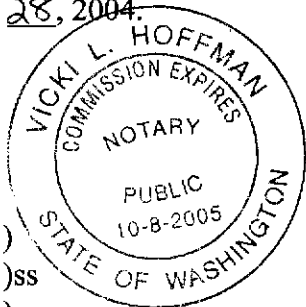
Randolph H. Barrett  
By: Randolph H. Barrett, Member

Byron Wingett  
By: Byron Wingett, Member

State of Washington )  
  )ss  
County of Skagit )

I certify that I know or have satisfactory evidence that Jennifer L. Wingett is the person who appeared before me; that she acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged as the member/manager of Rhodo-Drona, LLC, and a member of Rose Point, LLC, to be the free and voluntary act of her for the uses and purposes contained in the instrument.

DATED: October 28, 2004.

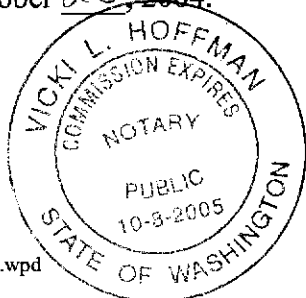


Vicki L. Hoffman  
Notary Public  
My commission expires: 10-8-05

State of Washington )  
  )ss  
County of Skagit )

I certify that I know or have satisfactory evidence that Randolph H. Barrett is the person who appeared before me; that he acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged as a member of Rose Point, LLC, to be the free and voluntary act of him for the uses and purposes contained in the instrument.

DATED: October 28, 2004.



Vicki L. Hoffman  
Notary Public  
My commission expires 10-8-05

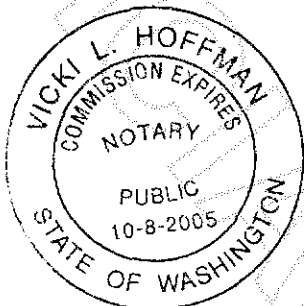
Deed of Trust  
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State of Washington )  
  )ss  
County of Skagit         )

I certify that I know or have satisfactory evidence that Byron Wingett is the person who appeared before me; that he acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged as a member of Rose Point, LLC, to be the free and voluntary act of him for the uses and purposes contained in the instrument.

DATED: October 28, 2004.



*Vicki Hoffman*  
\_\_\_\_\_  
Notary Public  
My commission expires 10-8-05



EXHIBIT A

The land referred to in this report/policy is situated in the State of Washington, County of Skagit, and is described as follows:

Parcel "A":

That portion of Blocks 288 & 289, "MAP OF THE CITY OF ANACORTES, SKAGIT COUNTY, WASHINGTON", according to the plat thereof recorded in Volume 2 of Plats, page 4 through 7, records of Skagit County, Washington, and of vacated 2<sup>nd</sup> Street abutting thereon, and of Tract 8, Plate 9, "TIDE AND SHORE LANDS OF SECTION 18, TOWNSHIP 35 NORTH, RANGE 2 EAST W.M.", as per the Official Map thereof on file in the Office of the Commissioner of Public Lands at Olympia, Washington, more particularly described as follows:

Beginning at the intersection of "T" Avenue and 6<sup>th</sup> Street, within the Plat of "MAP OF THE CITY OF ANACORTES, SKAGIT COUNTY, WASHINGTON"; thence North 0 degrees 35'27" East, along the centerline of "T" Avenue, 591.17 feet to the intersection of 4<sup>th</sup> Street and "T" Avenue, in said Plat; thence continue North 0 degrees 35'27" East, 452.00 feet to a point of intersection with the North line of the 16 foot alley within said Block 288, produced Westerly; thence South 89 degrees 24'51" East, along said line, a distance of 15.29 feet to the true point of beginning; thence North 0 degrees 35'27" East, 243.07 feet; thence South 89 degrees 18'28" East, 109.61 feet; thence South 0 degrees 35'27" West, 242.85 feet to the North line of said alley; thence North 89 degrees 24'51" West, along said line and said line extended a distance of 109.60 feet to the true point of beginning.

Parcel "B":

The South 65 feet of Lots 18, 19 and 20, Block 4, "STEWART'S FIRST ADDITION TO THE CITY OF ANACORTES", according to the plat thereof recorded in Volume 2 of Plats, page 14, records of Skagit County, Washington.

Gildnes to Rhodo-Drona/Rose Point LLC  
Legal Description



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Skagit County Auditor