



200201090100  
Skagit County Auditor

1/9/2002 Page 1 of 7 3:29PM

WHEN RECORDED RETURN TO

Name SCHACHT & HICKS

Address PO BOX 1165

City, State, Zip MOUNT VERNON WA 98273



**LAND TITLE  
COMPANY**

FILED FOR RECORD AT REQUEST OF

LAND TITLE COMPANY OF SKAGIT COUNTY

P-99714-E

## Deed of Trust

(For Use in the State of Washington Only)

THIS DEED OF TRUST, made this 9<sup>th</sup> day of January, 2002, between STEPHEN L. BOUNDS and TAMI BOUNDS, husband and wife,, GRANTOR, whose address is PO BOX 305, Mount Vernon, WA 98273, LAND TITLE COMPANY OF SKAGIT COUNTY, a corporation, TRUSTEE, whose address is P.O. Box 1225, Mount Vernon, Washington, and WILLIAM E. BOUNDS and JUNE BOUNDS, husband and wife,, BENEFICIARY, whose address is 17394 Lake Terrace Place, Mount Vernon, WA 98273, WITNESSETH: Grantor hereby bargains, sells and conveys to Trustee in Trust, with power of sale, the following described real property in Skagit County, Washington:

Tracts A, B and C, Short Plat No. MV-5-95, approved June 13, 1995, recorded June 13, 1995, in Volume 11 of Short Plats, pages 218 and 219, under Auditor's File No. 9506130025 and being a portion of the Southwest 1/4 of the Northwest 1/4 of Section 29, Township 34 North, Range 4 East, W.M.

Tax parcel No 340429-0-343-0100 P111616; 340429-0-343-0200 P 111617 and 340429-0-343-0009 P28537

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 those terms and conditions contained in the agreement dated the 1st day of January, 1998, by and between ALPINE FIRE & SAFETY SYSTEMS, INC., and WILLIAM E. BOUNDS, a copy of which is attached.

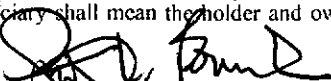
To protect the security of this Deed of Trust, Grantor covenants and agrees:

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.

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, 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 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 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 encumbrancers 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.

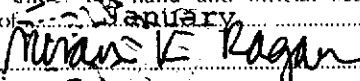
  
STEPHEN L. BOUNDS

  
TAMI BOUNDS

STATE OF WASHINGTON }  
COUNTY OF SKAGIT } ss.

On this day personally appeared before me  
**STEPHEN L. BOUNDS & TAMI BOUNDS**

to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

9th day of January,  
2002.   
Notary Public in and for the State of Washington,  
residing at Mount Vernon  
My appointment expires: 8-01-2002

STATE OF WASHINGTON }  
COUNTY OF \_\_\_\_\_ } ss.

On this \_\_\_\_\_ day of \_\_\_\_\_, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared \_\_\_\_\_ and \_\_\_\_\_

to me known to be the \_\_\_\_\_ President and \_\_\_\_\_ Secretary, respectively of \_\_\_\_\_ the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that \_\_\_\_\_ authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.

\_\_\_\_\_  
Notary Public in and for the State of Washington,  
residing at \_\_\_\_\_  
My appointment expires: \_\_\_\_\_

**REQUEST FOR FULL RECONVEYANCE**  
*Do not record. To be used only when note has been paid.*

TO: TRUSTEE

The undersigned is the legal owner and holder 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 \_\_\_\_\_



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SHAREHOLDER AGREEMENT

This Agreement made and entered into effective the 1st day of January, 1998, by and between ALPINE FIRE AND SAFETY SYSTEMS, INC., "ALPINE", a Washington corporation, and WILLIAM E. BOUNDS "BOUNDS",

W I T N E S S E T H :

WHEREAS, BOUNDS is a shareholder, officer, director and employee of ALPINE who desires to sell all of his shares of stock, and ALPINE desires to purchase his stock.

IT IS THEREFORE AGREED AS FOLLOWS:

1. EMPLOYMENT. BOUNDS will remain ALPINE's employee for the months of January, February and March of 1998. BOUNDS shall be paid Three Thousand Three Hundred Thirty-three and 33/100 (\$3,333.33) gross per month.

2. REDEMPTION. ALPINE shall pay to BOUNDS the sum of One Hundred Three Thousand Three Hundred Twenty-three Dollars (\$103,323.00) for all of BOUNDS' shares of stock which BOUNDS owns in ALPINE.

3. COVENANT NOT TO COMPETE. BOUNDS for and in consideration of the payment of Ninety Thousand Dollars (\$90,000.00) covenants and agrees not to compete with ALPINE for a period of five (5) years commencing on April 1, 1998, in any manner directly or indirectly, as a principal, employee or otherwise, with ALPINE

within Skagit, Whatcom, Snohomish or Island counties in the state of Washington in any business which is competitive with the business of ALPINE or which solicits, attempts to obtain, accepts or in any way transacts business with any of ALPINE's customers or which aids or assists any other party in the solicitation of such customers or solicits in any manner business of any type engaged in by ALPINE during the five year term. BOUNDS agrees that ALPINE's damages for any breach of this covenant shall be twenty-five percent (25%) of the gross sales in the previous year to any customer lost by ALPINE due to a breach of this covenant and in addition ALPINE shall be awarded its reasonable attorney's fees and costs incurred in enforcing this covenant. BOUNDS further agrees that the remedy at law for a breach hereof shall be inadequate and ALPINE in addition to all other remedies available at law or in equity shall be entitled to injunctive relief, including reasonable attorney's fees and costs incurred in obtaining such relief.

4. PAYMENT. ALPINE shall pay a cash down payment of Fifteen Thousand Dollars (\$15,000.00) on April 1, 1998. An additional down payment of Nine Thousand Nine Hundred Thirty-seven and 71/100 Dollars (\$9,937.71) shall be made by ALPINE's forgiveness of an obligation owed by BOUNDS to ALPINE. The balance then due of One Hundred Sixty-eight Thousand Three Hundred Eighty-five and 29/100 Dollars (\$168,385.29) shall bear interest at the rate of seven percent (7%) per annum commencing April 1, 1998, with the first payment of Three Thousand Three hundred Thirty-three and 33/100 Dollars (\$3,333.33) due April 30, 1998, and a like payment



on the last day of each month thereafter until fully paid. PROVIDED, however, ALPINE shall not pay more than Forty Thousand Dollars (\$40,000.00) in any calendar year except for the year 1998 when ALPINE shall only make the above mentioned down payments of Fifteen Thousand Dollars (\$15,000.00) and Nine Thousand Nine Hundred Thirty-seven and 71/100 Dollars (\$9,937.71) and the amortized monthly payments commencing April 30, 1998.

5. STOCK ESCROW. The certificate owned by BOUNDS shall be deposited in escrow with Attorney JOHN W. HICKS sufficiently endorsed for transfer to ALPINE with sufficient escrow instructions to allow Attorney JOHN W. HICKS to deliver this certificate of stock to ALPINE upon payment of the obligation in full. The escrow instructions shall, however, provide that in the event of any dispute, that in such event, JOHN W. HICKS shall be allowed to interplead the shares of stock to the Skagit County Superior Court for resolution of any disputes between the parties.

6. DILUTION. ALPINE, so long as any amount remains unpaid, shall not issue any new or additional shares or incur any indebtedness except in the regular course of business.

7. WARRANTY. BOUNDS represents and warrants that he is the owner free and clear of any encumbrances of all of the shares of stock in the corporation sold and delivered by him under this agreement.

8. DISPUTE RESOLUTION. Any dispute or controversy arising out of or in connection with this agreement shall be determined and settled by arbitration in Mount Vernon, Skagit




County, Washington, in accordance with the rules of the American Arbitration Association. The parties shall exchange lists of arbitrators who shall be licensed attorneys. The arbitrator shall be the attorney which each of the parties has selected. The arbitrator shall be selected by Petition to the Skagit County Superior Court if the parties are unable to agree upon an arbitrator. The services of the American Arbitration Association itself unless otherwise agreed need not be employed. Any award rendered therein shall be final and binding on the parties and judgment may be entered thereon in any court of competent jurisdiction. Such award shall include reasonable costs and attorney's fees incurred by the prevailing party.

9. SUCCESSORS. This agreement shall be binding upon and enure to the benefit of the respective parties, their legal representatives, successors and assigns.

10. FINAL AGREEMENT. This agreement supersedes all agreements previously made between the parties. There are no other understandings or agreements between them.


IN WITNESS WHEREOF the parties have hereunto set their hands the day and year first above written.

  
\_\_\_\_\_  
WILLIAM E. BOUNDS

ALPINE FIRE AND SAFETY SYSTEMS, INC.

By   
\_\_\_\_\_  
STEPHEN L. BOUNDS, President

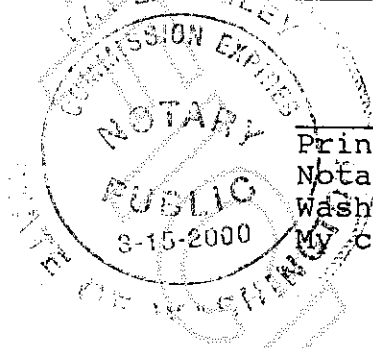
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200201090100  
Skagit County Auditor  
1/9/2002 Page 6 of 7 3:29PM

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF SKAGIT )

I certify that I know or have satisfactory evidence that WILLIAM E. BOUNDS is the person who appeared before me, and said person acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

DATED: January 31, 1998.

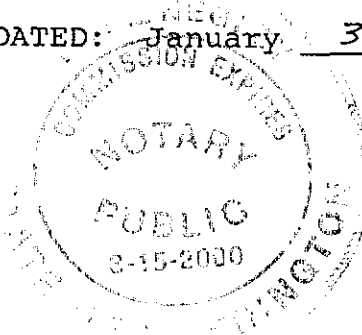


Kay L. Negley  
Printed name: KAY L. NEGLEY  
Notary Public in and for the state of  
Washington, residing at Mount Vernon.  
My commission expires: 3-15-00

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF SKAGIT )

I certify that I know or have satisfactory evidence that STEPHEN L. BOUNDS is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as President of ALPINE FIRE AND SAFETY SYSTEMS, INC., to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: January 31, 1998.



Kay L. Negley  
Printed name: KAY L. NEGLEY  
Notary Public in and for the state of  
Washington, residing at Mount Vernon.  
My appointment expires: 3-15-00



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1/9/2002 Page 7 of 7 3:29PM