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Skagit County Auditor

7/5/2001 Page 1 of 9 2:15:16PM

Filed for Record at Request of:

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2707 Colby Avenue, Suite 1001
PO Box 5397
Everett, WA 98206

DEED OF TRUST

Grantors: MV PACIFIC WEST INVESTMENTS, LLC

Grantees: KAJIMA DEVELOPMENT CORPORATION

Trustee: FIRST AMERICAN TITLE COMPANY

Legal Description (abbreviated): Section 29, Twp. 34, Range 4; Ptn. SE - SW and SW - SE
Additional on Exhibit A

Assessor's Tax Parcel Nos: 340429-3-021-0002 (R28734) and 340429-3-022-0001 (R28735)

THIS DEED OF TRUST, made this 28th day of June, 2001, by and between MV PACIFIC WEST INVESTMENTS, LLC, Grantors, whose address is 18620 Jordan Road, Arlington, Washington 98223, FIRST AMERICAN TITLE COMPANY, Trustee, whose address is 1419 Commercial Avenue, Anacortes, Washington 98221; and KAJIMA DEVELOPMENT CORPORATION, Beneficiary, whose address is 901 Corporate Center Drive, Suite 104, Monterey Park, California 91754.

WITNESSETH:

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

See Exhibit A, attached.

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

This Deed is for the purpose of securing performance of each agreement of Grantor herein contained, and payment of the sum of ONE MILLION SIX HUNDRED NINETY-FOUR THOUSAND FOUR HUNDRED FIFTEEN AND NO/100 DOLLARS (\$1,694,415.00) with interest, in accordance with the terms of a Promissory Note of even date herewith payable to Beneficiary or order, and made by Grantor, and all renewals, modifications and extensions thereof, and also such further sums as may be advanced or loaned by Beneficiary to Grantor, or any of their successors or assigns, together with the interest thereon at such rate as shall be agreed upon, and performance by Grantor and its Members (other than Beneficiary) of their obligations under Grantor's limited liability company agreement.

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, included within the term of extended coverage, and such other hazards as Beneficiary may require 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 foreclosure 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. Grantor covenants that Grantor is lawfully seized of the estate hereby conveyed and has right to grant and convey the property and that the property is unencumbered. Grantor agrees 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. If Grantor fails to perform the covenants and agreements contained in this Deed of Trust or the Note entered contemporaneously herewith, or if any action or proceeding is commenced which materially affects Lender's interest in the property, including, but not limited to, eminent domain, insolvency, code enforcement, arrangements or proceedings involving a bankruptcy, or if Grantor fails to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the property hereinabove described, then, Beneficiary, at Beneficiary's option, may make such appearances, disburse such sums and take such action as is necessary to protect Beneficiary's interest, including, but not limited to, disbursement of a reasonable attorney's fees and the entry upon the property to make repairs.

Any amounts disbursed by Beneficiary pursuant to this paragraph with interest thereon at twelve percent (12%) per annum, shall become additional indebtedness of Grantor secured by this Deed of Trust, and shall be immediately due and owing. Nothing contained in this Section shall require Beneficiary to incur any expense or take any action hereunder.

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 thereof as may be necessary to fully satisfy the obligation secured hereby, shall be paid to Beneficiary to be applied to said obligation.

2. Any forbearance by Beneficiary in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

3. The Trustee shall reconvey all or any part of the property conveyed 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 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 purchasers 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. Beneficiary shall have all remedies afforded at law or in equity.

7. In the event of the death, incapacity or 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 a 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.

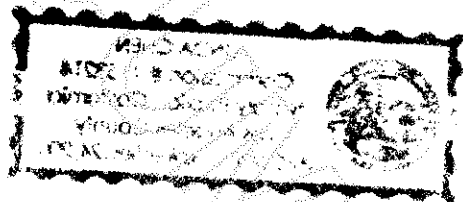
8. This Deed of Trust applies to, inures to the benefit of, and is binding not only on the parties hereto, but on their heirs, devisees, legatees, administrators, executors, successors and assigns. The term Beneficiary shall mean the holder and owner of the Note secured hereby, whether or not named as Beneficiary herein.

9. If all or any part of the property or an interest therein is sold or transferred by Grantor without Beneficiary's prior written consent, Beneficiary may, at Beneficiary's option declare all sums secured by this Deed of Trust to be immediately due and payable. Beneficiary shall waive such option to accelerate, if prior to the sale or transfer, Beneficiary and the person to whom the property is to be sold or transferred reach an agreement in writing that the credit of such person is satisfactory to Beneficiary and that the interest payable on the sum secured by the Deed of Trust shall be at such rate as Beneficiary shall request.

10. As additional security hereunder, Grantor hereby assigns to Beneficiary the rents of the property, provided that Grantor shall, prior to a default or abandonment of the property have the right to collect and retain such rents as they become due and payable.



UNOFFICIAL DOCUMENT



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 convey, without warranty, to the parties designated by the term of said Deed of Trust, all the estate now held by you thereunder.

DATED: _____

Mail reconveyance to: _____



Schedule "C"

The land referred to in this report/policy is situated in the State of Washington, County of Skagit, and is described as follows:

The North 21 acres of the Southwest 1/4 of the Southeast 1/4 and that portion of the Southeast 1/4 of the Southwest 1/4 lying Easterly of the East line of Blodgett Road and Northerly of the North line of that certain tract conveyed to Robert L. Beatty, et ux, by Deed dated July 31, 1972, and recorded under Auditor's File No. 735472 (said tract described in Exception #2 below); all in Section 29, Township 34 North, Range 4 East, W.M.; EXCEPT road and drainage ditch rights-of-way; AND EXCEPT those portions thereof lying within the boundaries of the eight (8) following described tracts:

- 1.) Tract "A" of Short Plat No. 25-76, approved August 23, 1976, and recorded as Auditor's File No. 841391, being a portion of the Southwest 1/4 of the Southeast 1/4 and of the Southeast 1/4 of the Southwest 1/4 of Section 29, Township 34 North, Range 4 East, W.M.
- 2.) Beginning at a point on the West line of said Southwest 1/4 of the Southeast 1/4 which is 627 feet North of the Southwest corner of said Southwest 1/4 of the Southwest 1/4; thence South 1 degree 57' 30" East along the West line of said Southwest 1/4 of the Southeast 1/4, 77 feet, more or less, to the Northerly line of those premises conveyed to Clayton Walde, et ux, by Deed dated and filed September 28, 1959, as Auditor's File No. 585985, and recorded in Volume 305 of Deeds, at Page 158; thence Westerly along the Northerly line of said Walde premises, 65 feet, more or less, to the Northwestern corner of said Walde premises on the Easterly line of the Blodgett Road and the true point of beginning; thence Easterly along the Northerly line of said Walde premises, 265 feet, more or less, to a point 200 feet East of the West line of said Southwest 1/4 of the Southeast 1/4, said point being the Northeasterly corner of said Walde premises; thence North, 90 feet; thence West to the Easterly line of the Blodgett Road; thence Southeasterly along the Easterly line of the Blodgett Road to the true point of beginning.

- 3.) That portion of the South 1/2 of Section 29, Township 34 North, Range 4 East, W.M., described as follows:

Beginning at a point where the Easterly line of the Blodgett Road intersects a line that is parallel with and a distance of 320 feet South of the North line of the Southeast 1/4 of the Southwest 1/4 of said Section; thence East parallel with the North line of said subdivision, 160 feet, more or less, to an existing fence line which is located approximately along the West line of the Southwest 1/4 of the Southeast 1/4 of said Section; thence North along said fence line, 270 feet; thence Southwest along a



200107050160
Skagit County Auditor

Schedule "C" - continued

Commitment No. A61612

straight line which runs to the center of a culvert under Blodgett Road to the Easterly line of said Blodgett Road; thence Southerly along said Easterly line to the place of beginning.

4.) That portion of the Southwest 1/4 of the Southeast 1/4 of Section 29, Township 34 North, Range 4 East, W.M., described as follows:

Beginning at a point on the West line of said subdivision which point bears South 1 degree 57' 30" East, a distance of 380.07 feet from the Northwest corner of said subdivision; thence North 89 degrees 07' 20" East along a line which is parallel to and 380 feet South of the North line of said subdivision, a distance of 122.02 feet to the true point of beginning of this description; thence continue North 89 degrees 07' 20" East, 195 feet; thence North 4 degrees 42' 40" West, 111.69 feet; thence South 89 degrees 07' 20" West, 195 feet; thence South 4 degrees 42' 40" East, 111.69 feet to the true point of beginning.

5.) That portion of the Southwest 1/4 of the Southeast 1/4 of Section 29, Township 34 North, Range 4 East, W.M., described as follows:

Beginning at a point on the West line of said subdivision which point bears South 1 degree 57' 30" East, a distance of 380.07 feet from the Northwest corner of said subdivision; thence North 89 degrees 07' 20" East along a line which is parallel to and 380 feet South of the North line of said subdivision, a distance of 122.02 feet; thence North 4 degrees 42' 40" West, 111.69 feet to the true point of beginning of this description; thence North 89 degrees 07' 20" East, 195 feet; thence North 4 degrees 42' 40" West, 111.69 feet; thence South 89 degrees 07' 20" West, 195 feet; thence South 4 degrees 42' 40" East, 111.69 feet to the true point of beginning.

6.) That portion of the Southwest 1/4 of the Southeast 1/4 of Section 29, Township 34 North, Range 4 East, W.M., described as follows:

Beginning at a point on the West line of said subdivision which point bears South 1 degree 57' 30" East, a distance of 380.07 feet from the Northwest corner of said subdivision; thence North 89 degrees 07' 20" East along a line which is parallel to and 380.00 feet South of the North line of said subdivision, a distance of 147.02 feet to the true point of beginning of this description; thence continuing North 89 degrees 07' 20" East along said line which is parallel to and 380.00 feet South of the North line of said subdivision, a distance of 170.00 feet; thence South 4 degrees 42' 40" East, a distance of 125.00 feet; thence South 89 degrees 07' 20" West, a distance of 170.00 feet; thence North 4 degrees 42' 40" West, a distance of 125.00 feet to the true point of beginning of this description.

7.) That portion conveyed to Skagit County by Deed dated January 30, 1969, and recorded February 24, 1969, under Auditor's File No. 723521.

8.) Commencing at the Northwest corner of said Southwest 1/4 of the Southeast 1/4;



200107050160
Skagit County Auditor

Schedule "C" - continued

Commitment No. A61612

thence South 89 degrees 03' 52" East along the South line of said Southwest 1/4 of the Southeast 1/4, a distance of 22.11 feet to the Northeast corner of Tract "A" of Short Plat No. 25-76; thence South 04 degrees 49' 44" East, a distance of 319.00 feet to the true point of beginning; thence continuing South 04 degrees 49' 44" East, a distance of 17.93 feet; thence South 73 degrees 35' 56" West, a distance of 110.74 feet to the Easterly right-of-way margin of Blodgett Road, being a point on curve, having a radius point bearing South 59 degrees 58' 53" West, at a distance of 555.00 feet; thence Northwesterly along said right-of-way margin, an arc distance of 48.61 feet through a central angle of 5 degrees 01' 06" to a point lying 320.00 feet South of the North line of the said Southeast 1/4 of the Southwest 1/4; thence North 87 degrees 23' 54" East, a distance of 88.58 feet; thence North 87 degrees 01' 01" East, a distance of 38.74 feet to the true point of beginning.



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