

WHEN RECORDED RETURN TO:

Name: Richard R. Bernstein  
Address: 800 Bellevue Way Northeast  
Suite 400  
Bellevue, WA 98004

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**Chicago Title Insurance Company**

701 5th Avenue, Suite 1700, Seattle, Washington 98104

FIRST AMERICAN TITLE CO.

54220-2

### Deed of Trust

(For Use in the State of Washington Only)

THIS DEED OF TRUST, made this 29<sup>th</sup> day of April, 1998, between Lakha Investments Co., L.L.C., a Washington limited liability company, GRANTOR, whose address is c/o Andy Lakha, 19119 North Creek Parkway, Suite 101, Bothell, WA 98011, CHICAGO TITLE INSURANCE COMPANY, a corporation, TRUSTEE, whose address is 1700 Columbia Center, 701 Fifth Avenue, Seattle, Washington 98104, and Jeffrey Dean Rasar and Jon Kevin Rasar, each as to an undivided 1/2 interest and each as to his separate property and estate, BENEFICIARIES, whose address is c/o Kevin J. Rasar, 1576 Allen Road, Bow, WA 98232.

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

Lots 2 - 5, Burlington Binding Site Plan # 2-97, approved July 14, 1997, recorded Dec. 18, 1997, under Auditor's File No. 9712180060, filed in Volume 13 of Short Plats, pages 67-68, being a portion of the Southwest 1/4 of the Southwest 1/4 of Section 5, Township 34 North, Range 4 East., W.M.  
Tax Account Number: R23544

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 is for the purpose of securing performance of each agreement of grantor herein contained, and payment of the sum of (\$857,000) Eight Hundred Fifty Seven Thousand Dollars with interest, in accordance with the terms of a promissory note of even date herewith, payable to Beneficiaries or order, and made by Grantor, and all renewals, modifications and extensions thereof, and also such further sums as may be advanced or loaned by Beneficiaries to Grantor, or any of their successors or assigns, together with interest thereon at such rate as shall be agreed upon.

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.

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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 Beneficiaries, and be in such companies as the Beneficiaries may approve and have loss payable first to the Beneficiaries, as their interests 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 Beneficiaries shall determine. Such application by the Beneficiaries 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 Beneficiaries 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 Beneficiaries 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, Beneficiaries 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 Beneficiaries to be applied to said obligation.

2. By accepting payment of any sum secured hereby after its due date, Beneficiaries do not waive their 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 Beneficiaries, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiaries 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 Beneficiaries. In such event and upon written request of Beneficiaries, 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 apply 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 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 purchaser 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; Beneficiaries 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, Beneficiaries 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 Beneficiaries 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 and assigns. The term Beneficiaries shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiaries herein.

9. Grantor shall be entitled to partial reconveyances of the lots which comprise the subject property pursuant to the terms of the promissory note evidencing the indebtedness secured by this Deed of Trust.

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GRANTOR:

Lakha Investments Co., L.L.C., a Washington limited liability company

By: [Signature]

Its: MANAGING MEMBER

STATE OF WASHINGTON )  
COUNTY OF King ) ss.

On this 24 day of April, 1998, before me personally appeared ANDY LAKHA, to me known to be ( ) the Manager ( x ) a Member of Lakha Investments Co., L.L.C., the Washington limited liability company that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said Company for the uses and purposes therein mentioned, and on oath stated that he/she is authorized to execute the said instrument.

WITNESS MY HAND AND OFFICIAL SEAL hereto affixed on this day and year first above written.

[Signature]  
KENNETH L. OLSON  
(Print or Type Name)

NOTARY PUBLIC in and for the State of Washington  
residing at: 616 HAZARD  
My commission expires: 11-9-2000



REQUEST FOR FULL RECONVEYANCE

*Do not record. To be used only when note has been paid.*

TO: TRUSTEE,

The undersigned is/are the legal owner(s) and holder(s) 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 to 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 \_\_\_\_\_, 19 \_\_\_\_\_

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