

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF WASHINGTON AT SEATTLE

In Re:  
COURT REPORTING INSTITUTE, INC.,  
  
Debtor.

NO. 06-14202

BANKRUPTCY ESTATE OF COURT  
REPORTING INSTITUTE, INC., by and  
through Michael B. McCarty, Bankruptcy  
Trustee,  
  
Plaintiff,

Adversary No. 07-01167

DECLARATION OF KAI MOLDSKRED  
IN SUPPORT OF RESPONSE TO  
MOTION FOR SUMMARY  
JUDGMENT

vs.

ALLEN JANISCH, a single man; and KAI  
MOLDSKRED and JOYCE MOLDSKRED,  
husband and wife, and the marital community  
comprised thereof,  
  
Defendants.

My wife and I are Defendants in the adversary action brought by the Trustee for Court Reporting Institute Inc. here and after "CRI". I make this declaration in support of my response to the summary judgment motion. My own request is that the summary judgment be granted in my wife's and my favor.

I have loaned money to the Debtor over a long period of time dating back to January 8<sup>th</sup>, 1988. On or about May 22, 1996, the outstanding notes payable to me from Court Reporting

1 Institute, "CRI", totaled \$165,710.90 as of December 31, 1995. At the request of Alen Janisch, I  
2 agreed that my loan to CRI would be the obligation of Alen Janisch. A copy of that agreement is  
3 attached hereto as Exhibit A. Apparently it is this agreement that the Trustee believes makes the  
4 payments to me from CRI fraudulent. However, I had no control over who made the payments to  
5 me. All I could do was allot the payments to the various outstanding notes to me.

6 Attached hereto as Exhibit B is my accounting of payments made on my outstanding long-  
7 term notes beginning with January, 2005 through August, 2006. For my own personal convenience  
8 and not because the note were so identified, I labeled the remaining balances as Note Number 3,  
9 Number 4, and Number 5.

10 During this repayment period, it is my belief that the Debtor was solvent. As far as I know,  
11 all rents, utilities, sales tax, payroll taxes and payrolls were current through August of 2006. I was  
12 given an audited financial reports for the year ending December 31, 2005 which indicated that the  
13 retained earning of CRI was a \$182,418. Furthermore, I was informed by Alen Janisch that CRI had  
14 a net income of approximately \$100,000 for the first quarter of 2006. I was aware that a buyer for  
15 CRI had offered \$1.5 million in January 2006 but the Department of Education and the Washington  
16 State Workforce and Training would not approve any transfer.

17 The cause of CRI's demise was a critical newspaper report from the Seattle Times in late  
18 March, 2006 which resulted in a sharp decrease in student's in the summer of 2006. It was this  
19 decrease in students which lead to the closing and ultimate bankruptcy of CRI.

20 As of August 31, 2006 , I was still owed \$48,954.31 on the debt.

21 It is difficult for me to understand why the Trustee believes the payments on the outstanding  
22 debts are fraudulent since the monies loaned were all given to CRI and the payments received are  
23 merely payments on the outstanding debt.

24 In addition to the long term loans, I have, at the request of Alen Janisch, made short-term  
25 loans to the Debtor. On December 29, 2005, I loaned to Alen Janisch for the benefit of CRI



EXHIBIT A

2,2445  
12/31/95  
Balance

RELEASE AND ASSUMPTION OF LIABILITY

KAI MOLDSKRED, CREDITOR, DOES HEREBY RELEASE AND ABSOLVE COURT REPORTING INSTITUTE & AGENCY, INC. OF ALL DEBTS AND OBLIGATIONS TOTALING \$165,710.90 OWED TO HIM AS OF 12/31/95.

IN CONSIDERATION FOR THIS RELEASE OF LIABILITY, ALEN JANISCH, GUARANTOR, DOES HEREBY PERSONALLY ASSUME AND GUARANTEE THESE DEBTS AND OBLIGATIONS TOTALING \$165,710.90 TO KAI MOLDSKRED AS OF 12/31/95.

DATED THIS 22<sup>nd</sup> DAY OF MAY, 1996 AT SEATTLE, WASHINGTON.

Kai Moldscred  
CREDITOR

Alen Janisch  
GUARANTOR

## Payments received from CRI

⑨

Date	Check Payment Received	Payments Applied to Notes	
		# 3	# 5
7/05	10,000		10,000
8/05	10,000		10,000
9/05	10,000	10,000	
10/05	10,000	10,000	
11/05	10,000	10,000	
12/05	10,000	10,000	
12/05	40,000	40,000	
1/06	10,000	10,000	
2/06	10,000	10,000	
2/06	50,000	50,000	
3/06	10,000	10,000	
4/06	10,000	10,000	
5/06	10,000	10,000	
6/06	3,000	3,000	
7/06	10,000	10,000	
8/06	10,000	10,000	

EXHIBIT B PL

Payments received from Janisch

⑧

Date	Check Payment Received	
1/3/05	100,000	Applied to 12/30/04 loan as a contemporaneous exchange

Date	Check Payment Received	Payments applied to Notes		
		#3	#4	#5
1/05	10,000		10,000	
2/05	10,000		10,000	
3/05	10,000		10,000	
4/05	10,000		10,000	
5/05	10,000		10,000	
6/05	10,000		9,997.15	2.85
7/05				
8/05	41,724.45	40,208.22		1,516.23
9/05	40,000.	40,000		
10/05	30,000	30,000		
11/05				
12/05				
1/2/06	100,000	Applied to 12/29/05 loan as a contemporaneous exchange		
1/2/06	50,000			

EXHIBIT B pt.

1/06

# STATEMENT OF ACCOUNTS



EXHIBIT C

**Great News!**  
 BECU members can now use the ATMs in 7-Eleven stores that carry the CO-OP Network logo surcharge-free!  
 For more information on the CO-OP Network, go to [www.co-opnetwork.org](http://www.co-opnetwork.org).

#BWNKKNN\*\*\*\*\*AUTO\*\*3-DIGIT 981  
 Kai O. Moldscred 006289  
 401 NE 153rd ST  
 Shoreline, WA 98155-6851



Statement Period: 12/24/2005 - 01/27/2006

1740210

Account Summary							
Deposit Accounts	Account #	Beginning Balance	Withdrawals	Deposits	Fees/Charges	Dividends/Interest	Ending Balance
Member Share Savings	3573230740	\$ 5.07				0.01	\$ 5.08
Checking	3573230774	1,315.82	(69,598.37)	70,307.00		3.39	2,027.84
Money Market	3573295794	195,404.31	(61,000.00)	150,000.00		668.37	285,072.68
Loans	Account #	Beginning Balance	Advances	Payments	Fees/Charges	Finance Charges	Ending Balance
Auto Loan	1002140183	\$ 0.00	13,284.07				\$ 13,284.07

## Account Activity

### Member Share Savings - 3573230740

Year-to-date dividends: \$0.01  
 1.75% dividends from 12/24/2005  
 Annual Percentage Yield Earned for 35 day period: 2.08%  
 Average Daily Balance: \$5.07

**Deposits**

Date	Amount	Transaction Description
01/27	0.01	Dividend/Interest

### Checking - 3573230774

Year-to-date dividends: \$3.39  
 0.50% dividends from 12/24/2005  
 Annual Percentage Yield Earned for 35 day period: 0.50%  
 Average Daily Balance: \$7,072.89

**Deposits**

Date	Amount	Transaction Description
12/28	55,000.00	Deposit Online Banking Transfer from 3573295794
01/05	1,500.00	Deposit
01/06	1,495.00	Deposit
01/09	6,000.00	Deposit Online Banking Transfer from 3573295794
01/12	1,455.00	External Deposit TRANSFER 3498377 A2A KMOLDSKRED - FEE \$60.00





YOUR INTEREST CHECKING STATEMENT

P.O. BOX 1144  
NORTHRIDGE, CA 91328, 1144

**This Statement Covers**  
From: 12/07/05  
Through: 01/06/06

KAI O MOLDSKRED  
401 NE 153RD ST  
SEATTLE WA 98155-6851

**Need assistance?**  
To reach us anytime,  
call 1-800-788-7000  
or visit us at [wamu.com](http://wamu.com)



### Your Interest Checking Detail Information

KAI O MOLDSKRED Account Number: 173-247013-1  
Washington Mutual Bank, FA

Ordering checks online at [wamu.com](http://wamu.com) is fast, easy and hassle-free with our online banking service. Simply enroll, if you haven't already, and log in; then go to Account Services. In a few simple steps, you can choose from dozens of designer checks all from the convenience of your computer.

#### Your Account at a Glance

Beginning Balance	\$1,739.34
Checks Paid	\$0.00
Other Withdrawals	-\$201,499.00
Deposits	+\$201,856.00
<b>Ending Balance</b>	<b>\$2,096.34</b>

Interest Earned	\$1.00
Annual Percentage Yield Earned	0.10%
YTD Interest Paid	\$0.58
YTD Interest Withheld	\$0.00

Your overdraft limit as of the statement end date: \$1,000.00  
Please note that this may be changed at any time without notice (see reverse for more information). As of the statement end date, the fee for any Non-Sufficient Funds transaction, whether paid or returned, was \$27.00.

Date	Description	Withdrawals (-)	Deposits (+)
12/09	Customer Deposit		\$660.00
12/12	Customer Deposit		\$100.00
12/28	Customer Withdrawal	\$199.00	
12/28	AMERITRADE ACH OUT XXXXXXXXXXXX0261		\$100,000.00
12/29	Customer Withdrawal	\$101,300.00	
12/30	Interest Payment		\$0.42
01/03	Customer Deposit		\$100,000.00
01/04	Customer Deposit		\$698.00
01/05	AMERITRADE ACH IN 87265572260269	\$100,000.00	
01/06	Customer Deposit		\$400.00
01/06	Interest Payment		\$0.58





## Transaction Details

- Download Transaction History

Transaction Type: Debit  
 Account: INTEREST CHECKING/\*\*\*\*\*0131  
 Posting Date: 12/29/2005  
 Transaction Description: \*CUSTOMER WITHDRAWAL  
 Amount: (\$101,300.00)  
 Confirmation Number: 0027106-0043-1051229

Printer Friendly Version  
 Return to Transaction History

Deposits are accepted by Washington Mutual Bank (WMB) and Washington Mutual Bank fsb and are FDIC insured.

Commercial Capital Bank, FSB (CCB) has merged into WMB and as a result, their deposits will be combined for FDIC insurance purposes. For an interim period, WMB will operate under the name of CCB as well as the name of WMB, but WMB cannot currently provide service on CCB accounts and CCB cannot currently provide service on WMB accounts.



© 2007 Washington Mutual, Inc. All Rights Reserved.

	Customer Name (Please print)	Account Number	Date (mm/dd/yyyy)
	Kai Moldscred	173-247013-1	12/29/2005

Deposit (Use other side for additional checks)		Withdrawal/Transfer	
Cash		Cash	
Check(s)		Money Order(s)	
Total from reverse side >		Official Check	
Sub-Total		Payable to:	
Less Cash Back		Other:	
Less Money Order(s)		Sub-Total	
Other:		Transfer Amount	101,300.00
<b>TOTAL DEPOSIT</b>		Transfer to Account #:	0940376090
		<b>TOTAL WITHDRAWAL</b>	101,300.00

ID 1	ID 2	Sign Here <i>Kai Moldscred</i> Sign Here
ID 1	ID 2	

I hereby authorize the transaction and any resulting interest adjustment to be charged to my above numbered account. (Sign in presence of teller.)  
 All items are subject to the depository bank's regulations relating to deposits and withdrawals.

4727 (8-00)

5

Kai O. Moldskred

Statement Period: 12/24/2005 - 01/27/2006

006289

**Deposits (continued)**

Date	Amount	Transaction Description
01/13	1,495.00	Deposit
01/18	1,867.00	Deposit
01/23	1,495.00	Eff. 01-23 Descriptive Deposit   23/44 3573230774 Moldskred retdep error
01/27	3.39	Dividend/Interest

**Withdrawals**

Date	Amount	Transaction Description
01/03	(190.40)	External Withdrawal AMERICAN EXPRESS PRE - ONLINE PMT
01/03	(359.00)	External Withdrawal 94009 NASE 0075 060101 - PAYMENT
01/03	(514.18)	External Withdrawal DISCOVER CARD - ONLINE PMT
01/05	(17.54)	External Withdrawal QWEST - ONLINE PMT
01/05	(21.28)	External Withdrawal QWEST - ONLINE PMT
01/05	(2,676.60)	External Withdrawal CHASE/BANK ONE - ONLINE PMT
01/09	(35.00)	External Withdrawal SAMS CLUB - ONLINE PMT
01/09	(2,500.00)	On Us Check Cashed 1050
01/10	(161.20)	External Withdrawal JUANITA WOODS HO - ONLINE PMT
01/10	(276.71)	External Withdrawal CITY OF SEATTLE - ONLINE PMT
01/10	(1,495.00)	Descriptive Withdrawal 1093 RETURNED DEPOSIT
01/11	(176.39)	External Withdrawal BELLEVUE HIGHLAN - ONLINE PMT
01/11	(203.00)	External Withdrawal FAIRWAY GREENS C - ONLINE PMT
01/11	(203.00)	External Withdrawal FAIRWAY GREENS C - ONLINE PMT
01/11	(315.87)	External Withdrawal BELLEVUE HIGHLAN - ONLINE PMT
01/13	(1,820.21)	External Withdrawal PROV FUND ASSOC - ONLINE PMT
01/13	(2,133.95)	External Withdrawal COUNTRYWIDE HOME - ONLINE PMT
01/18	(333.01)	External Withdrawal STATE FARM INS - ONLINE PMT
01/19	(338.42)	External Withdrawal STATE FARM INS - ONLINE PMT
01/23	(1,495.00)	Descriptive Withdrawal 0 RETURNED DEPOSIT
01/26	(52.74)	External Withdrawal WASTE MANAGEMENT - ONLINE PMT
01/26	(58.87)	Withdrawal Online Banking Transfer To 3573347602

**Checks Paid**

Check #	Date	Amount	Check #	Date	Amount	Check #	Date	Amount
1048	12/30	48,700.00	1050	01/09	2,500.00	1051	01/24	821.00
1049	01/11	5,000.00						

(\* next to number indicates skipped numbers )

Point of Sale cleared checks are displayed in the Checking Withdrawals section above.

**Money Market - 3573295794**

Year-to-date dividends: \$668.37  
 3.50% dividends from 12/24/2005  
 Annual Percentage Yield Earned for 35 day period: 3.56%  
 Average Daily Balance: \$199,147.17

**Deposits**

Date	Amount	Transaction Description
01/05	50,000.00	Deposit
01/20	100,000.00	External Deposit AMERITRADE - ACH OUT
01/27	668.37	Dividend/Interest



1/16

Kai G. Moldskred

Statement Period: 12/24/2005 - 01/27/2006

006289

**Withdrawals**

Date	Amount	Transaction Description
12/28	(55,000.00)	Withdrawal Online Banking Transfer To 3573230774
01/09	(6,000.00)	Withdrawal Online Banking Transfer To 3573230774

**Loan Activity**

**Auto Loan - 1002140183**

Annual Percentage Rate: 5.49%      Daily Periodic Rate: 0.015041%      Effective: 01/16/2006  
 Minimum Payment Due:      Payment Due Date: 02/22/2006

Date	Transaction Description	Advance / (Payment)	Finance Charges	Principal	Other Charges	Balance
01/16	New Loan Disbursement	13,284.07		13,284.07		13,284.07

==  
 ==

EXHIBIT D

20061010000597

DAHL DT 37.00  
 PAGE 001 OF 001  
 10/18/2006 08:52  
 KING COUNTY, WA

WHEN RECORDED RETURN TO:

JOHN K. DAHL  
 Attorney at Law  
 9715 - 23rd Avenue NW  
 Seattle, WA 98117

DOCUMENT TITLE: PERSONAL LINE OF CREDIT DEED OF TRUST  
GRANTOR: 1. JANISCH, ALEN H.  
GRANTEE: 1. MOLDSKRED, KAI O.  
LEGAL DESCRIPTION: Ptn of the NE1/4 of the SE1/4  
 of Sec 19, Twn 26, Rg 04  
ASSESSOR'S PROPERTY TAX PARCEL ACCOUNT NUMBER(S): 192604 9241

PERSONAL LINE OF CREDIT DEED OF TRUST

(For Use in the State of Washington Only)

THIS DEED OF TRUST, made this 25th day of September, 2006, between ALEN H. JANISCH, GRANTOR, whose address is 13011 Meridian Ave. N., Seattle, WA 98133, CHICAGO TITLE INSURANCE CO., a corporation, TRUSTEE, whose address is 700 Fifth Avenue, Suite 3400, Seattle, Washington 98104, and KAI O. MOLDSKRED, BENEFICIARY, whose address is 401 NE 153rd St., Shoreline, WA 98155.

WHEREAS, Grantor has entered into an agreement with Beneficiary under which Beneficiary agrees to lend to the Grantor from time to time, subject to repayment and reborrowing, up to a total amount outstanding at any point in time of ONE HUNDRED FIFTY THOUSAND and 00/100 DOLLARS (\$150,000.00) which indebtedness is evidenced by Grantor's Line of Credit Agreement and signed September 25, 2006, (herein "Agreement"). The Agreement is incorporated herein by reference as though fully set forth.

COPY

②

## W I T N E S S E T H :

TO SECURE to Beneficiary the repayment of the indebtedness evidenced by the Agreement, together with all renewals, modifications, or extensions thereof, with interest thereon, the payment of other sums, with interest thereon, advanced to protect the security of this Deed of Trust, and the performance of the covenants and agreements of Grantor herein contain, together with interest thereon at such rate as may be agreed upon, Grantor does hereby irrevocably grant, bargain, sell and convey to the Trustee in Trust, with the power of sale, the following described property in King County, State of Washington:

The East 112 feet of the South 190 feet of the East 1/2 of the Southeast 1/4 of the Northeast 1/4 of the Southeast 1/4 of Section 19, Township 26 North, Range 4 East, Willamette Meridian, in King County, Washington.

Except the South 110 feet and the East 30 feet thereof.

Situate in the City of Seattle, County of King, State of Washington.

SUBJECT TO: Easements, conditions, covenants, restrictions and reservations of record.

Tax Parcel Number: 192605 9241

Due on Sale: If all or any part of the property or any interest in it is sold or transferred without the Beneficiary's prior written consent, Beneficiary may, at its option, require immediate payment in full of all sums secured by this Security Agreement.

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

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

3

charges, liens or encumbrances impairing the security of this Deed of Trust.

3. To keep all buildings now or hereafter erected on the property described herein continuously insured against loss by fire or other hazards in an amount not less than the total debt secured by this Deed of Trust. All policies shall be held by the Beneficiary, and be in such companies as the Beneficiary may approve and have loss payable first to the Beneficiary, as its interest may appear, and then to the Grantor. The amount collected under any insurance policy may be applied upon any indebtedness hereby secured in such order as the Beneficiary shall determine. Such application by the Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, all rights of the Grantor in insurance policies then in force shall pass to the purchaser at the foreclosure sale.

4. To defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of title search and attorney's fees in a reasonable amount, in any such action or proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

5. To pay all costs, fees and expenses in connection with this Deed of Trust, including the expenses of the Trustee incurred in enforcing the obligation secured hereby and Trustee's and attorney's fees actually incurred, as provided by statute.

6. Should Grantor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the property hereinabove described, Beneficiary may pay the same, and the amount so paid, with interest at the rate set forth in the note secured hereby, shall be added to and become a part of the debt secured in this Deed of Trust.

**IT IS MUTUALLY AGREED THAT:**

1. In the event any portion of the property is taken or damaged in an eminent domain proceeding, the entire amount of the award or such portion as may be necessary to fully satisfy the obligation secured hereby, shall be paid to Beneficiary to be applied to said obligation.

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

3. The Trustee shall reconvey all or any part of the property covered by this Deed of Trust to the person entitled thereto, on written request of the Grantor and the Beneficiary, or upon satisfaction of the obligation secured and written request for

④

reconveyance made by the Beneficiary or the person entitled thereto.

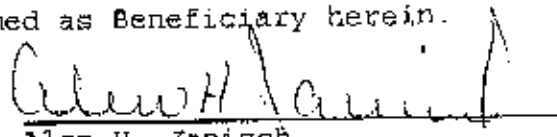
4. Upon default by Grantor in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, all sums secured hereby shall immediately become due and payable at the option of the Beneficiary. In such event and upon written request of Beneficiary, Trustee shall sell the trust property, in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. Any person except Trustee may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (1) to the expense of the sale, including a reasonable Trustee's fee and attorney's fee; (2) to the obligation secured by this Deed of Trust; and (3) the surplus, if any, shall be distributed to the persons entitled thereto.

5. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the property which Grantor had or had the power to convey at the time of his execution of this Deed of Trust, and such as he may have acquired thereafter. Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchaser and 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.

7. In the event of the death, incapacity, disability or resignation of Trustee, Beneficiary may appoint in writing a successor trustee, and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded, the successor trustee shall be vested with all powers of the original trustee. The trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Grantor, Trustee or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

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

  
Alan H. Janisch



10

LINE OF CREDIT AGREEMENT

Borrower: Alen H. Janisch

Lender: Kai O. Moldskred  
401 NE 153rd St.  
Shoreline, WA 98155

Credit Limit: \$150,000.00

Promise to Pay: I promise to pay to KAI O. MOLDSKRED, or order, at 401 NE 153rd St., Shoreline, WA 98155, the total of all credit advances and finance charges, together with all costs and expenses, which I am responsible under this Agreement or under the "Security Agreement".

Term: The term of your Equity Account will begin as of the date of this Agreement ("Opening Date") and will continue until September 30, 2016 ("Maturity Date"). All indebtedness under this Agreement, if not already paid pursuant to the payment provisions below, will be due and payable upon maturity.

Interest Rate Charged: The interest charged on the outstanding principal balance of this Note, together with accrued and unpaid interest, fees or costs shall be at the rate of twelve percent (12%) per annum.

MINIMUM PAYMENT

During the Loan Period: The "Total Minimum Payment Due" is equal to the Variable Rate Balance Minimum Payment below, the payment due, if any, and any past due amounts from prior billing periods. At anytime you may pay more than the Total Minimum Payment Due, make additional payments or pay in full or in part the Outstanding Balance. The "Outstanding Balance" is the new balance of the Equity Account (which, if applicable, includes principal, accrued interest on the outstanding principal, fees and charges, Property Expense (defined as any expense which Lender incurs because you do not fulfill all obligations of this Agreement or if you or another party does not fulfill all obligations of the Security Instrument for the property which secures this Agreement). Lender reserves the right to apply payments in any manner Lender chooses without notice. Your "Variable Rate Balance" is all of your Outstanding Balance.

Variable Rate Balance Minimum Payment - The Variable Rate Balance Minimum Payment will not be less than the amount of accrued interest, plus any unpaid fees.

Monthly Payment:

COPY

Interest Only - The Minimum Payment will be one percent (1.0%) of the Variable Rate Outstanding Balance plus any unpaid fees, or the Variable Rate Outstanding Balance if less than the Minimum Payment.

How Your Payments Are Applied: Unless otherwise agreed or required by applicable law, payments and other credits will be applied to FINANCE CHARGES, other charges and fees, and principal in any order Lender chooses without notice.

Receipt of Payments: All payments must be made by check, automatic account debit, electronic funds transfer, money order, or other instrument in U.S. dollars and must be received by Lender at the remittance address shown on your periodic billing statement. Payments received at that address prior to 2:00 p.m. local time at the location specified will be credited to your Equity Account as of the date received. Business days are Monday through Friday, exclusive of legal holidays. If the due date falls on a Saturday, Sunday or legal holiday, the due date will not be extended.

Credit Limit: This Agreement covers a revolving line of credit for the principal amount of ONE HUNDRED FIFTY THOUSAND and 00/100 DOLLARS (\$150,000.00), which will be your "Credit Limit" under this Agreement. During the Loan Period Lender will honor your request for credit advances. You may borrow against the Equity Account, repay any portion of the amount borrowed, and re-borrow up to the amount of the Credit Limit. Your Credit Limit is the maximum amount you may have outstanding at any one time.

Collateral: You acknowledge this Agreement is secured by the following collateral described in the Security Instrument securing this Agreement, listed herein, all the terms and conditions of which are hereby incorporated and made a part of this Agreement, a Deed of Trust dated September 25, 2006, to Lender on real property located in King County, State of Washington.

Insurance: You must obtain insurance on the Property securing this Agreement that is reasonably satisfactory to Lender. You may obtain property insurance through any company of your choice that is reasonably satisfactory to Lender. You have the option of providing any insurance required under this Agreement through an existing policy or a policy independently obtained and paid for by you, subject to Lender's right, for reasonable cause before credit is extended, to decline any insurance provided by you. Subject to applicable law, if you fail to obtain or maintain insurance as required in the Mortgage or Deed of Trust, Lender may purchase insurance to protect Lender's interest, add the premium to your balance, pursue any other remedies available to Lender, or do any one or more of these things.

Collection Costs: Lender may hire or pay someone else to help collect any and all monies due pursuant to this Agreement if you do not pay. You will pay Lender those amounts. This includes, subject

to any limits under applicable law, Lender's attorney fees and Lender's legal expenses, whether or not there is a lawsuit, including attorney's fees, expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, you also will pay any court costs, in addition to all other sums provided by law.

Delay in Enforcement: Lender may delay or waive the enforcement of any of Lender's rights under this Agreement without losing that right or any other right. If Lender delays or waives any of Lender's rights, Lender may enforce that right at any time in the future without advance notice. For example, not terminating your account for non-payment will not be a waiver of our right to terminate your account in the future if you have not paid.

Prepayment: You may prepay all or any amount(s) owing under the variable portion of this Equity Account at any time, without penalty. However, Lender will be entitled to receive all accrued FINANCE CHARGES and other charges, if any. Payments in excess of your Minimum Payment will not relieve you of your obligation to continue to make your Minimum Payments. Instead, they will reduce the principal balance owed on the Equity Account.

Governing Law: This Agreement will be governed by and interpreted in accordance with federal law and the laws of the State of Washington.

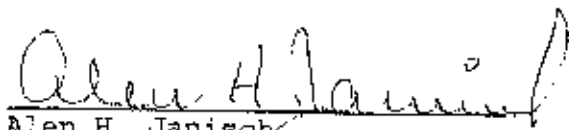
Severability: If a court finds that any provision of this Agreement is not valid or should not be enforced, that fact by itself will not mean that the rest of this Agreement will not be valid or enforced. Therefore, a court will enforce the rest of the provisions of this Agreement even if a provision of this Agreement may be found to be invalid or unenforceable.

Acknowledgment: You understand and agree to the terms and conditions in this Agreement. By signing this Agreement, you acknowledge that you have read this Agreement.

This Agreement is dated September 25, 2006.

THIS AGREEMENT IS GIVEN UNDER SEAL AND IT IS INTENDED THAT THIS AGREEMENT IS AND SHALL CONSTITUTE AND HAVE THE EFFECT OF A SEALED INSTRUMENT ACCORDING TO LAW.

BORROWER:

  
Allen H. Janisch