

After Recording Return To:

David S. Carson
Bell & Ingram, P.S.
P.O. Box 1769
Everett, WA 98206



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Kathy Hill, Skagit County Auditor
7/24/2000 Page 1 of 7 11:53:50AM

DEED OF TRUST

GRANTOR: SKAGIT DISTRIBUTING CO., INC.
a Washington corporation

TRUSTEE: Land Title Company of Skagit County

BENEFICIARY: STEVE LOUIA
JODENE LOUIA
DON POWER
MICHELE POWER

Legal Description:

Abbreviated Form: Lot 12, Blk 28 and ptn 13-17, all 18-20, Blk 37, Am.Burl, TGW
vac. Victoria Ave.

Additional on Page: Exhibit "A", Page 6

Assessor's Tax Parcel Nos: 4076-037-020-0009, 4076-037-020-0108, 4076-
028-012-0008

THIS DEED OF TRUST, made this 15th day of May, 2000, between **SKAGIT DISTRIBUTING CO., INC.**, a Washington corporation, whose address is: 3409 McDougall Ave., Everett, WA 98201, as Grantor; **LAND TITLE COMPANY OF SKAGIT COUNTY**, as Trustee, whose address is: 111 East George Hopper road, P. O. Box 445, Burlington, WA 98233, and **STEVE LOUIA** and **JODENE LOUIA**, husband and wife, and the marital community composed thereof, and **DON POWER** and **MICHELE POWER**, husband and wife, and the marital community composed thereof, as Beneficiary.

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

That certain tract of land listed and described on Exhibit "A" attached hereto and incorporated herein by this reference as if fully set forth herein.

SUBJECT TO: Easement, covenants, and restrictions of record.

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 of Trust is for the purpose of securing the Grantor's guaranty in the performance of each agreement herein contained and payment of the following sums in accordance with the terms of the following Promissory Notes:

1. Term Promissory Note of even date herewith in the amount of \$612,000, with interest, payable to Steve Louia and JoDene Louia, husband and wife, or order;
2. Term Promissory Note of even date herewith in the amount of \$588,000, with interest, payable to Don Power and Michele Power, husband and wife, or order;
3. Installment Promissory Note of even date herewith in the amount of \$1,632,000, with interest, payable to Steve Louia and JoDene Louia, husband and wife, or order; and
4. Installment Promissory Note of even date herewith in the amount of \$1,568,000, with interest, payable to Don Power and Michele Power, husband and wife, or order,

and all renewals, modifications and extensions thereof, and also such further sums as may be advanced or loaned by Beneficiary to Grantor or any of its successors or assigns, together with interest thereon at such rate as shall be agreed upon. 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 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 improvements 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 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, OPEN PERILS/SPECIAL PERILS OR OTHER HAZARDS IN AN AMOUNT NOT LESS THAN THE FAIR MARKET VALUE OF THE PROPERTY 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 their interest may appear, and then to the Grantor. The amount collected under any insurance policy may be applied upon any indebtedness hereby secured with the amount to be applied first to the Term Promissory Notes identified above as items 1 and 2. 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. Grantor shall provide proof of insurance upon demand by a Beneficiary. All such insurance shall be issued by carriers acceptable to Beneficiary and shall contain a provision whereby the carrier agrees not to cancel or modify the insurance without twenty (20)-days prior written notice to Beneficiary.

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 attorneys' fees in a reasonable amount, in any such action or proceeding and in any suit brought by Beneficiary to foreclose this Deed of Trust.

5. If Beneficiary institutes any suit or action to enforce any of the terms of this Deed of Trust, Beneficiary shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and on any appeal. Whether or not any court action is involved, all reasonable expenses incurred by Beneficiary, which, in Beneficiary's opinion, are necessary at any time for protection of their interests or the enforcement of their rights, shall become part of the indebtedness payable on demand and shall bear interest at the same rate as provided in the Promissory Note from the date of expenditure until paid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Beneficiary's attorneys' fees whether or not there is a lawsuit, including attorneys' fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction) appeals, and any anticipated post-judgment collection services, the costs of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, appraisal fees (including those related to any action for a deficiency judgment), title insurance fees for the Trustee, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all of the sums provided by law.

6. 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.

7. The property subject to this Deed of Trust may be freely transferred to Crown Distributing Co., Inc., a Washington corporation which is affiliated with Skagit Distributing, Inc. This property may also be sold to a bona fide third party so long as the net proceeds of sale are delivered to the Beneficiary. No other sale may take place without the Beneficiary's prior written consent, which consent shall not be unreasonably withheld. 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 three (3) years, lease option 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 or any portion thereof by the existing shareholders shall also constitute a "sale" or "transfer." However, this option shall not be exercised by Beneficiary if exercise is prohibited by federal or Washington law.

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 portions 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 their rights 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 obligations 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, a sum equal to the fair market value of the property 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. Pursuant to RCW 62A.9-501(4), if this Deed of Trust encumbers both real and personal property, the Trustee is authorized to sell all or any portion of the Grantor's interest in the real and personal property at the Trustee's sale. 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 attorneys' fees; (2) to the obligation secured by this Deed of Trust; and, (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 execution of this Deed of Trust, and such as it may have acquired thereafter. Trustee's deeds 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 bonafide 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; 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 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, 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. As additional security, Grantor hereby gives and confers upon Beneficiary the right, power and authority during the continuance of this trust to collect the property income, reserving to Grantor the right, prior to any default by Grantor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such property income as it becomes due and payable. Upon any such default, Beneficiary may at any time, without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property, or any part thereof, in their own name, sue for, or otherwise collect such property income, including that past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, upon any indebtedness secured hereby and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such property income, and the application thereof, as aforesaid, shall not cure or waive any default or notice of Trustee's sale hereunder or invalidate any act done pursuant to such notice.

10. Grantor hereby releases and waives all rights and benefits of the Homestead Exemption laws of the state of Washington as to all indebtedness secured by this Deed of Trust.

SKAGIT DISTRIBUTING CO., INC.

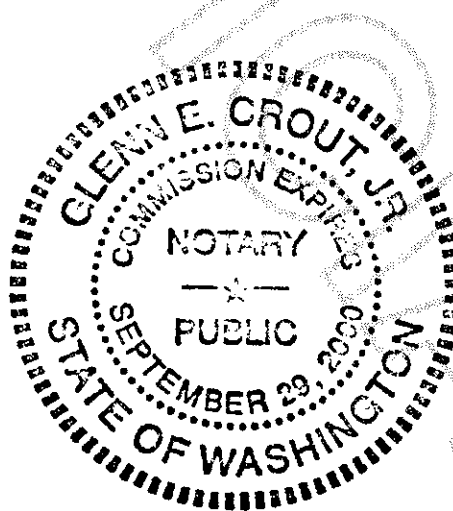
By 
Its President: Peter Bargreen



STATE OF WASHINGTON)
) ss.
COUNTY OF SNOHOMISH)

I certify that I know or have satisfactory evidence that Peter Bargreen is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the President of SKAGIT DISTRIBUTING CO., INC., a Washington corporation, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

GIVEN under my hand and official seal this 3rd day of July, 2000.



Glenn E. Crout, Jr.
Notary Public
Glenn E. Crout, Jr.
(Type or Print Name of Notary)
My commission expires: 9-29-2000

EXHIBIT "A"
(Legal Description)

PARCEL "A":

Those portions of Block 37, "AMENDED PLAT OF BURLINGTON, SKAGIT COUNTY, WASH.", as per plat recorded in Volume 3 of Plats, page 17, records of Skagit County, Washington, described as follows:

Lots 13, 14, 15, 16 and 17, EXCEPT the West 32 feet, 10 inches thereof, and all of Lots 18, 19 and 20.

ALSO, the North $\frac{1}{4}$ of the following described tract:

The West 32 feet, 10 inches of the North 8 feet of Lot 16 and the West 32 feet, 10 inches of Lot 17.

Situate in the City of Burlington, County of Skagit, State of Washington.

PARCEL "B":

Lot 12, Block 28, "AMENDED PLAT OF BURLINGTON, SKAGIT COUNTY, WASH.", as per plat recorded in Volume 3 of Plats, page 17, records of Skagit County, Washington.

Situate in the City of Burlington, County of Skagit, State of Washington.

PARCEL "C":

That portion of Victoria Avenue lying Westerly of Anacortes Street and Easterly of the Northerly extension of the Easterly line of the North-South alley in Block 37, and lying between Lot 12, Block 28 and Lot 20, Block 37, all as shown on the "AMENDED PLAT OF BURLINGTON, SKAGIT COUNTY, WASH.", as per plat recorded in Volume 3 of Plats, page 17, records of Skagit County, Washington.

Situate in the City of Burlington, County of Skagit, State of Washington.

