

DEED OF TRUST
AND
SECURITY AGREEMENT

9101020039

THIS DEED OF TRUST AND SECURITY AGREEMENT (this "Deed of Trust") is made this 27TH day of December, 1990

GRANTORS: ROEBKE JOINT RENTAL ACCOUNT, A General Partnership
whose address is
134 N.W. 144th, Seattle, Washington 98177

TRUSTEE: LAND TITLE COMPANY OF SKAGIT COUNTY
whose address is
601 Second Street, Mount Vernon, Washington 98273

BENEFICIARY: FIRST MUTUAL SAVINGS BANK, a Washington Stock Bank,
whose address is P.O. Box 1647, Bellevue, Washington 98009.

Grantor hereby irrevocably grants, bargains, sells and conveys to Trustee, in trust, with power of sale, the real property described in Exhibit "A", attached hereto and incorporated herein by this reference, which property is located in Skagit County, Washington;

TOGETHER WITH all buildings, structures, improvements, equipment, fixtures and articles of property now or hereafter attached to, or used or adapted for use in the operation of, the Premises, including, but without being limited to, all heating and incinerating apparatus and equipment whatsoever, all boilers, engines, motors, dynamos, generating equipment, piping and plumbing fixtures, dishwashers, disposals, ranges, cooking apparatus and mechanical kitchen equipment, washers, dryers, refrigerators, cooling, ventilating, sprinkling and vacuum cleaning systems, fire extinguishing apparatus, gas and electric fixtures, carpeting, underpadding, elevators, escalators, partitions, mantels, cabinets, built-in mirrors, window shades, blinds, screens, storm sash, awnings, furnishings of public spaces, halls and lobbies, and shrubbery, plants and landscaping; and including also all interest of any owner of the Premises in any of such items hereafter at any time acquired in any manner whatsoever, all of which property mentioned in this paragraph shall be deemed part of the realty and not severable wholly or in part without material injury to the freehold;

TOGETHER WITH all and singular the lands, tenements, privileges, water rights, hereditaments and appurtenances thereto belonging or in anywise appertaining, and the rents, issues and profits thereof and the reversion(s), remainder(s), and all the estate, rights, title, claim, interest and demand whatsoever of Grantor, either in law or equity, of, in and to the Premises; SUBJECT, HOWEVER, to the right, power and authority of Beneficiary to collect and apply such rents, issues and profits as provided for hereinafter or in any other instrument assigning such rents, issues and profits to Beneficiary; and

TOGETHER WITH (a) all of Grantor's rights further to encumber the Premises and other property aforesaid for debt except by such encumbrance which by its actual terms and specifically expressed intent shall be and at all times remain subject and subordinate to (i) any and all tenancies in existence when such encumbrance becomes effective, and (ii) any tenancies hereafter created, Grantor hereby (1) representing as a special inducement to Beneficiary to make the loan secured hereby that, as of the date hereof, there are no encumbrances to secure debt junior to this Deed of Trust, and (2) covenanting that there are to be none as of the date when this Deed of Trust becomes of record, except in either case encumbrances having the prior written approval of Beneficiary, and (b) all of Grantor's rights to enter into any lease or lease agreement which would create a tenancy that is or may become subordinate in any respect to any mortgage or deed of trust other than this Deed of Trust.

For the purposes of this Deed of Trust, the term "Property" shall include the Premises and all other property, estate, rights, privileges, title, claim, interest and demand of Grantor conveyed in trust hereby.

THIS DEED OF TRUST IS MADE FOR THE PURPOSE OF SECURING PERFORMANCE of each covenant, agreement, term and condition of Grantor

contained herein or contained in an Assignment of Rents and Leases of even date herewith and the due and punctual payment of the sum of Five Hundred Fifteen Thousand and no/100 Dollars (\$515,000.00) with interest thereon according to the terms of a promissory note of even date, payable to Beneficiary or order and made by Grantor (the "Note"); all renewals, modifications or extensions thereof; and also such further sums as may be advanced or loaned by Beneficiary to Grantor, or any of them or any of their successors or assigns, together with interest thereon at such rate as shall be agreed upon.

Grantor hereby COVENANTS AND AGREES as follows:

1. Uniform Commercial Code Security Agreement. When and if Grantor and Beneficiary shall respectively become the Debtor and Secured Party in any Uniform Commercial Code Financing Statement affecting property either referred to or described herein, or in any way connected with the use and enjoyment of the Premises, this Deed of Trust shall be deemed a Security Agreement as defined in the Washington Uniform Commercial Code (RCW Chapter 62A.9) granting to Beneficiary, as Secured Party, a security interest in all property described on the Financing Statement. The remedies for any violation of the covenants, agreements, terms and conditions herein contained shall be (a) as prescribed herein; or (b) by general law; or (c) as to such part of the security which is also reflected in said Financing Statement by the specific statutory consequences now or hereafter enacted and specified in the Uniform Commercial Code, all at Beneficiary's sole election. Grantor and Beneficiary agree that the filing of such a Financing Statement in the records normally having to do with personal property shall never be construed as in anyway derogating from or impairing this declaration and hereby stated intention of the parties that everything used in connection with the production of income from the Premises and/or adapted for use therein and/or which is described or reflected in this Deed of Trust is, and at all times and for all purposes and in all proceedings both legal or equitable shall be, regarded as part of the real estate, irrespective of whether (i) any such item is physically attached to the improvement; (ii) serial numbers are used for the better identification of certain equipment items capable of being thus identified in a description contained in this Deed of Trust or in any list filed with Beneficiary; or (iii) any such item is referred to or reflected in any such Financing Statement so filed at any time.

2. Covenants of Performance; Warranties of Title. Grantor shall pay all debts and monies secured hereby, when from any cause the same shall become due. Grantor shall keep the Property free from statutory and governmental liens of any kind. Grantor is seized in fee simple of the Property and owns every part thereof; there are no liens or encumbrances against or upon the same, including but not limited to no leases or conditional purchase agreements of tangible personal property, and none superior to this Deed of Trust will be created or suffered to be created by Grantor during the life of this Deed of Trust. The Grantor has good right to make this Deed of Trust, and will forever warrant and defend the Property unto Beneficiary, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof. Grantor's warranties of title extend to after-acquired property whether acquired as replacements for property now owned by Grantor, as additional items of property attached to or used or adapted for use in the operation of the Premises, or otherwise, all of which property shall be owned by Grantor outright, free of liens or encumbrances. Grantor shall at all times during the life of this Deed of Trust keep and maintain the Premises as a separate real estate tax parcel and at no such time permit the Premises or any part thereof to be combined with any other real property in any real estate tax parcel. Grantor upon request by mail will furnish a written statement duly acknowledged of the amount due on this Deed of Trust and whether any offsets or defenses exist against the indebtedness secured hereby.

3. Reserves; Application of Installment Payments. Grantor shall pay to Beneficiary, together with and in addition to the monthly payments of principal and interest payable under the terms of the Note, on the date set forth therein for the making of monthly payments each month until the Note is fully paid, a sum, as estimated by Beneficiary, equal to the taxes and special assessments next due on the Property, plus the premiums that assessments next due on the Property, plus the premiums that will next become due and payable on insurance policies as may be required under paragraph 9. Grantor agrees to deliver promptly to Beneficiary all bills and notices thereof,

less all sums already paid therefor, divided by the number of months to elapse before two (2) months prior to the date when such premiums, taxes and special assessments will become delinquent. The Beneficiary shall hold such sums to pay said premiums, taxes and special assessments. All payments mentioned in this paragraph and all payments to be made under the Note shall be added together, and the aggregate amount thereof shall be paid by Grantor each month in a single payment to be applied by Beneficiary to the following items in the order set forth: (a) taxes, special assessments, fire and other hazard insurance premiums; (b) late payment charges, if any; (c) interest on the Note; and (d) amortization of the principal of the note. The arrangement provided for in this paragraph 3 is solely for the added protection of Beneficiary and entails no responsibility on Beneficiary's part beyond the allowing of due credit, without interest, for the sums actually received by it. Beneficiary shall at all times have a lien against and a security interest in all payments mentioned in this paragraph and, in the event of default by Grantor, notwithstanding any other provisions of this Deed of Trust or the Note, Beneficiary shall be entitled to apply all or any portion of such payments as a credit against the indebtedness secured hereby. Upon assignment of this Deed of Trust by Beneficiary, any funds on hand shall be turned over to the Assignee, and any responsibility of the Assignor with respect thereto shall terminate. Each transfer of the Property shall automatically transfer to the Transferee all rights of the Grantor with respect to any funds accumulated hereunder.

4. Excess Reserves; Deficiencies. if the total of the payments (herein called "reserves") made under paragraph 3 relating to reserves for taxes, special assessments and premiums on insurance policies shall exceed the amount of payments actually made by Beneficiary for the purposes set forth in paragraph 3, plus such amounts as have been reasonably accumulated in such reserves toward payments therefrom next to become due, such excess may, provided no default then exists under the terms of this Deed of Trust nor under the terms of the Note, but not otherwise, be credited by Beneficiary in payment of subsequent aggregate, but not partial, payments to be made by Grantor or, at the option of Beneficiary, refunded to Grantor or his successor in interest as may appear upon the records of Beneficiary. If, however, the monthly payments accumulating such reserves shall not be sufficient to pay the sums required when the same shall become due and payable, Grantor shall pay to Beneficiary any amount necessary to make up the deficiency within thirty (30) days after written notice to Grantor stating the amount of the deficiency. Any failure by Grantor to pay any such amount within thirty (30) days shall constitute an event of default under this Deed of Trust. If there shall be a default under any of the provisions of this Deed of Trust and thereafter a sale of the Property in accordance with the provisions hereof, or if Beneficiary acquires the Property otherwise after default, Beneficiary shall apply, at the time of commencement of such proceedings or at the time the Property is otherwise acquired, the balance then remaining in the funds accumulated under paragraph 3, less such sums as will become due and payable during the pendency of the proceedings, as a credit against the indebtedness secured hereby.

5. Late Payments. Notwithstanding any of the provisions of this Deed of Trust, if any payment required to be made under the provisions hereof shall become overdue for a period in excess of ten days from the date upon which any such payment shall become due, a late charge of five cents (\$.05) for each one dollar so overdue may be charged by Beneficiary as liquidated damages for the purpose of defraying the expense incident to handling such delinquent payment. If Grantor shall fail to pay such late charge upon demand by Beneficiary, the indebtedness secured hereby shall immediately become due and payable, at the option of Beneficiary.

6. Maintenance of Premises; Compliance with Laws. Grantor shall maintain the buildings and other improvements on the Premises in a rentable condition and good state of repair suitable for tenants. Grantor shall neither commit nor suffer any waste, shall comply promptly with all requirements of the federal, state and municipal authorities and all other laws, ordinances, regulations, covenants, conditions and restrictions now or hereafter respecting the Property or the use thereof, and shall pay all fees or charges of any kind in connection therewith. In the event of breach of any requirement of this paragraph, Beneficiary may, in addition to any other rights or remedies, at any time thereafter declare the indebtedness secured hereby immediately due and payable. Proof of impairment of security shall be unnecessary in any suit, action or proceeding under this paragraph. Grantor

shall permit Beneficiary and its agents the opportunity to inspect the Property, including the interior of any structures, at reasonable times and after reasonable notice.

7. Construction and Restoration of Improvements. Grantor shall complete or restore promptly and in good workmanlike manner any building or improvement now or hereafter on the Premises which may be damaged or destroyed, and pay, when due, all costs incurred therefor.

8. Consent Necessary for Alterations. No building or other improvement on the Premises shall be structurally altered, removed or demolished, without Beneficiary's prior written consent, nor shall any fixture or chattel covered by this Deed of Trust and adapted to the proper use and enjoyment of the Premises be removed at any time without like consent unless actually replaced by an article of equal suitability, owned by Grantor, free and clear of any lien or security interest, except such as may be approved in writing by Beneficiary.

9. Insurance. Grantor shall provide to Beneficiary, at least thirty (30) days prior to expiration certificates of existing insurance, and shall maintain unceasingly, (a) policies of fire insurance and extended coverage insurance insuring all the Property (whether now or hereafter acquired) to the full insurable replacement value against loss or damage by fire and other risks embraced by coverage of the type now known as the broad form of extended coverage, including, but not being limited to, riot and civil commotion, vandalism and malicious mischief, and against such other risks and hazards as Beneficiary may from time to time reasonably request; (b) a policy or policies of flood insurance in an amount at least equal to the lesser of (i) the outstanding aggregate principal balance of the Note, or (ii) the maximum limit of coverage available under the National Flood Insurance Act of 1968, as amended in the event all or a part of the Premises is located in an area defined by the Secretary of Housing and Urban Development (HUD) as an area having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Act of 1968, and any amendment thereof and any regulations promulgated thereunder, or if flood insurance is otherwise available; and (c) a policy of boiler and pressure vessel insurance, including, but not being limited to, air tanks, pressure piping and major air conditioning equipment, provided the buildings on the Premises contain equipment of the nature ordinarily covered by such insurance; and (d) a policy of insurance against the loss of "rental value" of the Property on a "rented or vacant basis" arising out of fire or the risks embraced by coverage of the type now known as the broad form of extended coverage, in an amount equal to sixty percent (60%) of one year's gross rental value; and (e) such other insurance as Beneficiary may from time to time reasonably request against the same or other insurable hazards. The term "rental value," as used in this paragraph, shall mean the sum of (i) the total anticipated gross rental income from tenant occupancy of the buildings now or hereafter on the premises, and (ii) the amount of all charges which are the legal obligation of tenants and which would otherwise be the obligation of Grantor, and (iii) the fair rental value of any portion of such property which is occupied by Grantor.

All insurance shall be in such amounts and for such period of time, with waiver of subrogation clauses and loss payable clauses (without contribution) in favor of Beneficiary, as Beneficiary may reasonably request. All insurance shall be in form and with companies authorized to do business in the State of Washington which are satisfactory to Beneficiary. Grantor shall deliver all policies to Beneficiary, which delivery shall constitute an assignment to Beneficiary of all return premiums. All insurance policies shall be noncancellable and not subject to material change by any party without thirty (30) days' prior written notice to Beneficiary. Beneficiary may, at its option, require Grantor to maintain said required policies in Grantor's possession in lieu of delivering said policies to Beneficiary, in which event, said policies shall be kept available by Grantor at all times for return to Beneficiary or for inspection by Beneficiary, its agents or insurers, and said requirement may be withdrawn by Beneficiary at any time.

In event of foreclosure of this Deed of Trust or other transfer of title to the Property in extinguishment of some or all of the indebtedness secured hereby, all interest of Grantor in any insurance policies in force shall pass to the purchaser or grantee. Grantor shall pay to Beneficiary, as Beneficiary may require, a reasonable fee to cover costs of substituting policies in the

event Grantor replaces any policy prior to its expiration. Grantor shall reimburse Beneficiary for any premiums paid for such insurance by Beneficiary upon Grantor's default in so insuring the Premises or other improvements or default in assigning and delivering of such policies to Beneficiary so endorsed.

10. Actions; Indemnity; Modifications Costs. Grantor shall appear in and defend any suit, action or proceeding that might affect the priority or enforceability of this Deed of Trust or the value of this Deed of Trust or the Property itself or the rights and powers of Beneficiary or Trustee. Should Beneficiary or Trustee elect also to appear in or defend any such suit, action or proceeding, be made a party to such by reason of this Deed of Trust, or elect to prosecute such action as appears necessary to preserve said value, Grantor shall, at all times, indemnify from, and, on demand, reimbursement Beneficiary or Trustee for, any and all loss, damage, expense or cost, including cost of evidence of title and attorneys' fees, arising out of or incurred in connection with any such suit, action or proceeding. Grantor shall pay all costs and expenses of Beneficiary or Trustee, including attorneys' fees, incurred in connection with any amendment, modification or extension hereof or of the Note or any other agreement affecting the Premises, including a request to consent to a transfer of any interest in the Premises. Grantor shall pay all costs and expenses incurred by Beneficiary in enforcing this Deed of Trust, the Note, or Construction Loan Agreement and any costs of suit, costs of evidence of title and attorneys' fees in any suit, action or proceeding brought by Beneficiary to foreclose this Deed of Trust. The sum of all such expenditures referred to in this paragraph or incurred in exercise of rights or options otherwise granted to Beneficiary or Trustee in this Deed of Trust shall be secured by this Deed of Trust with interest as provided in paragraph 13, and shall be due and payable on demand.

11. Discharge of Liens. Grantor shall pay in full at least thirty (30) days before delinquent all rents, taxes, assessments and encumbrances, charges or liens with interest that may now or hereafter be levied, assessed or claimed upon the Premises or any part thereof, which at any time appear to be prior or superior hereto for which provision has not been made heretofore. Upon request Grantor shall exhibit to Beneficiary official receipts therefor. Grantor shall pay all taxes imposed upon, reasonable costs, fees and expenses of this Trust. Beneficiary may, at its option, pay, or pay out of reserves accumulated under paragraph 3, any such sums, and Beneficiary shall not be liable to Grantor for a failure to exercise any such option.

12. Performance Option of Beneficiary and Trustee. Should Grantor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Grantor and without releasing Grantor from any obligation hereof, may: (a) make or do the same in such manner and to such extent as either may deem necessary in the exercise of its absolute discretion to protect the security hereof, Beneficiary or Trustee being authorized to enter upon the Premises for such purposes; (b) commence, appear in and defend any suit, action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; (c) pay, purchase, contest or compromise any encumbrance, charge or lien which, in the judgment of either, appears to be prior or superior hereto; and (d) in exercising any such power, incur any liability, expend whatever amounts in its absolute discretion it may deem necessary therefor, including cost of evidence of title, employ counsel and pay reasonable fees.

13. Repayment of Advances and Interest. Grantor shall repay immediately upon demand all sums expended or advanced hereunder by or on behalf of Beneficiary or Trustee, with interest from the date of such advance or expenditure at the rate of eighteen percent (18%) per annum (but not in any event to exceed the maximum interest rate permissible by law) until paid, and the repayment therefor shall be secured hereby, it being agreed by Grantor that any such expenditure or advance is to protect the security hereof and constitutes a part of the loan transaction in connection with which the Note was executed. Failure to repay such expenditure or advance and interest thereon upon demand will, at Beneficiary's option, constitute an event of default hereunder, or, Beneficiary may, at its option, commence an action against Grantor for the recovery of such expenditure or advance and interest thereon, and in such event, Grantor agrees to pay, in addition to

the amount of such expenditure or advance, all costs and expenses incurred in such action, together with reasonable attorney's fees.

14. Leases. Grantor shall:

14.1 Lease space at the Premises only on terms no less favorable to Grantor than those contained in leases previously approved by Beneficiary.

14.2 Fully comply with all of the terms, conditions and provisions of all leases affecting the Property so that the same shall not become in default and to do all that is needful to preserve all said leases in force.

14.3 Except for assessments provided to be paid by Grantor, as specified herein, Grantor shall not create or permit to be created, subsequent to the date of the execution and delivery of this Deed of Trust, any lien or encumbrance which may be or become superior to any lease affecting the Premises.

14.4 If any part of the automobile parking areas or Premises are taken by condemnation, or before said areas are otherwise reduced, Grantor shall provide parking facilities in kind, size and location to comply with all leases, and before making any contract for such substitute parking facilities, Grantor shall furnish to Beneficiary satisfactory assurance of completion thereof free of liens and in conforming with all governmental zoning and regulations. Grantor hereby assigns to Trustee as additional security for the performance of each covenant, agreement, term and condition of Grantor contained herein and the due and punctual payment of all sums secured hereby all of Grantor's right, title and interest in and to any such contract; without affecting the present effectiveness hereof as an assignment thereof, Grantor agrees to execute and deliver to Beneficiary any further or supplemental assignments or documents requested by Beneficiary to effectuate the intentions of this sentence.

15. Assignment of Rights, Insurance and Proceeds of Taking or Damage. Should the Premises or any part or appurtenance thereof or right or interest therein be taken or damaged by reason of any public or private improvement, condemnation proceeding (including change of grade), fire earthquake or other casualty, or in any other manner, Beneficiary may, at its option, commence, appear in and prosecute, in its own name, any suit, action or proceeding, or make any compromise or settlement, in connection with such taking or damage, and obtain all compensation, awards or other relief therefor. All such compensation, awards, damages, rights of action and proceeds, including the proceeds of any policies of insurance affecting the Premises, are hereby assigned to Beneficiary, which may, after deducting therefrom all its expenses, including attorney's fees, release any monies so received by it, or apply the same on any indebtedness secured hereby or apply the same to the repair or restoration of the Premises, as it may elect in the exercise of its sole discretion. Grantor further assigns to Beneficiary any return premiums or other repayments upon any insurance at any time provided for the benefit of Beneficiary, refunds or rebates made of taxes or assessments on the Premises, and Beneficiary may at any time collect said return premiums, repayments, refunds and rebates, notwithstanding that no sum secured hereby be overdue when such right to collection be asserted. Without affecting the present effectiveness of this Deed of Trust as an assignment thereof, Grantor agrees to execute any further or supplemental assignments of any such compensation, award, damages, rebates, return on premiums, repayments, rights of action and proceeds as Beneficiary or Trustee may require.

16. Certain Rights of Trustee. At any time upon written request of Beneficiary, payment of its fees and presentation of this Deed of Trust and the Note for endorsement (in case of full reconveyance, for cancellation and retention), without affecting the liability of any person for the payment of the indebtedness, Trustee may: (a) consent to the making of any map or plat of the Premises; (b) join in granting any easement or creating any restriction thereon; (c) join in any subordination or other agreement affecting this Deed of Trust or the lien or charge thereof; or (d) reconvey, without warranty, all or any part of the Premises. Grantee in any reconveyance may be described as the "person or persons legally entitled thereto," and the recitals therein of any matters or facts shall be conclusive proof of the truthfulness thereof. Grantor agrees to pay a reasonable Trustee's fee for

full or partial reconveyance, together with a recording fee if Trustee, at its option, elects to record said reconveyance.

17. Sale as Parcel. In the case of a sale under this Deed of Trust, the Property, real, personal and mixed, may be sold in one parcel.

18. No Impairment of Security. Grantor shall not, without first obtaining Beneficiary's written consent, change the general nature of the occupancy of the Premises or initiate or acquiesce in any zoning reclassification, or do or suffer any act or thing which would impair the security for the indebtedness secured hereby or Beneficiary's lien upon the Premises.

19. Appointment of Receiver. The holder of this Deed of Trust, in any action to foreclose it, shall be entitled (without notice and without regard to the adequacy of any security for the indebtedness secured hereby) to the appointment of a receiver of the rents, issues and profits of the Premises, and such receiver shall have, in addition to all the rights and powers customarily given to and exercised by such receiver, all the rights and powers granted to Beneficiary by the covenants contained in paragraph 20.

20. Entering and Taking Possession upon Default. In the event of default in compliance with any requirement of this Deed of Trust or any further instrument at any time executed with respect to this Deed of Trust, Beneficiary may, at its option and without notice, without regard to the adequacy of the security for the indebtedness secured hereby, enter upon, take possession of, manage and operate the Property or any part thereof, make, cancel, enforce or modify any leases now or hereafter in effect on the Premises or any part thereof, obtain and evict tenants, fix or modify rents, decorate, clean and repair, and otherwise do any act or incur any costs or expenses which Beneficiary deems proper to protect the security hereof. From and after the occurrence of any such default, if any owner of the Premises shall occupy the Premises or part thereof, such owner shall pay to Beneficiary in advance on the first day of each month a reasonable rental for the space so occupied, and upon failure so to do, Beneficiary shall be entitled to remove such owner from the Premises by any appropriate action or proceeding.

21. Beneficiary's Actions Not a Cure of Default. The taking of any action by Beneficiary under the authority of this Deed of Trust, including, but not being limited to, the entering upon, taking possession of and management and operation of the Premises, the collection of rents, issues and profits thereof, or the proceeds of fire and other insurance policies or compensation or awards for any taking or damage of the Premises, and the application or release thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

22. Events of Default; Sale by Trustee. All sums secured hereby shall become immediately due and payable, at the option of Beneficiary, without demand or notice, after any of the following occur, each of which shall be an event of default: (a) default by Grantor in the payment of an indebtedness secured hereby or in the performance or observance of any covenant, agreement, term or condition of Grantor contained herein; or (b) any assignment made by Grantor or the then owner of the Premises for the benefit of creditors; or (c) any of the following shall occur, with respect to the Premises, the Grantor or the then owner of the Premises: (i) the appointment of a receiver, liquidator or Trustee; (ii) the adjudication as a bankrupt or insolvent; (iii) the filing of any voluntary or involuntary petition for Bankruptcy or reorganization; (iv) the institution of any voluntary or involuntary proceeding for dissolution or liquidation; (v) if Grantor be unable, or admits in writing, an inability to pay his debts when due; or (vi) a default in any provision of any other instrument which may be held by Beneficiary as security for said Note, including the Construction Loan Agreement and related documents, and the Assignment of Rents and Leases.

In the event of default and upon written request of Beneficiary, Trustee shall sell the Premises, in accordance with the Deed of Trust Act of the State of Washington (RCW Chapter 61.24 as existing now or hereafter amended) and the Uniform Commercial Code of the State of Washington, where applicable, 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 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 in accordance with said Deed of Trust Act. 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 purchasers and encumbrancers for value. At any time, Beneficiary may appoint in writing a successor trustee, or discharge and appoint a new trustee in the place of any Trustee named herein, 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. Trustee is not obligated to notify any party hereto 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 Trustee.

23. Non-Agricultural Use. The Premises is not used principally or primarily for agricultural or farming purposes.

24. Change in Laws Affecting Taxation. In the event of the passage after the date of this Deed of Trust of any Federal, state or local law, deducting from the value of real property for the purpose of taxation any lien thereon, or changing in any way the laws now in force for the taxation of mortgages, deeds of trust or debts secured thereby for federal, state or local purposes, or the manner of the collection of any such taxes so as to affect the interest of Beneficiary, then and in such event, Grantor shall bear and pay the full amount of such taxes; provided that if, for any reason, payment by Grantor of any such new or additional taxes would be lawful or if the payment thereof would constitute usury or render the loan or indebtedness secured hereby wholly or partially usurious under any of the terms or provisions of the Note or this Deed of Trust or otherwise, Beneficiary may, at its option, without demand or notice, declare the entire indebtedness secured hereby to be immediately due and payable, or Beneficiary may, at its option, pay that amount or portion of such taxes as renders the loan or indebtedness secured hereby unlawful or usurious, in which event, Grantor shall concurrently therewith pay the remaining lawful and non-usurious portion or balance of said taxes.

25. Partial Invalidity. If any payment required under this Deed of Trust or under the Note shall be determined as a payment of interest in excess of the maximum rate of interest permitted under the laws of the State of Washington, then such excess payment shall be credited by Beneficiary against principal outstanding (in the inverse order of maturity), it being the intention of the parties that only a lawful rate of interest shall be charged and payable by Grantor during the term of the loan evidenced by the Note. If from any circumstances whatever fulfillment of any provision of this Deed of Trust or the Note at the time performance of such provision shall be due shall involve transcending the limit of validity prescribed by any applicable law (other than the usury statute of the State of Washington), then ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity, so that in no event shall any exaction be possible under this Deed of Trust or under the Note that is in excess of the limit of such validity; but such obligation shall be fulfilled to the limit of such validity. The provisions of this paragraph shall control every other provision of this Deed of Trust and the Note.

26. Foreclosure as Mortgage. 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. When not exercised, Beneficiary may foreclose this Deed of Trust as a mortgage and shall have all rights and remedies of a mortgagee, including, but not being limited to, the right to a deficiency judgment. If this Deed of Trust is foreclosed as a mortgage and the Property sold at a foreclosure sale, the purchaser may, during any redemption period allowed, make such repairs or alterations on the Property, as in the sole discretion of the purchaser, may be reasonably necessary for the proper operation, care, preservation, protection and insuring thereof. Any sums so paid, together with interest thereon from the time of such

expenditure at the highest lawful rate, shall be added to and become a part of the amount required to be paid for redemption from such sale.

27. Foreclosure Subject to Rights of Tenants. Beneficiary shall have the right, at its option, to foreclose this Deed of Trust subject to the rights of any tenant or tenants of the Property. The failure to make any such tenant or tenants a party defendant to any such suit or action or to foreclose their rights will not be asserted by Grantor as a defense in any action or suit instituted to collect the indebtedness secured hereby or any part thereof or any deficiency remaining unpaid after foreclosure and sale of the Property, any statute or rule of law at any time existing to the contrary notwithstanding.

28. Tender Deemed Voluntary Prepayment. Upon any default by Grantor and following the acceleration of maturity as herein provided, a tender of payment of the amount necessary to satisfy the entire indebtedness secured hereby made at any time prior to the foreclosure sale (including sale under power of sale) by Grantor, its successors or assigns or by anyone in behalf of Grantor, its successors or assigns, shall constitute an evasion of the prepayment terms of the Note and be deemed to be a voluntary prepayment thereunder, and any such payment to the extent permitted by law, will, therefore, include the additional payment required under the prepayment privilege, if any, contained in the Note. If at that time there be no prepayment privilege, then such payment will, to the extent permitted by law, include an additional payment of ten percent (10%) of the then principal balance.

29. Subrogation. Beneficiary shall be subrogated for further security to the lien, although released of record, of any and all encumbrances paid out of the proceeds of the loan secured by this Deed of Trust.

30. Additional Assurances. Grantor, from time to time, within fifteen (15) days after request by Beneficiary, shall execute, acknowledge and deliver to Beneficiary such chattel mortgages, security agreements or other similar security instruments, in form and substance satisfactory to Beneficiary, covering all property of any kind whatsoever now or hereafter owned by Grantor or in which Grantor now or hereafter has any interest which, in the sole opinion of Beneficiary, is essential to the operation of the Property. Grantor shall further, from time to time, within fifteen (15) days after request by Beneficiary, execute, acknowledge and deliver any financing statement, renewal, affidavit, certificate, continuation statement or other document as Beneficiary may request in order to perfect, preserve, continue, extend or maintain the security interest under, and the priority of, this Deed of Trust and the priority of such chattel mortgage or other security instrument as a first lien. Grantor further agrees to pay to Beneficiary on demand all costs and expenses (including attorney's fees) incurred by Beneficiary in connection with the preparation, execution, recording, filing and refiling of any such instrument or document, including, but not being limited to, the charges for examining title and the attorney's fees for rendering an opinion as to the priority of this Deed of Trust and of such chattel mortgage or other security instrument as a valid first and subsisting lien. However, neither a request so made by Beneficiary nor the failure of Beneficiary to make such request shall be construed as a release of such property, or any part thereof, from the conveyance of title by this Deed of Trust, it being understood and agreed that this covenant and any such chattel mortgage, security agreement or other similar security instrument delivered to Beneficiary are cumulative and given as additional security.

31. Annual Statements; Security Deposits. Grantor shall, upon request, furnish to Beneficiary within sixty (60) days after the end of each of Grantor's fiscal years a detailed audited statement in writing, certified as true and correct by a principal of Grantor setting forth the rents and profits and operating expenses for the fiscal year then ended, the names of the tenants in possession, with the expiration dates of their leases and the rents reserved thereunder, together with an itemized list of monies held as security deposits and identity of the institution wherein such funds are deposited. All monies held by Grantor as security deposits shall be deposited by Grantor in a separate trust account in a federally insured bank, savings and loan association or mutual savings bank located in the State of Washington, and shall not be commingled with other monies. Grantor shall also furnish Beneficiary with such interim financial statements as Beneficiary may require,

and, at the request of Beneficiary, shall furnish copies of leases to Beneficiary.

32. Transfer of Property. Grantor understands that the loan secured by this Deed of Trust is personal to it, and that its personal responsibility and occupancy or control of the Property is a material inducement to Beneficiary to make the loan. Grantor agrees that any transfer of the Property shall be deemed to increase Beneficiary's risk with respect to the loan, and Grantor therefore further agrees that if Grantor sells, conveys, transfers, assigns, alienates or further encumbers the Property or any portion thereof, or any interest therein, or is divested of title or any interest in the Property in any manner, or if any partner of Grantor sells, conveys, transfers or assigns his or its interest in Premises, whether voluntarily or involuntarily (any of the foregoing hereinafter referred to as a "transfer"), without the prior written approval of Beneficiary, then Beneficiary may, at its option, declare any indebtedness or obligation secured hereby immediately due and payable without, in the cases of a voluntary transfer, forfeiture of any prepayment charge. If at the time of any acceleration of maturity there be no prepayment privilege and, therefore, no stated prepayment charge, then payment of the indebtedness secured hereby shall, to the extent permitted by law, include an additional payment of ten percent (10%) of the then unpaid principal balance. Consent by Beneficiary to one such transfer shall not be deemed to waive the right to require such consent to future transfers, and any consent given may be conditional, including, but not limited to, an increase in the interest rate of the loan secured by this Deed of Trust to compensate for such increased risk and payment by Grantor of any charges for processing and reviewing any application of Grantor and/or the transferee for such approval by Beneficiary. Grantor agrees to be governed solely by the provisions of this paragraph and to be bound by the determination of Beneficiary. Any transferees of Grantor agree with Beneficiary that, prior to the completion of any such transfer, they shall notify Beneficiary of any such proposed transfer.

33. Reliance on Affidavit by Trustee. The Trustee, upon presentation to it of an affidavit signed by Beneficiary setting forth facts showing an event of default under this Deed of Trust, is authorized to accept as true and conclusive all facts and statements therein, and to act thereon hereunder.

34. No Waiver. No delay or omission to exercise any right, power or remedy accruing to Beneficiary on any breach or default of Grantor hereunder shall impair any such right, power or remedy of Beneficiary, nor shall it be construed to be a waiver of any such breach or default occurring later. Any waiver, permit, consent or approval of any kind by Beneficiary of any breach or default under this Deed of Trust, or any waiver by Beneficiary of any provision or condition of this Deed of Trust, must be in writing and shall be effective only to the extent specifically set forth in that writing. Any such waiver of any single breach or default shall not be deemed a waiver of any other or subsequent breach or default.

35. Time. Time is of the essence hereof in connection with all obligations of Grantor herein and in the Note and any other instrument securing payment of the indebtedness secured hereby. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

36. Notices. Any notice given hereunder shall be in writing and shall be delivered in person or sent by first class mail, certified or registered mail, to the party at its address set forth above or to such other address as may hereafter be designated by notice given in accordance with the procedures in this paragraph. Notices sent by mail shall be deemed to have been given on the second day after being mailed, and the postmark affixed thereto shall be conclusive evidence of the date of mailing.

37. Miscellaneous. All Beneficiary's rights and remedies herein specified or available under applicable law are intended to be cumulative and not in substitution for any right or remedy otherwise available. This Deed of Trust cannot be changed or terminated orally. 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 and owner, including pledgees, of the Note, whether or not named as Beneficiary herein. Without affecting the liability of any other person for payment of any obligation herein mentioned (including Grantor, should it convey the Property as permitted herein), and without affecting the lien hereof upon any property not released, Beneficiary may, without notice, release any person so liable, extend the maturity or modify the terms of any such obligation, or grant other indulgences, release, reconvey or cause to be released or reconveyed at any time all or part of the Property, take or release any other security, or make compositions or other arrangements with debtors. Beneficiary may also accept additional security, either concurrently herewith or hereafter, and sell same or otherwise realize thereon, either before, concurrently with, or after sale hereunder.

This Deed of Trust shall be so construed that wherever applicable, the use of the singular number shall include the plural number, the use of the plural number shall include the singular number, the use of any gender shall be applicable to all genders, and the use of a pronoun shall include all genders.

The word "Note" shall include the Note and all renewals, modifications and extensions thereof. The paragraph headings in this Deed of Trust are included for purposes of convenience only and shall not affect the construction or interpretation of any of the provisions of this Deed of Trust. If any of the provisions hereof shall be determined to contravene or be invalid under the laws of the State of Washington, such contravention or invalidity shall not invalidate any other provisions of this Deed of Trust, but it shall be construed as if not containing the particular provision or provisions held to be invalid, and all rights and obligations of the parties shall be construed and enforced accordingly.

IN WITNESS WHEREOF, Grantor(s) has set its hand and affixed its seal on the day and year first above written.

GRANTOR: ROEBKE JOINT RENTAL ACCOUNT

By Louis W. Roebke
Louis W. Roebke
Martha Roebke Hedgcock
Martha Roebke Hedgcock

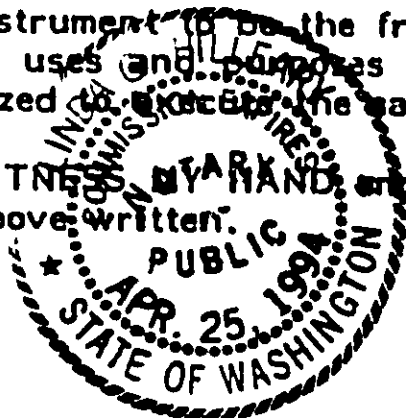
xxx

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

THIS IS TO CERTIFY that on this 27TH day of DECEMBER, 1990, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared LOUIS W. ROEBKE AND MARTHA ROEBKE HEDGCOCK, to me known to be the PARTNERS of ROEBKE JOINT RENTAL ACCOUNT

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 he is authorized to execute the said instrument on behalf of said corporation.

WITNESS MY HAND and official seal the day and year in this certificate first above written.



Linda M. McLeary
NOTARY PUBLIC in and for the State of Washington, residing at KING COUNTY

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

THIS IS TO CERTIFY that on this ___ day of ___, 19___, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally came _____, to me known to be the individual described in and who executed the within instrument, and acknowledged that he signed the same as his free and voluntary act and deed for the uses and purposes therein mentioned.

WITNESS MY HAND and official seal the day and year in this certificate first above written.

NOTARY PUBLIC in and for the State of Washington, residing at _____

EXHIBIT "A"

Lots 1 through 16, inclusive, and Lot 17, EXCEPT the East 6 feet thereof, Block 4, "PLAT OF WHITE'S FIRST ADDITION TO THE CITY OF ANACORTES", as per plat recorded in Volume 2 of Plats, page 41, records of Skagit County, Washington. TOGETHER WITH vacated alley adjacent thereto which has reverted to said premises by operation of law.

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


UNOFFICIAL DOCUMENT

ADDENDUM TO THE DEED OF TRUST

This is an addendum to that Deed of Trust dated 12/27/90 between ROEBKE JOINT RENTAL ACCOUNT, A General Partnership as "Grantor" and First Mutual Savings Bank as "Beneficiary".

Grantor shall not keep on or around the property for use, sale, treatment or disposal any substance designated as or containing components which are listed as hazardous, dangerous, toxic, or harmful by any federal, state or municipal agency and/or subject to regulation by any federal, state or local law, regulation statute, or ordinance ("Hazardous Substances"). Nor shall Grantor permit its tenants, assignees, agents, independent contractors, employees, or others to keep Hazardous Substances on or around the property unless Grantor complies with all federal, state and municipal laws and regulations regarding such Hazardous Substances. If Grantor uses, disposes of, treats, generates, stores, or sells any Hazardous Substances, on or near the property, Grantor, its tenants, agents, assignees, employees, independent contractors, or others, shall do all of the following:

1. Comply promptly and completely with all governmental requirements for reporting, keeping and submitting manifests and obtaining and keeping current identification numbers on such Hazardous Substances;



2. Within five (5) days of request, (1) submit written reports regarding use, storage, treatment, transportation, generation, disposal or sale of the Hazardous Substances, and (2) provide evidence of compliance with minimum levels, standards or other performance requirements and with all applicable government rules, regulations and requirements which may be set forth or established for the Hazardous Substances.

3. Grantor shall be fully and completely liable to Beneficiary for any and all costs associated with its own or its tenants', assignees', agents', employees', independent contractors', and others' use, sale, treatment or disposal of Hazardous Substances on or about the property, and for all cleanup costs and any other charges, penalties, or fees imposed by any governmental agent or regulatory agency with respect to Grantor, its tenants', assignees', agents', employees', independent contractors' or others' use, disposal, transportation, generation and/or sale of Hazardous Substances. Upon request of Beneficiary, Grantor shall post a bond or obtain insurance in an amount and with terms and conditions acceptable to Beneficiary insuring Grantor's performance hereunder. Grantor shall allow Beneficiary or Beneficiary's agent or representative to come onto the property at any time to check Grantor's compliance with all applicable governmental regulations and shall include a provision allowing Beneficiary's access in all leases and/or other contracts which transfer possessory interest in the property to another.

4. Grantor shall indemnify and save Beneficiary harmless from any and all costs, fees, and penalties assessed or imposed upon Beneficiary and shall pay all Beneficiary's attorney's fees and costs which result from Grantor, its tenants', agents', employees', independent contractors', and others' use, disposal, transportation, generation, and/or sale of Hazardous Substances. For purposes of this indemnification, if Grantor is a corporation, each of its shareholders, directors and principals shall be personally and individually liable for any costs, fees and penalties assessed or imposed upon Beneficiary as a result of Grantor's use of Hazardous Substances on or about the property. This provision shall survive reconveyance of their Deed of Trust.

5. If Grantor defaults in any of the provisions of this paragraph, in addition to all of the rights and remedies set forth elsewhere in this Deed of Trust and the Note it secures. Grantor shall be entitled to accelerate all amounts owing immediately and in addition to recover any and all damages associated with the default, including, but not limited, cleanup costs and charges, civil and criminal penalties and fees, any and all damages and claims asserted by third parties, any and all damages and claims asserted by governmental authorities, and Beneficiary's attorney's fees and costs associated therewith. If Grantor is a corporation or partnership, all directors, officers, principals and partners shall be personally liable to

Beneficiary for the above enumerated costs incurred by Beneficiary in connection with Grantor's use of Hazardous Substances. Beneficiary may further, at its sole option, enter into possession of the property for purposes of effectuating such cleanup as is determined necessary. This shall not be construed as any obligation on the part of Beneficiary to take any actions.

6. All costs incurred by Beneficiary that arise from, or are related to, Beneficiary's inspection of the property, Beneficiary's monitoring of Grantor's compliance with this section or Beneficiary's evaluation of the property, including attorney's fees and costs and other professional fees, shall be due and payable immediately. If not paid immediately upon demand by Beneficiary, Beneficiary may, at its option, declare all sums under the Note due and payable or add the amounts to the principal to be paid over the terms of the Note.

7. Beneficiary assumes no responsibility for monitoring use of Hazardous Substances or clean-up thereof. Sole responsibility for these activities remain with Grantor.

GRANTOR: ROEBKE JOINT RENTAL ACCOUNT

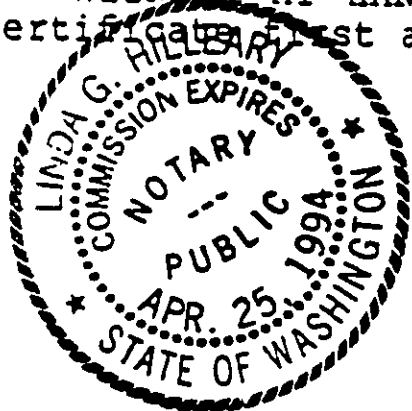
Louis W. Roebke
Louis W. Roebke

Martha Roebke Hedgcock
Martha Roebke Hedgcock

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

THIS IS TO CERTIFY that on this 27TH day of DECEMBER, 1990, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, came LOUIS W. ROEBKE AND MARTHA ROEBKE HEDGCOCK, personally known or having presented satisfactory evidence to be the PARTNERS of ROEBKE JOINT RENTAL ACCOUNT, 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 he is authorized to execute the said instrument on behalf of said corporation.

WITNESS MY HAND and official seal the day and year in this certificate first above written.



Linda G. Hillery
NOTARY PUBLIC in and for the State
of Washington, residing at
KING COUNTY

Expiration Date: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

THIS IS TO CERTIFY that on this ____ day of _____, 19____, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, came _____, personally known or having presented satisfactory evidence to be the individual described in and who executed the within instrument, and acknowledged that he signed the same as his free and voluntary act and deed for the uses and purposes therein mentioned.

WITNESS MY HAND and official seal the day and year in this certificate first above written.

NOTARY PUBLIC in and for the State
of Washington, residing at

Expiration Date: _____

3007D-24D

JERRY MCINTUNE
SKAGIT COUNTY ATTORNEY
91 JAN -2 11:42
RECORDED _____ FILED _____
REQUEST OF _____

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