

**RETURN ADDRESS:**

Gina Turkel  
VW Credit, Inc.  
3800 Hamlin Road  
Auburn Hills, MI 48326



200403120010  
Skagit County Auditor

3/12/2004 Page 1 of 9 8:43AM

110187-T  
LAND TITLE OF SKAGIT COUNTY

**ASSIGNMENT OF LESSOR'S INTEREST IN LEASES**

Reference # (if applicable): \_\_\_\_\_

Assignor:  
T&S VENTURES LLC

Grantee/Assignee/Beneficiary:  
VW CREDIT, INC., Assignee  
LAND TITLE COMPANY OF SKAGIT COUNTY, Trustee

Legal Description: Ptn SW ¼ of NE ¼ & ptn of SE ¼ of NW ¼, 7-34-4 E W.M., aka Tr.  
1, BSP 9703130010. Additional on page 9

Assessor's Tax Parcel ID Numbers: P111082

This Assignment of Lessor's Interest in Lease ("Assignment") is made and given this 8<sup>th</sup> day of March, 2004 by T&S VENTURES, LLC, a Washington limited liability company (hereinafter referred to as "Assignor"), whose address is 3720 Mohawk Court, Mt. Vernon, Washington 98273, to VW CREDIT, INC., a Delaware corporation ("Assignee"), whose address is 3800 Hamlin Road, Auburn Hills, Michigan 48326.

**RECITALS**

A. Assignor is the owner in fee simple of the parcel of real property commonly known as 1725 Bouslog Road and 1751 Bouslog Road, Burlington, Washington 98233, as more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference, (the "Property").

B. Assignee is or is about to become the owner and holder of Deed of Trust, Security Agreement and Fixture Filing with Assignment of Rents (hereinafter the "Deed of Trust") executed by Assignor and encumbering the Property, which Deed of Trust secures a certain promissory note (the "Note") in the principal sum of Four Million Seven Hundred Twenty Thousand and 00/100 Dollars (\$4,720,000), executed by Assignor in favor of Lender. In connection with this loan to Assignor, and in addition to the Note and the Deed of Trust, beneficiaries of Assignor, and certain affiliates of the

same, have executed certain written agreements in favor of Assignee, including, without limitation, certain guarantees (all of which documents together with the Note and Deed of Trust are hereinafter collectively referred to as the "Loan Documents"); and

C. Assignee, as a condition to making the loan evidenced by the Loan Documents, has required an assignment of all present and future leases and occupancy agreements covering all or any part of the Property or improvements located thereon, including, but not limited to, the lease agreements more particularly described in Exhibit "B" hereto and incorporated herein by this reference (which, together with all guaranties, extensions, and other modifications and amendments thereto shall hereinafter collectively be referred to as the "Leases").

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged by the parties hereto, the parties hereto hereby covenant and agree with the Assignee as follows:

1. **Assignment of Lease Interest.** For value received, Assignor hereby grants, transfers and assigns to Assignee, its successors and assigns, all of its right, title and interest in and to the Leases, and each of them, together with all of the rents, income, receipts, revenues, issues, royalties, and profits now due, or which may become due or to which Assignor may now or shall hereafter become entitled, or may demand or claim, arising or issuing from or out of the Leases, or any of them, or arising or issuing from or out of the Property or any part of the Property, or interest in the Property, together with any and all rights which Assignor may have with respect to loss of rents, income, receipts, revenues, issues, royalties and profit resulting from untenability or unsuitability of the Property (all of the foregoing being hereinafter collectively referred to as "Rents"). Assignor hereby further assigns to Assignee any award payable by reason of condemnation action under the right of eminent domain and directs that any such award shall be paid directly to Assignee.

2. **Obligations Subject to Assignment.** This Assignment is for the purpose of discharging, in such order of priority as Assignee may in its sole discretion determine:

a. Payment of an indebtedness in the principal sum of Four Million Seven Hundred Twenty Thousand and 00/100 Dollars (\$4,720,000), together with all interest and other charges accruing thereon, in accordance with the terms and provisions of the Loan Documents, and all renewals, modifications, changes or extensions thereof.

b. Payment of additional sums, and interest thereon, which are secured by the Deed of Trust and payment of additional sums, and interest thereon, which may hereafter be loaned or advanced to Assignor or Lessee, or either of them, by Assignee or Assignee's successors or assigns, when evidenced by a promissory note or notes or any other instrument.



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c. Performance and discharge by Assignor of each and every obligation, covenant, promise and agreement set forth in this Assignment and in the Loan Documents, and each of them, and contained in each and all instruments of indebtedness or security executed by Assignor hereafter in connection with any additional loans or further advances made by Assignee to Assignor during the continuance of this Assignment, or for the purpose of supplementing or amending this Assignment or any instrument or obligations secured by the Deed of Trust.

3. **Assignor's Conditional License to Collect Rents.** This assignment is a perfected, absolute and present assignment; provided, however, so long as there shall exist no default in the payment of any indebtedness evidenced by the Loan Documents, or in the obligations secured by the Deed of Trust, or in the observance and performance of any other obligation, term, covenant, condition, representation or warranty in the Loan Documents or in this Assignment, but not otherwise, Assignor shall have the right under a license, which is hereby retained and reserved (but limited as provided in this Agreement) to collect on, but not prior to accrual, all Rents, and Assignor shall receive the Rents, shall hold them, as well as the right and license to receive them, as a trust fund to be applied, and Assignor covenants to so apply the same, first to the payment of all taxes and assessments, both general and special, on the Property, all taxes or excises levied or assessed against Assignor or the Property in addition to or as a substitution in whole or in part for any real property taxes or assessments, all taxes or excises measured by or based in whole or in part on Rents, and all license fees, taxes and excises imposed on Assignee (but not any municipal, county, state or federal income, estate, succession, inheritance, or transfer tax imposed on Assignee) and measured by or based on whole or in part on the amount of the obligations secured by the Deed of Trust covering the Property, so long as the same are part of the obligations of Assignor under the Loan Documents (all of which are collectively referred to hereinafter as "Taxes"), all before delinquency or penalty or interest is due thereon, whether any or all of such Taxes currently exist or are in addition to or in lieu of currently prevailing methods of taxation and whether such taxes are levied or assessed by the state in which the Property is located or any political subdivision of the state, including any county, city, public corporation, district or any other political entity or public corporation of the state or any subdivision thereof; second, to such insurance as is required by the terms of the Loan Documents; third, to satisfaction of obligations under the Leases; fourth, to the payment of any sums becoming due under the Loan Documents or any obligations secured by the Deed of Trust; and fifth, to the satisfaction of all obligations under this Assignment, before using any part of the Rents for any other purposes.

4. **Termination of License to Collect Rents.** On or at any time after default in the payment of any indebtedness evidenced by the Loan Documents, or secured by the Deed of Trust, or in the observance or performance of any obligation, term, covenant, condition, representation or warranty contained in the Loan Documents, or any of them, or in this Assignment, and after the expiration of any applicable cure period, Assignee may, without notice, terminate the license of Assignor to collect the Rents; and Assignee may, at its option and in its sole and absolute discretion, without



notice and without regard to the adequacy of security for the indebtedness evidenced by the Loan Documents, and specifically without regard to the value of the Property, with or without bringing any action or proceeding, either in person or by an agent or receiver appointed by the Court, and irrespective of the Assignor's possession, then or thereafter and subject to the provisions of the Leases do any one or more of the following:

a. Enter on, take possession of, manage and operate the Property or any portion thereof, together with all records, documents, books, papers and accounts of Assignor relating to the Property;

b. Enforce or terminate the Leases, or modify the Leases on such terms and for such periods of time and on such conditions as the Assignee and any lessee may mutually agree to in writing.

c. Collect, demand, sue for, attach, levy, recover and receive, compromise and adjust, and execute and deliver receipts and releases for all Rents;

d. Institute and settle unlawful detainer actions and summary proceedings and other actions and suits to remove for cause any lessee under any of the Leases;

e. From or out of any other funds of Assignor deposited with Assignee, pay and discharge all Taxes, all premiums for required insurance, the cost of repairs and alterations and any other expense or charges in the satisfaction of any obligation of Assignor under any of the Leases;

f. And otherwise do whatsoever ought to be done in and about the Property as fully as Assignor could do if personally present, and Assignee shall, after payment of all principal and charges and expenses, credit the net amount of income that it may receive by virtue of this Assignment and from the Property to any amounts due Assignee from Assignor under the terms or provisions of the Loan Documents and the obligations secured by the Deed of Trust, the manner of the application to be and to remain within the sole discretion of Assignee.

The entering upon and taking Possession of the Property, the collection of such Rents, issues and profits and the application thereof as authorized above, shall not cure or waive any default or notice of default or invalidate any act done pursuant to such notice, including, without limitation, foreclosure or acceptance of deed in lieu of foreclosure by Assignee or any of its successors or assigns.

**5. Effect of Assignment.** The acceptance by Assignee of this Assignment, with all the rights, powers, privileges and authority so created, shall not, before exercise or enforcement of such rights, powers, privileges and authority by Assignee, be deemed or construed to constitute Assignee as a Assignee in possession, or obligate Assignee to appear in or defend any action or proceeding relating to the Leases, or any of them, or to the Property or any part thereof, or to take any action under this Assignment, or to



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expend any money or incur any expenses or perform or discharge any obligation, duty, or liability under the Leases, or to assume any obligation or responsibility for any security deposits or other deposits delivered to Assignor by any lessee under the Leases and not assigned to Assignee; nor shall Assignee be liable in any way for any injury or damage to person or property sustained by any person or persons in or about the Property which is not caused by Assignee or its employees while acting in the course and scope of their employment.

**6. Indemnification.** Assignee shall not be obligated to perform or discharge any obligation under the Leases, or under or by reason of this Assignment, and Assignor, jointly and severally, hereby agrees to indemnify Assignee against and hold it harmless from any and all liability, loss, damage, expense, costs or attorneys' fees which it may or might incur under the Leases or by reason of the existence of this Assignment and of and from any and all claims and demands whatsoever which may be asserted against Assignee by reason of any alleged obligation or undertaking on its part to perform or discharge any of the terms of the Leases. In the event Assignee incurs any such liability, loss, damage, expense, cost or attorneys' fees under the Leases or by reason of this Assignment, or in the defense against any such claims or demands, the amount thereof shall, upon demand, be promptly paid to Assignee together with interest thereon at the rate set forth in the Loan Documents from the date of demand until the date of payment, and such amount, together with interest accruing thereon, shall be secured hereby and by the aforesaid Deed of Trust.

**7. Covenant to Assign Future Leases.** Until all of the indebtedness evidenced by the Loan Documents and secured by the Deed of Trust shall have been paid in full, Assignor covenants and agrees that it will immediately transfer and assign to Assignee any and all other and future leases on all or any portion of the Property on the same terms and conditions as contained in this Assignment. Assignor further covenants and agrees to make, execute and deliver to Assignee on demand, and at any time or times, any and all written assignments and other instruments sufficient for this purpose or that Assignee may reasonably deem advisable for carrying out the true intent of this Assignment. All such future leases shall be construed as part of the Leases and the payments and rentals to be paid thereunder as part of the Rents for the purposes of this Assignment, the provisions of which shall automatically apply thereto on the execution of such leases.

**8. Termination of Assignment.** Upon payment in full of the entire indebtedness secured hereby, as evidenced by recorded discharges of the Deed of Trust, this Assignment, except for the provisions set forth in Paragraph 6 of the Indemnification Provisions, which shall continue in effect, shall become and be void and of no further force or effect; but the affidavit, certificate or statement of any officer, general partner or trustee of Assignee showing any part of the indebtedness to remain unpaid, or the performance or discharge to be incomplete, shall be and constitute conclusive evidence of the validity, effectiveness and continuing force of this Assignment. Any person may and is authorized to rely on any such affidavit, certificate, or statement.



9. **Miscellaneous.**

(a) **Successor and Assigns.** This Assignment shall inure to the benefit of the successors and assigns of Assignee and shall bind Assignor's legal representatives, executors, heirs, successors and assigns.

(b) **Integration.** This Assignment represents the final expression of the agreement between Assignor and Assignee and contains all of the terms and conditions agreed upon between them regarding the subject matter hereof, and no other agreement regarding said subject matter shall be deemed to exist or bind any party hereto unless in writing and signed by the party to be charged.

(c) **Remedies Cumulative.** All rights and remedies of Assignee provided for herein are cumulative and shall be in addition to all other rights and remedies provided in the Loan Documents or applicable law.

(d) **Attorneys' Fees.** Assignor agrees that in the event Assignee places this Assignment in the hands of an attorney for collection or enforcement, or in the event an action is brought by Assignee against Assignor for the collection of sums due hereunder or the enforcement of terms contained herein, the Assignor shall pay Assignee its attorneys, fees and costs incurred in connection therewith; provided, however, that in connection with litigation, the prevailing party shall be entitled to reasonable attorneys' fees.

(e) **Washington Law.** This Assignment and the performance hereunder shall be construed and determined according to the laws of the State of Washington, without reference to conflict of laws principles.

(f) **Lessee's Acknowledgment and Subordination.** Notwithstanding anything contained in the Leases to the contrary, the undersigned lessees under the Leases hereby acknowledge and agree to the terms, conditions and covenants of this Assignment, including, without limitation, the assignment of lease interest given by Assignor hereunder and the rights and remedies of Assignee contained in paragraph 4 hereof. The undersigned Lessees further acknowledge, understand and agree that such rights and remedies include the right of Assignee to terminate the Leases and take possession of the Property upon a default under the Note or a default under any obligation secured by the Deed of Trust, or under any of the Loan Documents, notwithstanding the timely performance of lessee's obligations under the Leases. The undersigned lessees further subordinate their right, title and interest under the Leases, and each of them, to the lien of Assignee's present and future Deed of Trust covering the Property.

(g) **Jury Trial Waiver.** THE UNDERSIGNED KNOWINGLY, VOLUNTARILY AND INTELLIGENTLY, AFTER HAVING CONSULTED WITH LEGAL COUNSEL SELECTED BY THEM, RESPECTIVELY (OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH SUCH COUNSEL) EACH WAIVES ANY AND

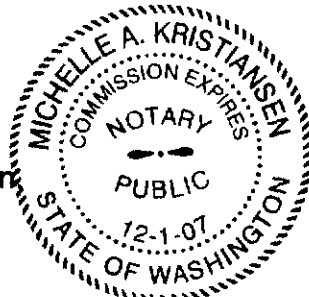




UNOFFICIAL DOCUMENT

Notary Public in and for the State of Washington

My Commission Expires: 12/1/07



ACKNOWLEDGED BY:

CASCADE CHRYSLER, INC.

By:

*[Signature]*

Timothy D. Hanson

Its:

President

AND

By:

*[Signature]*

Robert J. Campbell

Its:

Vice President

STATE OF WASHINGTON )

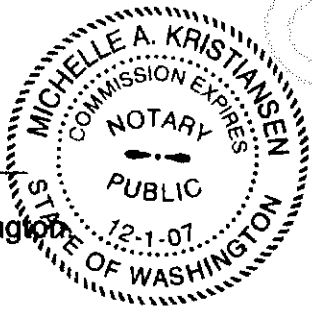
) ss.

COUNTY OF )

On this 8 day of March, 2004, before me, the undersigned Notary Public, personally appeared Timothy D. Hanson as President of Cascade Chrysler, Inc. & Robert J. Campbell, as Vice President of Cascade Chrysler, Inc., and personally known to me or proved to me on the basis of satisfactory evidence to be authorized agents of the corporation that acknowledged the Assignment of Lessor's Interest in Leases to be the free and voluntary act and deed of the corporation, by authority of its Bylaws or by resolution of its board of directors, for the uses and purposes therein mentioned, and on oath stated that they are authorized to acknowledge this Assignment of Lessor's Interest in Leases and in fact acknowledged the Assignment of Lessor's Interest in Leases on behalf of the corporation.

By *[Signature]*

Residing at MT. VERNON



Notary Public in and for the State of Washington

My Commission Expires: 12/1/07



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Skagit County Auditor



**EXHIBIT A**

**PARCEL "A":**

Lot 1 of that certain Binding Site Plan for John Bouslog, approved March 13, 1997, recorded March 13, 1997, in Volume 12 of Short Plats, pages 188 and 189, under Auditor's File No. 9703130010, records of Skagit County, Washington; being a portion of the Southwest 1/4 of the Northeast 1/4 and the Southeast 1/4 of the Northwest 1/4 of Section 7, Township 34 North, Range 4 East, W.M.

Situate in the County of Skagit, State of Washington.



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