



200706250135
Skagit County Auditor

6/25/2007 Page 1 of 8 11:36AM

Filed for Record at Request of and Return to:

Robert S. Over
Keller Rohrback L.L.P.
1201 Third Avenue
Suite 3200
Seattle, Washington

DEED OF TRUST FIRST AMERICAN TITLE CO.
91985 2

This DEED OF TRUST is made as of the 21 day of June, 2007, by and among Fuad Helo and Jennifer Carlson, husband and wife, whose address is 17310 - 35th Avenue S.E., Bothell, Washington 98012 ("Grantor"), First America Title Insurance Company, whose address is 2917 Pacific Avenue, Everett, Washington 98201 ("Trustee"), and Jackie D. MacCormac, whose address is 18033 Stone Ave. N., #B, Shoreline, WA 98133 ("Beneficiary").

WITNESSETH:

ACCOMMODATION RECORDING ONLY

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

LOT 19, PLAT OF SAUK RIVER ESTATES, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 8 OF PLATS, PAGES 13 AND 14, RECORDS OF SKAGIT COUNTY, WASHINGTON.

SITUATE IN THE COUNTY OF SKAGIT, STATE OF WASHINGTON.

Tax Parcel No. 3994-000-019-0001, Pl 68871

which real property is not used for agricultural or farming purposes, 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.

This deed is granted for the purpose of securing payment of the sum of Seventeen Thousand and No/100 Dollars (\$17,000.00), 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 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, and not to pledge, sell, transfer, convey or grant any security interest in the property, whether superior or junior to the lien created hereby.

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 aggregate amount not less than the total debt secured by this Deed of Trust and other prior liens. All policies shall be in such companies as the Beneficiaries may approve and have loss payable to the Beneficiary as Beneficiary's 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 protect, defend, 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, charges, 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 attorneys' 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, or (iii) the treatment, storage or disposal off the Property, subsequent to Closing, of any Hazardous Materials, 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.

5. To defend any action or proceeding purporting to affect the security hereof or the rights or powers of the Beneficiary or Trustee, and to pay all costs and expenses, including cost of

DEED OF TRUST AND
SECURITY AGREEMENT - 2



200706250135

Skagit County Auditor

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.

6. To pay all costs, fees and expenses in connection with this Deed of Trust incurred in enforcing the obligation secured hereby and Trustee's, Receiver's, and attorney's fees actually incurred.

7. Should Grantor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the property herein 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 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 Beneficiary's 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, which default other than payment is not cured within thirty (30) days after written notice to Grantor from the Beneficiary specifying the default, or if it cannot be cured within said thirty (30) days, consistently and diligently pursued thereafter until cured, all sums secured hereby shall become immediately due and payable at the option of the Beneficiary. In such event and upon written request of the Beneficiary, Trustee or its authorized agent shall exercise the power of sale granted herein and sell the property, in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. Any person except the Trustee may bid at the Trustee's sale. The 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 fees; (2) to the obligation secured by this Deed of Trust; (3) the surplus, if any, shall be distributed to the persons entitled thereto.

5. The Trustee shall deliver to the purchaser at the sale a Trustee's 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 Grantor's execution of this Deed of Trust, and such as Grantor



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 the 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 the Trustee, Beneficiary may appoint, in writing, a successor Trustee, and upon the recording of such appointment in the 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 parties 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/holders and owner/owners 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, 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 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; (ii) a transfer to a spouse of Grantor; (iii) a transfer by devise, descent, or operation of law resulting from the death of any person comprising the Grantor; (iv) 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; or (v) a transfer resulting from a decree of dissolution of marriage, legal separation agreement, or property settlement agreement in which a spouse of any person comprising the Grantor retains or acquires 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

DEED OF TRUST AND
SECURITY AGREEMENT - 4



200706250135
Skagit County Auditor

6/25/2007 Page

4 of

8 11:36AM

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 under Chapter 7.60 of the Revised Code of Washington 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 herein 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 or 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 documents 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

DEED OF TRUST AND
SECURITY AGREEMENT - 5




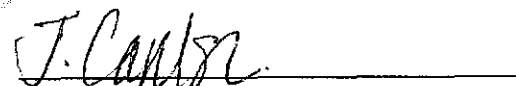
200706250135

Skagit County Auditor

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 instruments 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.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR FOREBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

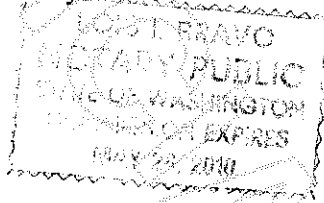

Fuad Helo, a married person


Jennifer Carlson, a married person

STATE OF WASHINGTON)
) ss.
COUNTY OF Spokane)

On this day personally appeared before me Fuad Helo, to me known to be the individual 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.

GIVEN under my hand and official seal this 21 day of June, 2007

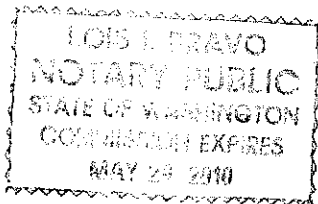


Fuad Helo
Print Name: Lois I. Bravo
NOTARY PUBLIC in and for the State of
Washington; residing at: Everett
My commission expires: 5/28/10

STATE OF WASHINGTON)
) ss.
COUNTY OF Spokane)

On this day personally appeared before me, Jennifer Carlson, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that her signed the same as her free and voluntary act and deed for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 21 day of June, 2007



Fuad Helo
Print Name: Lois I. Bravo
NOTARY PUBLIC in and for the State of
Washington; residing at: Everett
My commission expires: 5/28/10

DEED OF TRUST AND
SECURITY AGREEMENT - 7



200706250135
Skagit County Auditor

REQUEST FOR RECONVEYANCE

TO THE TRUSTEE:

The undersigned are the holders of the note or notes secured by this Deed of Trust. Said note or notes, together with all other indebtedness secured by this Deed of Trust, has been fully paid and satisfied. Upon payment to you of any sums owing to you under the terms of this Deed of Trust, you are hereby directed to reconvey, without warranty, all the estate now held by you under this Deed of Trust to the person or persons legally entitled thereto.

Date _____

