



201001200047

Skagit County Auditor

1/20/2010 Page 1 of 7 1:46PM

After Recording Return to:

Craig H. Johnson
ATTORNEY AT LAW
504 W. Margaret
P. O. Box 1007
Pasco, WA 99301-1007

(509) 547-7400

DEED OF TRUST

Grantor:
Grantee:

SONIA, INC., a Washington "for profit" corporation
Mohinder S. Sohal and Gurdish K. Sohal, husband
and wife, Pavanjit Sohal, Harjott Sohal and Satpal
Sohal

Grantee (Trustee):
Abbreviated Legal Descrip.:

GUARDIAN NORTHWEST TITLE
W $\frac{1}{2}$ of Lot 4, all of Lot 5 and the E $\frac{1}{2}$ of Lot 6,
Block 9, BOWMAN'S CENTRAL SHIP HARBOR
WATERFRONT PLAT OF ANACORTES, SKAGIT COUNTY,
WASHINGTON and Lots 1 - 5, Block 62, MAP OF THE
CITY OF ANACORTES

Assessor's Tax Parcel Nos.

P 56808 and P 55308, respectively

Ref. No(s). of Doc(s) Released / Assigned:

200812120096, 200602020002, and
200510240252 as modified by 200512220136

THIS DEED OF TRUST is made this 15 day of January, 2010, by and between SONIA, INC., a Washington State "for profit" corporation, Grantor, whose address is c/o Kamaljit Bagri, aka/Rani Jee, 1103 6th Street, Anacortes, WA 98221, and GUARDIAN NORTHWEST TITLE, Grantee, whose address is 1301 B Riverside Drive, P. O. Box 1667, Mount Vernon, WA 98273, hereinafter referred to as "TRUSTEE", for the benefit of MOHINDER S. SOHAL and GURDISH K. SOHAL, husband and wife, and PAVANJIT SOHAL, HARJOTT SOHAL, and SATPAL SOHAL Grantee(s), whose addresses are c/o Mohinder Sohal, 16733 168th Terrace SE, Renton, WA 98058, hereinafter referred to as "BENEFICIARY";

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

Parcel "A"

W½ of Lot 4, all of Lot 5 and the E½ of Lot 6, Block 9, BOWMAN'S CENTRAL SHIP HARBOR WATERFRONT PLAT OF ANACORTES, SKAGIT COUNTY, WASHINGTON, according to the plat thereof recorded in Volume 2 of Plats, Page 33, records of Skagit County, Washington,

which property is identified by the Skagit County Assessor and/or Treasurer as Tax Parcel No. **P 56808**, and located at 809 5th Street, in the City of Anacortes, WA 98221

Parcel "B"

Lots 1 - 5, Block 62, MAP OF THE CITY OF ANACORTES, according to the plat thereof recorded in Volume 2 of Plats, Pages 4 through 7, records of Skagit County, Washington,

which property is identified by the Skagit County Assessor and/or Treasurer as Tax Parcel No. **P 55308**, and located at 1103 6th Street, in the City of Anacortes, WA 98221

which real property is not used primarily for agricultural or farming purposes, together with all the rents, tenements, hereditaments, and appurtenances now or hereafter thereunto belonging or in any wise appertaining, and the rents, issues and profits thereof.

This deed is granted as an accommodation to RSR, LLC, a Washington limited liability company ("RSR"), for the purpose of securing the performance of that entity and those agreements that RSR made (and Grantor guaranteed) in that agreement dated **January 6, 2010**, in order to acquire the Grantee Beneficiaries' ownership interest in M&G DEVELOPMENT, LLC, a Washington limited liability company ("M&G") from said Grantee Beneficiaries, as well as to secure the performance of each agreement of Grantor herein contained, including the payment of **Three hundred ten thousand five hundred forty-six and eleven/100 Dollars (\$ 310,546.11)** with interest according to the terms of Grantor's promissory note(s) of even date herewith, and payable to Beneficiary or order, as well as all renewals, modifications and/or extension(s) thereof, and also such further sums as may be advanced or loaned by Beneficiary to Grantor, or any of their successors or assigns, together with interest thereon at such rate(s) as shall be set forth in said note(s), contemporaneous or future, including any novation of said note(s).

This deed of trust is subordinate to the current deeds of trust on Parcel "A" (Auditor's File No. **200812120096**) and on Parcel "B" (Auditor's File Nos. **200510240252**)

Deed of Trust - 2



201001200047

Skagit County Auditor

as modified by 200512220136, and 200602020002). This deed of trust shall be further subject to the following:

(a) The security interest in the property located at 809 5th Street, Anacortes, Washington, shall be released and reconveyed upon the sale of said property and payment to Seller of not less than ONE HUNDRED THOUSAND DOLLARS and no/100 (\$ 100,000.00) from said sale proceeds.

(b) Borrower intends to convert all or part of the existing motel located at 1103 6th Street in Anacortes, Washington, to a condominium development. Upon the conveyance of any individual condominium unit, Lender shall release and reconvey its security interest to the extent that said security interest encumbers that condominium unit, **provided that** if the lien holders prior to Lender's security interest have been previously satisfied, Borrower shall pay Lender such portion of the net proceeds from that sale as Lender agrees to accept as consideration for Lender's partial reconveyance as to each unit.

To protect the security of the Deed of Trust, Grantor covenants and agrees to perform as follows:

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, regulation, 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, which would otherwise impair 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 actions or proceedings 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 and 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:

7. 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.

8. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right to acquire prompt payment when due of all other sums so secured or to declare for failure to so pay.

9. 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 the conveyance made by the Beneficiary or the person entitled thereto.

10. 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 expenses of the sale, including a reasonable Trustee's fee and any attorney's fee; (2) to the obligation secured by the Deed of Trust; (3) the surplus, if any, shall be distributed to the persons entitled thereto.

11. 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 a *bona fide* purchaser and encumbrancer for value.

12. 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.

13. 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.

14. This Deed of Trust applies to, inures to the benefit of, and is binding not only on the parties hereto, but their heirs, devisees, legatees, administrators, executors and assigns. The

Deed of Trust - 4



201001200047

Skagit County Auditor

term Beneficiary shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiary therein.

Dated this 15 day of January, 2010.

GRANTOR:

SONIA, INC.

By: [Signature]
Kamaljit K. Bagri, President

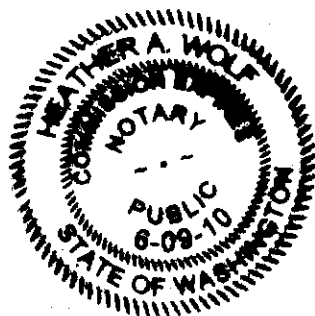
By: [Signature]
Kamaljit K. Bagri, Secretary

STATE OF WASHINGTON)
: ss.
County of)

On this 12 day of January, 2010, personally appeared before me KAMALJIT K. BAGRI to me known to be both the President and Secretary, of SONIA, INC., a Washington State "for profit" corporation, who stated that she executed the foregoing instrument on behalf of the said corporation, acknowledging the said instrument to be the free and voluntary act and deed of the said corporation, for the uses and purposes therein mentioned. On oath each signator further stated separately for him or herself, that (s)he was authorized to execute said instrument and that the seal affixed thereto, if any, is the seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

[Signature]
NOTARY PUBLIC in and for the State of
Washington, residing at Bellingham.
My commission expires: 01/01/10



Deed of Trust - 5



201001200047
Skagit County Auditor

1/20/2010 Page 5 of 7 1:46PM

GRANTEE (BENEFICIARIES):

Mohinder S. Sohal
signed by Pavanjit Sohal as Attorney-in-fact

Pavanjit Sohal

Gurdish K. Sohal
signed by Pavanjit Sohal as Attorney-in-fact

Harjott Sohal

Satpal Sohal

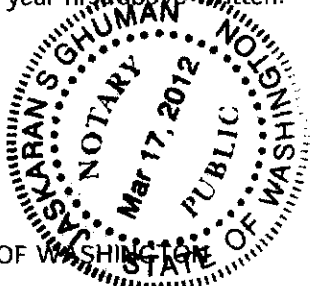
STATE OF WASHINGTON)

County of KING)

ss.

On this 15 day of January, 2010, personally appeared before me PAVANJIT SOHAL, who acknowledged that he signed this instrument on behalf of MOHINDER S. SOHAL and GURDISH K. SOHAL, husband and wife, and on oath stated that he was authorized to execute the instrument as the ATTORNEY-IN-FACT for each of them, acknowledging it to be his free and voluntary act for and on behalf of each said person, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



Jaskaran S. Ghuman
NOTARY PUBLIC in and for the State of
Washington, residing at RENTON

My commission expires: MARCH 17, 2012

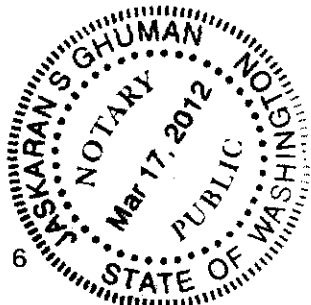
STATE OF WASHINGTON)

County of KING)

ss.

This is to certify that on the 15 day of January, 2010, PAVANJIT SOHAL personally appeared before me, the undersigned Notary Public in and for the State of Washington, to me known to be the individual described in and who executed the foregoing instrument, acknowledging to me that (s)he signed and same as his (or her) free and voluntary act and deed for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



Jaskaran S. Ghuman
NOTARY PUBLIC in and for the State of
Washington, residing at RENTON

My commission expires: MARCH 17, 2012

Deed of Trust - 6



201001200047

Skagit County Auditor

1/20/2010 Page

6 of 7 1:46PM

STATE OF WASHINGTON)

County of KING)

SS.

This is to certify that on the 15 day of January, 2010, HARJOTT SOHAL personally appeared before me, the undersigned Notary Public in and for the State of Washington, to me known to be the individual described in and who executed the foregoing instrument, acknowledging to me that (s)he signed and same as his (or her) free and voluntary act and deed for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



Jaskaran S. Ghuman
NOTARY PUBLIC in and for the State of
Washington, residing at RENTON
My commission expires: MARCH 17, 2012

STATE OF WASHINGTON)

County of KING)

SS.

This is to certify that on the 15 day of January, 2010, SATPAL SOHAL personally appeared before me, the undersigned Notary Public in and for the State of Washington, to me known to be the individual described in and who executed the foregoing instrument, acknowledging to me that (s)he signed and same as his (or her) free and voluntary act and deed for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



Jaskaran S. Ghuman
NOTARY PUBLIC in and for the State of
Washington, residing at RENTON
My commission expires: MARCH 17, 2012

Deed of Trust - 7



201001200047

Skagit County Auditor