

IN THE COURT OF APPEALS, DIVISION II
OF THE STATE OF WASHINGTON

No. 42627-7-II

COLUMBIA STATE BANK,

Plaintiff/Respondent,

v.

ELECTRONIC SERVICE PROVIDER, INC., a Washington
corporation, and TOM GIRARD and DEBORAH
MONTALVO, individually and as husband and wife,

Defendants/Appellants.

On Appeal from the Superior Court of Pierce County
Hon. James R. Orlando
Superior Court Docket Number 11-2-06116-2

12/13/09 PM 1:58
STATE OF WASHINGTON
BY [Signature]

BRIEF OF RESPONDENT

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TABLE OF CONTENTS

I. RESTATEMENT OF THE ISSUES1

II. STATEMENT OF THE CASE.....1

III. ARGUMENT.....5

A. The trial court did not abuse its discretion by denying the Appellants’ motion to dismiss for improper venue5

B. The trial court did not abuse its discretion by denying the Appellants’ motion to strike the declaration of Alana Rouff.....9

C. Columbia is entitled to an award of attorney’s fees and costs if it prevails on appeal 12

IV. CONCLUSION 13

V. APPENDICES

 A. Commercial Security Agreement.....Appendix A

 B. Declaration of Alana Rouff in Support of Plaintiff’s Motion for Summary Judgment.....Appendix B

 C. Reply Declaration of Alana Rouff in Support of Plaintiff’s Motion for Summary Judgment.....Appendix C

TABLE OF AUTHORITIES

CASES

<i>Am. Mobile Homes of Wash., Inc. v. Seattle-First Nat. Bank</i> , 115 Wn.2d 307, 796 P.2d 1276 (1990).....	9
<i>Ashburn v. Safeco Ins. Co. of Am.</i> , 42 Wn. App. 692, 713 P.2d 742, <i>rev. denied</i> , 105 Wn.2d 1016 (1986)	7
<i>Beck v. Univ. of Wisconsin Bd. of Regents</i> , 75 F.3d 1130 (7th Cir. 1996).....	11
<i>Colorado Structures, Inc. v. Ins. Co. of the W.</i> , 161 Wn.2d 577, 167 P.3d 1125 (2007).....	7
<i>Corbray v. Stevenson</i> , 98 Wn.2d 410, 656 P.2d 473 (1982).....	5
<i>Dix v. ICT Grp., Inc.</i> , 160 Wn.2d 826, 161 P.3d 1016 (2007).....	5, 6, 10
<i>Five Corners Family Farmers v. State</i> , 173 Wn.2d 296, 268 P.3d 892 (2011).....	7
<i>Folsom v. Burger King</i> , 135 Wn.2d 658, 958 P.2d 301 (1998).....	9
<i>In re Estate of Lee</i> , 49 Wn.2d 254, 299 P.2d 1066 (1956)	5, 6
<i>Mangham v. Gold Seal Chinchillas, Inc.</i> , 69 Wn.2d 37, 416 P.2d 680 (1966).....	8
<i>Mount Adams Sch. Dist. v. Cook</i> , 150 Wn.2d 716, 81 P.3d 111 (2003).....	7
<i>Oltman v. Holland Am. Line USA, Inc.</i> , 163 Wn.2d 236, 178 P.3d 981, <i>cert. dismissed</i> , 129 S. Ct. 24 (2008).....	5, 9, 10
<i>Plein v. Lackey</i> , 149 Wn.2d 214, 67 P.3d 1061 (2003)	8
<i>Seattle First Nat. Bank v. Mitchell</i> , 87 Wn. App. 448, 942 P.2d 1022 (1997)).....	12
<i>White v. Kent Med. Ctr. Inc.</i> , 61 Wn. App. 163, 810 P.2d 4 (1991).....	11

STATUTES

RCW 4.12.0257
RCW 4.12.025(1).....7

RULES

CR 56 10
RAP 18.1(a)12
RAP 18.1(b).....12

OTHER AUTHORITY

14A K. Teglund, WASHINGTON PRACTICE: CIVIL PROCEDURE, § 37.6, at
549 (1st ed. 2003)12

I. RESTATEMENT OF THE ISSUES

1. Whether the Pierce County Superior Court abused its discretion by denying the Appellants' motion to dismiss based on improper venue when (1) the commercial security agreement at issue states venue may be had in King County upon Columbia's request; (2) Columbia never requested venue in King County; (3) Defendants / Appellants Tom Girard and Debra Montalvo reside in Pierce County, not King County; and (4) Girard and Montalvo are not parties to the commercial security agreement that contains the venue provision. (Appellants' Assignment of Error 1). Answer: *No*.

2. Whether the trial court abused its discretion by denying the Appellants' motion to strike the declaration testimony of the Columbia bank officer in charge of the Loan when this person (1) testified about the Loan's balance based on her personal knowledge; and (2) submitted a reply declaration with exhibits that did not raise any new issues and responded to arguments the Appellants raised in their opposition brief. (Appellants' Assignment of Error No. 2). Answer: *No*.

3. Whether Columbia is entitled to an award of attorney's fees and costs on appeal as the prevailing party when the contracts at issue provide for the recovery of attorney's fees and costs. Answer: *Yes*.

II. STATEMENT OF THE CASE

Defendant / Appellant Electronic Service Provider, Inc. (the "**Corporation**") is a for-profit corporation organized under Washington law. Clerk's Papers (CP) 17. The Corporation operates a business located at 950 Andover Park East, Tukwila, King County, Washington 98188. *Id.*

Defendants / Appellants Tom C. Girard and Deborah L. Montalvo are individuals who reside in Pierce County, Washington. CP at 18. Mr. Girard and Ms. Montalvo are husband and wife. *Id.* Mr. Girard is the President of the Corporation. Ms. Montalvo is the Vice President of the Corporation. *Id.*

On September 28, 2005 the Corporation executed and delivered to Plaintiff / Respondent Columbia State Bank (“**Columbia**”) a U.S. Small Business Administration Note (the “**Note**”) in the original amount of \$1,000,000.00. CP at 18, 24-27. Columbia loaned the Corporation money pursuant to the Note (the “**Loan**”). *Id.* The Note and the related loan documents call for monthly payments to be made to Columbia on the first day of each month prior to the Note’s maturity date. *Id.*

As security for the Note, the Corporation executed and delivered to Columbia a Commercial Security Agreement (the “**CSA**”) whereby it granted Columbia a Uniform Commercial Code (“**UCC**”) Article 9 security interest in its inventory, equipment, accounts, certain other property, and the proceeds thereof. CP at 18, 29-34; *see also* Appendix A.

In accordance with the CSA and a UCC Financing Statement filed with the Washington State Department of Licensing, Columbia maintains a first priority, duly perfected security interest in all of the Corporation’s personal property as described in the CSA (the “**Collateral**”). CP at 18.

Columbia is the owner and holder of the Note and CSA. CP at 18. Columbia was owed **\$609,621.20** under the Note as of March 14, 2011,

exclusive of the attorney's fees and costs incurred by Columbia in connection with this case. *Id.* The aforesaid sum is comprised of \$590,800.50 in principal, \$7,919.16 in accrued interest, \$10,601.54 in late charges, and a \$300.00 appraisal fee. *Id.*

Through a series of written modifications, Columbia previously agreed to accept reduced monthly Note payments from the Corporation. CP at 18. However, Columbia and the Corporation agreed in writing that the Corporation would resume making its regular monthly payments of principal and interest toward the indebtedness evidenced by the Note on January 1, 2011 and continuing on the first day of each month thereafter. CP at 18-19.

The Corporation failed to pay Columbia as required throughout 2011. CP at 19. As such, the Corporation defaulted on its obligations to Columbia under the Note and CSA. *Id.*

Columbia previously declared the Note to be in default, and demanded payment in full on this instrument from the Corporation in writing pursuant to the Note's default provisions. CP at 19. The Corporation failed to repay Columbia in response to this demand. *Id.*

Columbia then referred this matter to its attorneys for collection. CP at 19. Columbia's attorney demanded payment in full on the Note from the Appellants in writing by way of a letter dated January 7, 2011 to Appellants' counsel. *Id.* Columbia did not receive any payment whatsoever in response to the aforesaid letter. *Id.*

Appellants Girard and Montalvo each absolutely and unconditionally personally guaranteed the repayment of the Note by executing and delivering to Columbia multiple written commercial guaranties (the “**Guaranties**”). CP at 19, 45-48. Per the Guaranties, Mr. Girard and Ms. Montalvo absolutely and unconditionally promised to repay all indebtedness owed by the Corporation to Columbia. *Id.* Said indebtedness includes, but is not limited to, the indebtedness evidenced by the Note. *Id.*

Columbia is the owner and holder of the Guaranties. CP at 19. As seen above, Columbia demanded payment on the Note and Guaranties from Mr. Girard and Ms. Montalvo, and they failed to pay Columbia accordingly. *Id.*

Columbia moved for summary judgment in the trial court on March 21, 2011, and the Appellants moved to dismiss based on improper venue on April 14, 2011. CP at 6-12, 56-61. At the hearing on April 22, 2011, the trial court denied Appellants’ motion to dismiss based on improper venue and continued the hearing on Columbia’s motion for summary judgment in order for the Appellants to conduct discovery. CP at 99.

On August 26, 2011, the trial court granted Columbia’s motion for summary judgment and denied the Appellants’ motion to strike the testimony of Alana Rouff as inadmissible. Appellants filed their notice of appeal on September 22, 2011.

III. ARGUMENT

A. THE TRIAL COURT DID NOT ABUSE ITS DISCRETION BY DENYING THE APPELLANTS' MOTION TO DISMISS FOR IMPROPER VENUE.

The trial court did not abuse its discretion by denying Appellants' motion to dismiss for improper venue because in order for venue to be laid in King County under the CSA, Columbia first had to request that venue be laid in King County, and it is undisputed that Columbia never made any such request.

Ordinarily, an abuse of discretion standard applies to a trial court's determination as to the validity of a contract's forum selection clause. *Dix v. ICT Grp., Inc.*, 160 Wn.2d 826, 833, 161 P.3d 1016 (2007); *Oltman v. Holland Am. Line USA, Inc.*, 163 Wn.2d 236, 178 P.3d 981, *cert. dismissed*, 129 S. Ct. 24 (2008). A trial court abuses its discretion if its decision is manifestly unreasonable or based on untenable grounds. *Dix*, 160 Wn.2d at 833.

Forum selection clauses are prima facie valid. *Dix*, 160 Wn.2d at 833. Here, neither party contends the forum selection clause in the CSA is invalid; instead, the parties disagree over the interpretation of the forum selection clause.

In construing a contract, the parties' intent, as expressed in the instrument's plain language, receives controlling weight. *Corbray v. Stevenson*, 98 Wn.2d 410, 415, 656 P.2d 473 (1982). Forum selection clause construction is a question of law that this court reviews de novo. *In*

re Estate of Lee, 49 Wn.2d 254, 257, 299 P.2d 1066 (1956); *see also Dix*, 160 Wn.2d at 833-34 (where a pure question of law is presented in applying a forum selection clause, a de novo standard of review should be applied to that question).

Here, the plain language of the CSA's venue clause controls.¹ The CSA plainly states that, "If there is a lawsuit, Grantor agrees *upon Lender's request* to submit to the jurisdiction of the courts of KING County, State of Washington." CP at 33 (emphasis added); *see also* Appendix A.

By the forum selection clause's express terms, venue would be proper in King County under the CSA *only* upon Columbia's request that the grantor, the Corporation, submit to venue in King County. To the extent that Appellants² are arguing that the parties agreed to "automatic" venue in King County, such argument is contrary to the CSA's plain language and the facts surrounding the venue issue. Importantly, *Columbia never requested that any of the Appellants submit to the jurisdiction of any court in King County*, nor do Appellants argue that Columbia made such a request. As such, venue did not lie in King County

¹ Appellants expend a considerable portion of their brief arguing for the enforcement of the forum selection clause. Br. of Appellants at 6-11. However, Columbia does not dispute that the forum selection clause should be applied. In fact, Columbia has consistently argued for application of the express, plain language of the forum selection clause. As such, the Court should disregard Appellants' arguments as to the enforceability of the forum selection clause.

² Only Columbia and the Corporation were party to the CSA, and the CSA is the only instrument between the parties that contains a forum selection clause. CP at 34. As such, Mr. Girard and Ms. Montalvo are not entitled to venue in King County based on the CSA.

under the CSA.

Because no forum selection clause dictated venue, the choice of venue was Columbia's as plaintiff to decide. *See, e.g., Five Corners Family Farmers v. State*, 173 Wn.2d 296, 268 P.3d 892, 903 (2011). Columbia elected to initiate this action in Pierce County in accordance with RCW 4.12.025(1)³ because Mr. Girard and Ms. Montalvo reside in Pierce County. Columbia's actions were consistent with its rights under the CSA's plain language and RCW 4.12.025.

In addition, the request of Columbia for venue to lie in King County is a condition precedent to the enforcement of the venue provision in the CSA, and it is undisputed that Columbia never made such a request. A condition precedent is an event occurring subsequent to the making of a valid contract which must exist or occur before there is right to an immediate performance. *Colorado Structures, Inc. v. Ins. Co. of the W.*, 161 Wn.2d 577, 588, 167 P.3d 1125 (2007); *Ashburn v. Safeco Ins. Co. of Am.*, 42 Wn. App. 692, 698, 713 P.2d 742, *rev. denied*, 105 Wn.2d 1016 (1986). Stated another way, a condition precedent is an act or event, other than a lapse of time, which must exist or occur before a duty to perform a promised performance arises. *Mount Adams Sch. Dist. v. Cook*, 150 Wn.2d 716, 729, 81 P.3d 111 (2003).

Given that Columbia never requested that the Corporation or any other Appellant submit to venue in King County, there is no basis for

³ RCW 4.12.025(1) states that when an action is filed against more than one defendant, venue is proper in any county where at least one defendant resides.

requiring Columbia to prosecute its claims against the Appellants in King County. The trial court properly determined as much when it denied the Appellants' motion to dismiss based on improper venue.

Nevertheless, for the sake of argument alone, even if the parties had agreed that venue would be automatically laid in King County without any such venue request from Columbia, the Washington Supreme Court has held that such a venue clause need not be enforced if it is unreasonable. *Mangham v. Gold Seal Chinchillas, Inc.*, 69 Wn.2d 37, 416 P.2d 680 (1966) (contractual clause providing for venue in Oregon not enforced when all parties and witnesses were in Washington and issues were to be decided according to Washington law).

In this case, it would have been completely unreasonable to dismiss this case or transfer this case to King County based on the venue provision in the CSA, especially because Mr. Girard and Ms. Montalvo live in Puyallup and Columbia had moved for summary judgment before the motion to dismiss was filed.

Moreover, to the extent the Appellants argue that the forum selection clause must be automatically enforced and the action transferred to King County, such argument fails because not all of the Appellants were party to the CSA.⁴ A choice of venue agreement between some but not all of the parties precludes the automatic enforcement of any such agreement. *Am. Mobile Homes of Wash., Inc. v. Seattle-First Nat. Bank*,

⁴ This Court can affirm on any ground supported by the record. *Plein v. Lackey*, 149 Wn.2d 214, 222, 67 P.3d 1061 (2003).

115 Wn.2d 307, 321, 796 P.2d 1276 (1990); *see also Oltman*, 163 Wn.2d at 250 (“A forum selection clause is not binding on a third party who did not agree to the contract in which the clause is found”). Here, Mr. Girard and Ms. Montalvo were not parties to the CSA, which contains the choice of venue clause. CP at 33, 34. As such, the forum selection clause cannot be automatically enforced.

In sum, the trial court did not abuse its discretion by denying the Appellants’ motion to dismiss because the plain language of the CSA provided that venue could be laid in King County *only* upon Columbia’s request, and Columbia never made any such request. Because Columbia’s request for venue in King County was a condition precedent to that event, Columbia had no obligation to file this action in King County.

B. THE TRIAL COURT DID NOT ABUSE ITS DISCRETION BY DENYING THE APPELLANTS’ MOTION TO STRIKE THE DECLARATION OF ALANA ROUFF.

The de novo standard of review applies when reviewing all trial court rulings made in conjunction with a summary judgment motion. *Folsom v. Burger King*, 135 Wn.2d 658, 663, 958 P.2d 301 (1998). The abuse of discretion standard applies to the review of a trial court’s decision on a motion to strike the declaration or affidavit allegedly containing inadmissible evidence. *Oltman*, 163 Wn.2d at 247. A trial court abuses its discretion if its decision is manifestly unreasonable or based on untenable grounds. *Dix*, 160 Wn.2d at 833.

The Appellants have asserted that all or part of Columbia bank

officer Alana Rouff's initial summary judgment declaration is inadmissible because it is allegedly lacking in sufficient documentary evidence, contains conclusory statements, and contains hearsay. Br. of Appellants at 13-15. Regardless, the reality is the trial court did not abuse its discretion by denying the Appellants' motion to strike this declaration. The Appellants' arguments to the contrary fail for the following reasons.

First, neither Civil Rule 56 nor any of the Rules of Evidence render a witness's testimony inadmissible simply because the witness has not produced documents in connection with his or her testimony. Thus, Columbia was not required to attach to Ms. Rouff's initial summary judgment declaration copies of "computer software or records," Br. of Appellants at 14, that Ms. Rouff used to determine the balance owing on the Loan.

Moreover, contrary to the Appellants' assertions, Ms. Rouff's initial summary judgment declaration does not contain any hearsay or conclusory statements. After all, Ms. Rouff is the one that is making the statements in her declaration. Her statements therein are based on her personal knowledge concerning the balance of the subject Loan. This knowledge comes in part from her review of Columbia's files, including its computer software and records. These statements are admissible under the Rules of Evidence. They are not hearsay, nor are they conclusory.

Further, even if, for the sake of argument, Ms. Rouff's statements in her initial declaration were not admissible, any error arising from the

trial court's denial of Appellants' motion to strike is harmless. This is because Ms. Rouff provided supporting documentation in her reply declaration, and there is no question that the statements in Ms. Rouff's reply declaration are admissible, as seen from the following.

The moving party must raise in its summary judgment motion all of the issues on which it believes it is entitled to summary judgment.

White v. Kent Med. Ctr. Inc., 61 Wn. App. 163, 168, 810 P.2d 4 (1991).

Allowing the moving party to raise new issues in its rebuttal materials is improper because the nonmoving party has no opportunity to respond.

White, 61 Wn. App. at 168. But where affidavits submitted in support of a reply to a motion for summary judgment respond to matters placed in issue by the opposition brief and do not spring upon the opposing party new reasons for entry of summary judgment, reply papers — both briefs and affidavits — may properly address those issues. *Beck v. Univ. of Wisconsin Bd. of Regents*, 75 F.3d 1130, 1134 n.1 (7th Cir. 1996).

In Columbia's motion for summary judgment, Ms. Rouff testified that Appellants' outstanding debt to Columbia as of March 14, 2011 stood at \$609,621.20, exclusive of attorney fees and costs. CP at 18. Although the Appellants argued in opposition that this statement constituted hearsay, they failed to provide any evidence of their own that showed they owed Columbia a different sum. CP at 104-05, 108. In response to Appellants' argument that Ms. Rouff's summary judgment declaration contained hearsay, Ms. Rouff produced additional documentation supporting her

original statement that the Appellants remained indebted to Columbia in the amount of \$609,621.20, exclusive of attorney fees and costs. Neither Columbia's reply brief nor Ms. Rouff's reply declaration raised any new issues to which the Appellants had no opportunity to respond.

In sum, the trial court did not abuse its discretion by denying the Appellants' motion to strike the initial summary judgment declaration of Ms. Rouff. As such, this Court should affirm the trial court's ruling.

C. COLUMBIA IS ENTITLED TO AN AWARD OF ATTORNEY'S FEES AND COSTS IF IT PREVAILS ON APPEAL.

Attorney's fees and expenses incurred on appeal can be awarded if applicable law, a contract, or equity permits an award of such fees and expenses. RAP 18.1(a). The party requesting an award of fees and expenses must devote a section of its opening brief to the request for the fees or expenses. RAP 18.1(b).

Assuming that an applicable provision in a contract provides that attorney fees will be paid in a suit to enforce the instrument, the court has no authority to disregard it. 14A K. Teglund, WASHINGTON PRACTICE: CIVIL PROCEDURE, § 37.6, at 549 (1st ed. 2003) (citing several cases, including *Seattle First Nat. Bank v. Mitchell*, 87 Wn. App. 448, 942 P.2d 1022 (1997)).

Here, the Note, CSA, and Guaranties provide that Columbia is entitled to recover its attorney's fees and expenses from the Appellants in the event Columbia prevails in this forum. Specifically, the Note permits Columbia to recover "reasonable attorney's fees and costs" associated with efforts to "collect amounts due under this Note, enforce the terms of the Note or any other Loan Document, and preserve or dispose of the

Collateral.” CP at 26. The CSA provides for “attorneys’ fees and legal expenses for bankruptcy proceedings...appeals, and any anticipated post-judgment collection services.” CP at 33. And the Guaranties provide that the Guarantors guaranteed “all of Borrower’s past, present, and future obligations [including] collection expenses and costs.” CP at 45, 47.

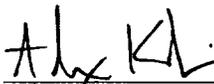
For these reasons, this Court should award Columbia its attorney’s fees and expenses incurred on appeal in the event that Columbia is the prevailing party in this setting.

IV. CONCLUSION

Based on the foregoing, Columbia respectfully asks this Court to affirm the trial court’s denial of Appellants’ motion to dismiss, affirm the trial court’s denial of Appellants’ motion to strike the initial summary judgment declaration of Alana Rouff, and affirm the trial court’s entry of summary judgment in favor of Columbia. In the event Columbia prevails in this forum, Columbia requests an award of its attorney’s fees and costs as allowed by its contracts with the Appellants.

RESPECTFULLY SUBMITTED this 7 day of March, 2012.

EISENHOWER & CARLSON, PLLC

By: 

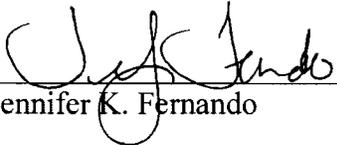
Alexander S. Kleinberg, WSBA # 34449
Chrystina R. Solum, WSBA # 41108
Attorneys for Respondent Columbia
State Bank

I, Jennifer K. Fernando, am a legal assistant with the firm of
Eisenhower & Carlson, PLLC, and am competent to be a witness herein.
On March 8, 2012, at Tacoma, Washington, I caused a true and correct
copy of Brief of Respondent to be served upon the following in the
manner indicated below:

Tom Bao Pierce, Esq. 2411 Fourteenth Avenue South Seattle, WA 98144	■ by Legal Messenger
---------------------------------------------------------------------------	----------------------

I declare under penalty of perjury under the laws of the State of
Washington that the foregoing is true and correct.

DATED this 8th day of March, 2012, at Tacoma, Washington.



Jennifer K. Fernando

STATE OF WASHINGTON
BY JKF
12:12:09 PM 3/8/12

APPENDIX A

COMMERCIAL SECURITY AGREEMENT

Principal	Loan Date	Maturity	Loan No.	Collateral	Accounts	Officer	Initials
\$1,000,000.00	09/28/2005	01/03/2013	900004	APAC/CS	912124426	74	[Signature]

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.

Grantor: ELECTRONIC SERVICE PROVIDER INC.
PO BOX 58730
SEATTLE, WA 98138

Lender: COLUMBIA STATE BANK
SEATTLE LPO
719 2ND AVENUE, SUITE 500
SEATTLE, WA 98104

THIS COMMERCIAL SECURITY AGREEMENT dated September 28, 2005, is made and executed between ELECTRONIC SERVICE PROVIDER INC. ("Grantor") and COLUMBIA STATE BANK ("Lender").

GRANT OF SECURITY INTEREST. For valuable consideration, Grantor grants to Lender a security interest in the Collateral to secure the indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law.

COLLATERAL DESCRIPTION. The word "Collateral" as used in this Agreement means the following described property, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located, in which Grantor is giving to Lender a security interest for the payment of the indebtedness and performance of all other obligations under the Note and this Agreement:

First Perfected Security Interest, subject to no other liens, in all inventory, Equipment, Chattel Paper and General Intangibles whether now owned or acquired with loan proceeds, including all replacements, and substitutions, wherever located; Second Perfected Security Interest subject only to a prior lien from Columbia State Bank in the amount of \$100,000.00 on all Accounts.

All Fixtures located at 950 Andover Park East, Tukwila, Washington 98188

In addition, the word "Collateral" also includes all the following, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located:

- (A) All accessions, attachments, accessories, tools, parts, supplies, replacements of and additions to any of the collateral described herein, whether added now or later.
- (B) All products and produce of any of the property described in this Collateral section.
- (C) All accounts, general intangibles, instruments, rents, monies, payments, and all other rights, arising out of a sale, lease, consignment or other disposition of any of the property described in this Collateral section.
- (D) All proceeds (including insurance proceeds) from the sale, destruction, loss, or other disposition of any of the property described in this Collateral section, and sums due from a third party who has damaged or destroyed the Collateral or from that party's insurer, whether due to judgment, settlement or other process.
- (E) All records and data relating to any of the property described in this Collateral section, whether in the form of a writing, photograph, microfilm, microfiche, or electronic media, together with all of Grantor's right, title, and interest in and to all computer software required to utilize, create, maintain, and process any such records or data on electronic media.

Some or all of the Collateral may be located on the following described real estate:

as shown on the exhibit named "Exhibit "A"", attached hereto and incorporated herein by this reference

CROSS-COLLATERALIZATION. In addition to the Note, this Agreement secures all obligations, debts and liabilities, plus interest thereon, of Grantor to Lender, or any one or more of them, as well as all claims by Lender against Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated whether Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable.

FUTURE ADVANCES. In addition to the Note, this Agreement secures all future advances made by Lender to Grantor regardless of whether the advances are made a) pursuant to a commitment or b) for the same purposes.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Grantor's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Grantor holds jointly with someone else and all accounts Grantor may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Grantor authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

GRANTOR'S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL. With respect to the Collateral, Grantor represents and promises to Lender that:

Perfection of Security Interest. Grantor agrees to take whatever actions are requested by Lender to perfect and continue Lender's security interest in the Collateral. Upon request of Lender, Grantor will deliver to Lender any and all of the documents evidencing or constituting the Collateral, and Grantor will note Lender's interest upon any and all chattel paper and instruments if not delivered to Lender for possession by Lender.

Notices to Lender. Grantor will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (1) change in Grantor's name; (2) change in Grantor's assumed business name(s); (3) change in the management of the Corporation Grantor; (4) change in the authorized signer(s); (5) change in Grantor's principal office address; (6) change in Grantor's state of organization; (7) conversion of Grantor to a new or different type of business entity; or (8) change in any other aspect of Grantor that directly or indirectly relates to any agreements between Grantor and Lender. No change in Grantor's name or state of organization will take effect until after Lender has received notice.

No Violation. The execution and delivery of this Agreement will not violate any law or agreement governing Grantor or to which Grantor is a party, and its certificate or articles of incorporation and bylaws do not prohibit any term or condition of this Agreement.

Enforceability of Collateral. To the extent the Collateral consists of accounts, chattel paper, or general intangibles, as defined by the Uniform Commercial Code, the Collateral is enforceable in accordance with its terms, is genuine, and fully complies with all applicable laws and regulations concerning form, content and manner of preparation and execution, and all persons appearing to be obligated on the Collateral have authority and capacity to contract and are in fact obligated as they appear to be on the Collateral. At the time any account becomes subject to a security interest in favor of Lender, the account shall be a good and valid account representing an undisputed, bona fide indebtedness incurred by the account debtor, for merchandise held subject to delivery instructions or previously shipped or delivered pursuant to a contract of sale, or for services previously performed by Grantor with or for the account debtor. So long as this Agreement remains in effect, Grantor shall not, without Lender's prior written consent, compromise, settle, adjust, or extend payment under or with regard to any such Accounts. There shall be no setoffs or counterclaims against any of the Collateral, and no agreement shall have been made under which any deductions or discounts may be claimed concerning the Collateral except those disclosed to Lender in writing.

Location of the Collateral. Except in the ordinary course of Grantor's business, Grantor agrees to keep the Collateral (or to the extent the Collateral consists of intangible property such as accounts or general intangibles, the records concerning the Collateral) at Grantor's address shown above or at such other locations as are acceptable to Lender. Upon Lender's request, Grantor will deliver to Lender in form satisfactory to Lender a schedule of real properties and Collateral locations relating to Grantor's operations, including without limitation the following: (1) all real property Grantor owns or is purchasing; (2) all real property Grantor is renting or leasing; (3) all storage facilities Grantor owns, rents, leases, or uses; and (4) all other properties where Collateral is or may be located.

Removal of the Collateral. Except in the ordinary course of Grantor's business, including the sales of inventory, Grantor shall not remove the Collateral from its existing location without Lender's prior written consent. To the extent that the Collateral consists of vehicles, or other titled property, Grantor shall not take or permit any action which would require application for certificates of title for the vehicles outside the State of Washington, without Lender's prior written consent. Grantor shall, whenever requested, advise Lender of the exact location of the Collateral.

Transactions Involving Collateral. Except for inventory sold or accounts collected in the ordinary course of Grantor's business, or as otherwise provided for in this Agreement, Grantor shall not sell, offer to sell, or otherwise transfer or dispose of the Collateral. While Grantor is not in default under this Agreement, Grantor may sell inventory, but only in the ordinary course of its business and only to buyers who qualify as a buyer in the ordinary course of business. A sale in the ordinary course of Grantor's business does not include a transfer in partial or total satisfaction of a debt or any bulk sale. Grantor shall not pledge, mortgage, encumber or otherwise permit the Collateral to be subject to any lien, security interest, encumbrance, or charge, other than the security interest provided for in this Agreement, without the prior written consent of Lender. This includes security interests even if junior in right to the security interests granted under this Agreement. Unless waived by Lender, all proceeds from any disposition of the Collateral (for whatever reason) shall be held in trust for Lender and shall not be commingled with any other funds; provided however, this requirement shall not constitute consent by Lender to any sale or other disposition. Upon receipt, Grantor shall immediately deliver any such proceeds to Lender.

Title. Grantor represents and warrants to Lender that Grantor holds good and marketable title to the Collateral, free and clear of all liens and encumbrances except for the lien of this Agreement. No financing statement covering any of the Collateral is on file in any public office other than those which reflect the security interest created by this Agreement or to which Lender has specifically consented. Grantor shall defend Lender's rights in the Collateral against the claims and demands of all other persons.

Repairs and Maintenance. Grantor agrees to keep and maintain, and to cause others to keep and maintain, the Collateral in good order, repair and condition at all times while this Agreement remains in effect. Grantor further agrees to pay when due all claims for work done on, or services rendered or material furnished in connection with the Collateral so that no lien or encumbrance may ever attach to or be filed against the Collateral.

Inspection of Collateral. Lender and Lender's designated representatives and agents shall have the right at all reasonable times to examine and inspect the Collateral wherever located.

Taxes, Assessments and Liens. Grantor will pay when due all taxes, assessments and liens upon the Collateral, its use or operation, upon this Agreement, upon any promissory note or notes evidencing the Indebtedness, or upon any of the other Related Documents. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized in Lender's sole opinion. If the Collateral is subjected to a lien which is not discharged within fifteen (15) days, Grantor shall deposit with Lender cash, a sufficient corporate surety bond or other security satisfactory to Lender in an amount adequate to provide for the discharge of the lien plus any interest, costs, attorneys' fees or other charges that could accrue as a result of foreclosure or sale of the Collateral. In any contest Grantor shall defend itself and Lender and shall satisfy any final adverse judgment before enforcement against the Collateral. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings. Grantor further agrees to furnish Lender with evidence that such taxes, assessments, and governmental and other charges have been paid in full and in a timely manner. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized.

Compliance with Governmental Requirements. Grantor shall comply promptly with all laws, ordinances, rules and regulations of all governmental authorities, now or hereafter in effect, applicable to the ownership, production, disposition, or use of the Collateral, including all laws or regulations relating to the undue erosion of highly-erodible land or relating to the conversion of wetlands for the production of an agricultural product or commodity. Grantor may contest in good faith any such law, ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Lender's interest in the Collateral, in Lender's opinion, is not jeopardized.

Hazardous Substances. Grantor represents and warrants that the Collateral never has been, and never will be so long as this Agreement remains a lien on the Collateral, used in violation of any Environmental Laws or for the generation, manufacture, storage, transportation, treatment, disposal, release or threatened release of any Hazardous Substance. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Collateral for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any Environmental Laws, and (2) agrees to indemnify and hold harmless Lender against any and all claims and losses resulting from a breach of this provision of this Agreement. This obligation to indemnify shall survive the payment of the Indebtedness and the satisfaction of this Agreement.

Maintenance of Casualty Insurance. Grantor shall procure and maintain all risks insurance, including without limitation fire, theft and liability coverage together with such other insurance as Lender may require with respect to the Collateral, in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days' prior written notice to Lender and not including any disclaimer of the insurer's liability for failure to give such a notice. Each insurance policy shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. In connection

with all policies covering assets in which Lender holds or is offered a security interest, Grantor will provide Lender with such loss payable or other endorsements as Lender may require. If Grantor at any time fails to obtain or maintain any insurance as required under this Agreement, Lender may (but shall not be obligated to) obtain such insurance as Lender deems appropriate, including if Lender so chooses "single interest insurance," which will cover only Lender's interest in the Collateral.

Application of Insurance Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Collateral, whether or not such casualty or loss is covered by insurance. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. All proceeds of any insurance on the Collateral, including accrued proceeds thereon, shall be held by Lender as part of the Collateral. If Lender consents to repair or replacement of the damaged or destroyed Collateral, Lender shall, upon satisfactory proof of expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration. If Lender does not consent to repair or replacement of the Collateral, Lender shall retain a sufficient amount of the proceeds to pay all of the Indebtedness, and shall pay the balance to Grantor. Any proceeds which have not been disbursed within six (6) months after their receipt and which Grantor has not committed to the repair or restoration of the Collateral shall be used to prepay the Indebtedness.

Insurance Reserves. Lender may require Grantor to maintain with Lender reserves for payment of insurance premiums, which reserves shall be created by monthly payments from Grantor of a sum estimated by Lender to be sufficient to produce, at least fifteen (15) days before the premium due date, amounts at least equal to the insurance premiums to be paid. If fifteen (15) days before payment is due, the reserve funds are insufficient, Grantor shall upon demand pay any deficiency to Lender. The reserve funds shall be held by Lender as a general deposit and shall constitute a non-interest-bearing account which Lender may satisfy by payment of the insurance premiums required to be paid by Grantor as they become due. Lender does not hold the reserve funds in trust for Grantor, and Lender is not the agent of Grantor for payment of the insurance premiums required to be paid by Grantor. The responsibility for the payment of premiums shall remain Grantor's sole responsibility.

Insurance Reports. Grantor, upon request of Lender, shall furnish to Lender reports on each existing policy of insurance showing such information as Lender may reasonably request including the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured; (5) the then current value on the basis of which insurance has been obtained and the manner of determining that value; and (6) the expiration date of the policy. In addition, Grantor shall upon request by Lender (however not more often than annually) have an independent appraiser satisfactory to Lender determine, as applicable, the cash value or replacement cost of the Collateral.

Financing Statements. Grantor authorizes Lender to file a UCC financing statement; or alternatively, a copy of this Agreement to perfect Lender's security interest. At Lender's request, Grantor additionally agrees to sign all other documents that are necessary to perfect, protect, and continue Lender's security interest in the Property. Grantor will pay all filing fees, title transfer fees, and other fees and costs involved unless prohibited by law or unless Lender is required by law to pay such fees and costs. Grantor irrevocably appoints Lender to execute documents necessary to transfer title if there is a default. Lender may file a copy of this Agreement as a financing statement. If Grantor changes Grantor's name or address, or the name or address of any person granting a security interest under this Agreement changes, Grantor will promptly notify the Lender of such change.

GRANTOR'S RIGHT TO POSSESSION AND TO COLLECT ACCOUNTS. Until default and except as otherwise provided below with respect to accounts, Grantor may have possession of the tangible personal property and beneficial use of all the Collateral and may use it in any lawful manner not inconsistent with this Agreement or the Related Documents, provided that Grantor's right to possession and beneficial use shall not apply to any Collateral where possession of the Collateral by Lender is required by law to perfect Lender's security interest in such Collateral. Until otherwise notified by Lender, Grantor may collect any of the Collateral consisting of accounts. At any time and even though no Event of Default exists, Lender may exercise its rights to collect the accounts and to notify account debtors to make payments directly to Lender for application to the Indebtedness. If Lender at any time has possession of any Collateral, whether before or after an Event of Default, Lender shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral if Lender takes such action for that purpose as Grantor shall request or as Lender, in Lender's sole discretion, shall deem appropriate under the circumstances, but failure to honor any request by Grantor shall not of itself be deemed to be a failure to exercise reasonable care. Lender shall not be required to take any steps necessary to preserve any rights in the Collateral against prior parties, nor to protect, preserve or maintain any security interest given to secure the Indebtedness.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Grantor fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Agreement or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Collateral and paying all costs for insuring, maintaining and preserving the Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Agreement also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Grantor fails to make any payment when due under the Indebtedness.

Other Defaults. Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor.

Default In Favor of Third Parties. Should Borrower or any Grantor default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Grantor's property or Grantor's or any Grantor's ability to repay the Indebtedness or perform their respective obligations under this Agreement or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Insolvency. The dissolution or termination of Grantor's existence as a going business, the insolvency of Grantor, the appointment of a

**COMMERCIAL SECURITY AGREEMENT
(Continued)**

Loan No: 00004

Page 4

receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any collateral securing the Indebtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or Guarantor dies or becomes incompetent or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

Insecurity. Lender in good faith believes itself insecure.

Cure Provisions. If any default, other than a default in payment is curable and if Grantor has not been given a notice of a breach of the same provision of this Agreement within the preceding twelve (12) months, it may be cured if Grantor, after receiving written notice from Lender demanding cure of such default: (1) cures the default within thirty (30) days; or (2) if the cure requires more than thirty (30) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

RIGHTS AND REMEDIES ON DEFAULT. If an Event of Default occurs under this Agreement, at any time thereafter, Lender shall have all the rights of a secured party under the Washington Uniform Commercial Code. In addition and without limitation, Lender may exercise any one or more of the following rights and remedies:

Accelerate Indebtedness. Lender may declare the entire indebtedness, including any prepayment penalty which Grantor would be required to pay, immediately due and payable, without notice of any kind to Grantor.

Assemble Collateral. Lender may require Grantor to deliver to Lender all or any portion of the Collateral and any and all certificates of title and other documents relating to the Collateral. Lender may require Grantor to assemble the Collateral and make it available to Lender at a place to be designated by Lender. Lender also shall have full power to enter upon the property of Grantor to take possession of and remove the Collateral. If the Collateral contains other goods not covered by this Agreement at the time of repossession, Grantor agrees Lender may take such other goods, provided that Lender makes reasonable efforts to return them to Grantor after repossession.

Sell the Collateral. Lender shall have full power to sell, lease, transfer, or otherwise deal with the Collateral or proceeds thereof in Lender's own name or that of Grantor. Lender may sell the Collateral at public auction or private sale. Unless the Collateral threatens to decline speedily in value or is of a type customarily sold on a recognized market, Lender will give Grantor, and other persons as required by law, reasonable notice of the time and place of any public sale, or the time after which any private sale or any other disposition of the Collateral is to be made. However, no notice need be provided to any person who, after Event of Default occurs, enters into and authenticates an agreement waiving that person's right to notification of sale. The requirements of reasonable notice shall be met if such notice is given at least ten (10) days before the time of the sale or disposition. All expenses relating to the disposition of the Collateral, including without limitation the expenses of retaking, holding, insuring, preparing for sale and selling the Collateral, shall become a part of the Indebtedness secured by this Agreement and shall be payable on demand, with interest at the Note rate from date of expenditure until repaid.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Collateral, with the power to protect and preserve the Collateral, to operate the Collateral preceding or pending foreclosure or sale, and to collect the Rents from the Collateral and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Collateral exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Collect Revenues. Apply Accounts. Lender, either itself or through a receiver, may collect the payments, rents, income, and revenues from the Collateral. Lender may at any time in Lender's discretion transfer any Collateral into Lender's own name or that of Lender's nominee and receive the payments, rents, income, and revenues therefrom and hold the same as security for the Indebtedness or apply it to payment of the Indebtedness in such order of preference as Lender may determine. Insofar as the Collateral consists of accounts, general intangibles, insurance policies, instruments, chattel paper, choses in action, or similar property, Lender may demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose, or realize on the Collateral as Lender may determine, whether or not Indebtedness or Collateral is then due. For these purposes, Lender may, on behalf of and in the name of Grantor, receive, open and dispose of mail addressed to Grantor; change any address to which mail and payments are to be sent; and endorse notes, checks, drafts, money orders, documents of title, instruments and items pertaining to payment, shipment, or storage of any Collateral. To facilitate collection, Lender may notify account debtors and obligors on any Collateral to make payments directly to Lender.

Obtain Deficiency. If Lender chooses to sell any or all of the Collateral, Lender may obtain a judgment against Grantor for any deficiency remaining on the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this Agreement. Grantor shall be liable for a deficiency even if the transaction described in this subsection is a sale of accounts or chattel paper.

Other Rights and Remedies. Lender shall have all the rights and remedies of a secured creditor under the provisions of the Uniform Commercial Code, as may be amended from time to time. In addition, Lender shall have and may exercise any or all other rights and remedies it may have available at law, in equity, or otherwise.

Election of Remedies. Except as may be prohibited by applicable law, all of Lender's rights and remedies, whether evidenced by this Agreement, the Related Documents, or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

COMMERCIAL SECURITY AGREEMENT
(Continued)

Loan No: 00004

Page 5

Attorneys' Fees; Expenses. Grantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Grantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Grantor also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Applicable Law. The Loan secured by this lien was made under a United States Small Business Administration (SBA) nationwide program which uses tax dollars to assist small business owners. If the United States is seeking to enforce this document, then under SBA regulations: (a) When SBA is the holder of the Note, this document and all documents evidencing or securing this Loan will be construed in accordance with federal law. (b) Lender or SBA may use local or state procedures for purposes such as filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using these procedures, SBA does not waive any federal immunity from local or state control, penalty, tax or liability. No Borrower or Guarantor may claim or assert against SBA any local or state law to deny any obligation of Borrower, or defeat any claim of SBA with respect to this Loan. Any clause in this document requiring arbitration is not enforceable when SBA is the holder of the Note secured by this Instrument.

Choice of Venue. If there is a lawsuit, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of KING County, State of Washington.

Preference Payments. Any monies Lender pays because of an asserted preference claim in Grantor's bankruptcy will become a part of the Indebtedness and, at Lender's option, shall be payable by Grantor as provided in this Agreement.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Subject to applicable law, and except for notice required or allowed by law to be given in another manner, any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Subject to applicable law, and except for notice required or allowed by law to be given in another manner, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

Power of Attorney. Grantor hereby appoints Lender as Grantor's irrevocable attorney-in-fact for the purpose of executing any documents necessary to perfect, amend, or to continue the security interest granted in this Agreement or to demand termination of filings of other secured parties. Lender may at any time, and without further authorization from Grantor, file a carbon, photographic or other reproduction of any financing statement or of this Agreement for use as a financing statement. Grantor will reimburse Lender for all expenses for the perfection and the continuation of the perfection of Lender's security interest in the Collateral.

Waiver of Co-Obligor's Rights. If more than one person is obligated for the Indebtedness, Grantor irrevocably waives, disclaims and relinquishes all claims against such other person which Grantor has or would otherwise have by virtue of payment of the Indebtedness or any part thereof, specifically including but not limited to all rights of indemnity, contribution or exoneration.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Successors and Assigns. Subject to any limitations stated in this Agreement on transfer of Grantor's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Agreement and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Agreement or liability under the Indebtedness.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Agreement shall survive the execution and delivery of this Agreement, shall be continuing in nature, and shall remain in full force and effect until such time as Grantor's Indebtedness shall be paid in full.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

Waive Jury. All parties to this Agreement hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code:

Agreement. The word "Agreement" means this Commercial Security Agreement, as this Commercial Security Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Commercial Security Agreement from time to time.

Borrower. The word "Borrower" means ELECTRONIC SERVICE PROVIDER INC. and includes all co-signers and co-makers signing the Note.

Collateral. The word "Collateral" means all of Grantor's right, title and interest in and to all the Collateral as described in the Collateral Description section of this Agreement.

COMMERCIAL SECURITY AGREEMENT
(Continued)

Loan No: 00004

Page 6

Default. The word "Default" means the Default set forth in this Agreement in the section titled "Default".

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

Grantor. The word "Grantor" means ELECTRONIC SERVICE PROVIDER INC..

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Indebtedness.

Guaranty. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Grantor is responsible under this Agreement or under any of the Related Documents. Specifically, without limitation, Indebtedness includes the future advances set forth in the Future Advances provision, together with all interest thereon and all amounts that may be indirectly secured by the Cross-Collateralization provision of this Agreement.

Lender. The word "Lender" means COLUMBIA STATE BANK, its successors and assigns.

Note. The word "Note" means the Note executed by ELECTRONIC SERVICE PROVIDER INC. in the principal amount of \$1,000,000.00 dated September 28, 2005, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

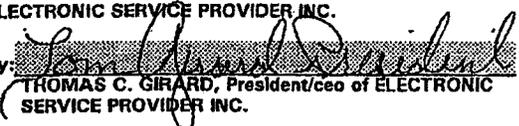
Property. The word "Property" means all of Grantor's right, title and interest in and to all the Property as described in the "Collateral Description" section of this Agreement.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

GRANTOR HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS COMMERCIAL SECURITY AGREEMENT AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED SEPTEMBER 28, 2005.

GRANTOR:

ELECTRONIC SERVICE PROVIDER INC.

By: 
THOMAS C. GIRARD, President/ceo of ELECTRONIC SERVICE PROVIDER INC.

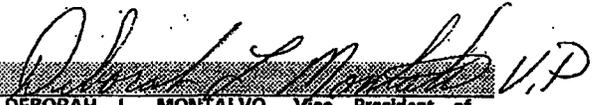
By: 
DEBORAH L. MONTALVO, Vice President of ELECTRONIC SERVICE PROVIDER INC.

EXHIBIT "A"

LEGAL DESCRIPTION:

THAT PORTION OF THE SOUTHEAST ¼ OF THE SOUTHEAST ¼ OF SECTION 26, TOWNSHIP 23 NORTH, RANGE 4 EAST W.M., DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF THE SOUTHEAST ¼ OF SAID SECTION 26;
THENCE SOUTH 02 DEGREES 22 MINUTES 20 SECONDS WEST ALONG THE EAST LINE OF SAID SOUTHEAST ¼, A DISTANCE OF 1,319.74 FEET TO THE CENTERLINE OF THE P-17 DRAINAGE CHANNEL, WHICH CHANNEL CONTINUES SOUTH 88 DEGREES 12 MINUTES 32 SECONDS EAST TO TERMINUS AT THE WESTERLY MARGIN OF CHRISTENSEN ROAD;
THENCE NORTH 88 DEGREES 12 MINUTES 32 SECONDS WEST ALONG THE SAID P-17 DRAINAGE CHANNEL CENTERLINE 92.45 FEET;
THENCE SOUTH 01 DEGREES 47 MINUTES 28 SECONDS WEST 21.00 FEET TO THE TRUE POINT OF BEGINNING;
THENCE CONTINUING SOUTH 01 DEGREES 47 MINUTES 28 SECONDS WEST 297.59 FEET;
THENCE NORTH 88 DEGREES 12 MINUTES 32 SECONDS WEST 297.0 FEET TO THE EASTERLY MARGIN OF ANDOVER PARK EAST, AS RECORDED UNDER RECORDING NO. 6355530, VOLUME 5095, PAGES 65 AND 66, RECORDS OF KING COUNTY; THENCE NORTH 01 DEGREES 47 MINUTES 28 SECONDS EAST ALONG SAID EASTERLY MARGIN 297.59 FEET;
THENCE SOUTH 88 DEGREES 12 MINUTES 32 SECONDS EAST 297.00 FEET TO THE TRUE POINT OF BEGINNING;

SITUATE IN THE CITY OF TUKWILA, COUNTY OF KING, STATE OF WASHINGTON

APPENDIX B

March 21 2011 9:52 AM

KEVIN STOCK
COUNTY CLERK
NO: 11-2-06116-2

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IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON
IN AND FOR THE COUNTY OF PIERCE

COLUMBIA STATE BANK, a Washington
banking corporation,

Plaintiff,

vs.

ELECTRONIC SERVICE PROVIDER INC.,
a Washington corporation; and TOM C.
GIRARD and DEBORAH L. MONTALVO,
individually and as husband and wife,

Defendants.

NO. 11-2-06116-2

DECLARATION OF ALANA ROUFF IN
SUPPORT OF PLAINTIFF'S MOTION
FOR SUMMARY JUDGMENT

I, ALANA ROUFF, declare as follows:

1. I am employed as a Vice President of Special Credits at Columbia State Bank, Plaintiff herein. I am over the age of eighteen, and competent to testify herein. I make this Declaration based on personal knowledge and my review of the records and files concerning this matter that are in the possession of Plaintiff.

2. I have read and reviewed Plaintiff's Complaint for Judgment on Promissory Note, Commercial Guaranties, And For Replevin that is on file herein (the "Complaint"), know the contents thereof, and state the same to be true.

3. Defendant Electronic Service Provider, Inc. (the "Corporation") is a for-profit corporation organized under Washington law. The Corporation operates a business located at 950 Andover Park East, Tukwila, King County, Washington 98188.

DECLARATION OF ALANA ROUFF IN SUPPORT OF
PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT - 1

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EISENHOWER
EISENHOWER & CARLSON, PLLC

1200 Wells Fargo Plaza
1201 Pacific Avenue
Tacoma, WA 98402
Tel: 253.572.4500
Fax: 253.272.5732

1 4. Defendants Tom C. Girard and Deborah L. Montalvo are individuals who reside
2 in Pierce County, Washington. Mr. Girard and Ms. Montalvo are husband and wife. Mr. Girard
3 is the President of the Corporation. Ms. Montalvo is the Vice President of the Corporation.

4 5. On September 28, 2005 the Corporation executed and delivered to Plaintiff a U.S.
5 Small Business Administration Note (the "Note") in the original amount of \$1,000,000.00.
6 Plaintiff loaned the Corporation money pursuant to the Note (the "Loan"). The Note and the
7 related loan documents call for monthly payments to be made to Plaintiff on the first day of each
8 month prior to the Note's maturity date. A true and correct copy of the Note is attached as
9 **Exhibit A.**

10 6. As security for the Note, the Corporation executed and delivered to Plaintiff a
11 Commercial Security Agreement (the "CSA") whereby it granted Plaintiff a Uniform
12 Commercial Code ("UCC") Article 9 security interest in its inventory, equipment, accounts,
13 certain other property, and the proceeds thereof. A true and correct copy of the CSA is attached
14 as **Exhibit B.**

15 7. In accordance with the CSA and a UCC Financing Statement filed with the
16 Washington State Department of Licensing, Plaintiff maintains a first priority, duly perfected
17 security interest in all of the Corporation's personal property as described in the CSA (the
18 "**Collateral**").

19 8. Plaintiff is the owner and holder of the Note and CSA. With the aid of Plaintiff's
20 computer software and records, I have determined Plaintiff was owed **\$609,621.20** under the
21 Note as of March 14, 2011, exclusive of the attorney's fees and costs incurred by Plaintiff in
22 connection with this case. The aforesaid sum is comprised of \$590,800.50 in principal,
23 \$7,919.16 in accrued interest, \$10,601.54 in late charges, and a \$300.00 appraisal fee.

24 9. Through a series of written modifications, Plaintiff previously agreed to accept
25 reduced monthly Note payments from the Corporation. However, Plaintiff and the Corporation
26 agreed in writing that the Corporation would resume making its regular monthly payments of

DECLARATION OF ALANA ROUFF IN SUPPORT OF
PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT - 2

00476786.DOC

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EISENHOWER & CARLSON, PLLC

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1201 Pacific Avenue
Tacoma, WA 98402
Tel: 253.572.4500
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1 principal and interest toward the indebtedness evidenced by the Note on January 1, 2011 and
2 continuing on the first day of each month thereafter. A true and correct copy of the Change in
3 Terms Agreement that reflects the parties' aforesaid agreement is attached as **Exhibit C**.

4 10. The Corporation has failed to pay Plaintiff any money whatsoever in 2011. As of
5 this date, the Corporation is in default of its obligations to Plaintiff under the Note and CSA.

6 11. Plaintiff previously declared the Note to be in default, and demanded payment in
7 full on this instrument from the Corporation in writing pursuant to the Note's default provisions.
8 The Corporation failed to repay Plaintiff in response to this demand.

9 12. Plaintiff then referred this matter to its attorneys for collection. Plaintiff's
10 attorney demanded payment in full on the Note from the Defendants in writing by way of a letter
11 dated January 7, 2011 to Defendants' counsel. A true and correct copy of this letter is attached
12 as **Exhibit D**. A true and correct copy of a related second letter from Plaintiff's counsel to
13 Defendants' counsel dated January 20, 2011 is attached as **Exhibit E**. As of this date, Plaintiff
14 has not received any payment whatsoever in response to the aforesaid letters.

15 13. Defendants Girard and Montalvo each absolutely and unconditionally personally
16 guaranteed the repayment of the Note by executing and delivering to Plaintiff multiple written
17 commercial guaranties (the "**Guaranties**"). Per the Guaranties, Mr. Girard and Ms. Montalvo
18 absolutely and unconditionally promised to repay all indebtedness owed by the Corporation to
19 Plaintiff. Said indebtedness includes but is not limited to the indebtedness evidenced by the
20 Note. A true and correct copy of the most recent Guaranties that Mr. Girard and Ms. Montalvo
21 executed and delivered to Plaintiff is attached as **Exhibit F**.

22 14. Plaintiff is the owner and holder of the Guaranties. As seen above, Plaintiff has
23 demanded payment on the Note and Guaranties from Mr. Girard and Ms. Montalvo, and they
24 have failed to pay Plaintiff accordingly.

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DECLARATION OF ALANA ROUFF IN SUPPORT OF
PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT - 3

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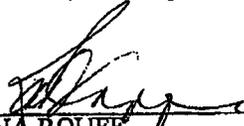
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I hereby declare under penalty of perjury under the laws of the State of Washington
that the foregoing is true and correct.

DATED this 16th day of March, 2011 at Tacoma, Washington.



ALANA ROUFF

DECLARATION OF ALANA ROUFF IN SUPPORT OF
PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT - 4

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EISENHOWER
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IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON
IN AND FOR THE COUNTY OF PIERCE

COLUMBIA STATE BANK, a Washington
banking corporation,

Plaintiff,

vs.

ELECTRONIC SERVICE PROVIDER INC.,
a Washington corporation; and TOM C.
GIRARD and DEBORAH L. MONTALVO,
individually and as husband and wife,

Defendants.

NO. 11-2-06116-2

DECLARATION RE ELECTRONIC
MAIL SIGNATURE PER GR (17)(A)(2)

I, **ALEXANDER S. KLEINBERG**, declare as follows:

1. I am a member at Eisenhower & Carlson, PLLC, and make this declaration pursuant to GR 17(a)(2) and based on my personal knowledge and review of the firm's records and files.

2. I have personally examined the foregoing signature of Alana Rouff on page 4 of the Declaration of Alana Rouff in Support of Plaintiff's Motion for Summary Judgment, the signature page of which were transmitted to me by .pdf email to my firm's email address at: akleinberg@eisenhowerlaw.com, and have determined that the document is complete and legible.

I declare under the penalty of perjury under the laws of the State of Washington that the

DECLARATION RE ELECTRONIC MAIL SIGNATURE
PER GR (17)(A)(2) - 1

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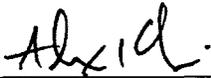
EISENHOWER
EISENHOWER & CARLSON, PLLC

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foregoing is true and correct.

DATED at Tacoma, Washington, on this 16 day of March, 2011.



ALEXANDER S. KLEINBERG

DECLARATION RE ELECTRONIC MAIL SIGNATURE
PER GR (17)(A)(2) - 2
00477203.DOC

EISENHOWER
EISENHOWER & CARLSON, PLLC
1200 Wells Fargo Plaza
1201 Pacific Avenue
Tacoma, WA 98402
Tel: 253.572.4500
Fax: 253.272.5732

EXHIBIT A



COPY NOTE to *QPM*

SBA Loan #	8982524010
SBA Loan Name	ELECTRONIC SERVICE PROVIDER INC.
Date	September 28, 2005
Loan Amount	\$1,000,000.00
Interest Rate	Variable
Borrower	ELECTRONIC SERVICE PROVIDER INC.
Operating Company	
Lender	COLUMBIA STATE BANK

1. PROMISE TO PAY:

In return for the Loan, Borrower promises to pay to the order of Lender the amount of One Million & 00/100 Dollars, interest on the unpaid principal balance, and all other amounts required by this Note.

2. DEFINITIONS:

"Collateral" means any property taken as security for payment of this Note or any guarantee of this Note.

"Guarantor" means each person or entity that signs a guarantee of payment of this Note.

"Loan" means the loan evidenced by this Note.

"Loan Documents" means the documents related to this loan signed by Borrower, any Guarantor, or anyone who pledges collateral.

"SBA" means the Small Business Administration, an Agency of the United States of America.

3. PAYMENT TERMS:

Borrower must make all payments at the place Lender designates. The payment terms for this Note are:

The interest rate on this Note will fluctuate. The initial interest rate is 7.75% per year. This initial rate is the prime rate on the date SBA received the loan application, plus 1.50%. The initial interest rate must remain in effect until the first change period begins.

Borrower must pay a total of 3 payments of interest only on the disbursed principal balance beginning one month from the month this Note is dated and every month thereafter; payments must be made on the same day as the date of this Note in the months they are due.

Borrower must pay principal and interest payments of \$15,061.00 every month, beginning four months from the month this Note is dated; payments must be made on the first calendar day in the months they are due.

**PROMISSORY NOTE
(Continued)**

Loan No: 00004

Page 2

Lender will apply each installment payment first to pay interest accrued to the day Lender receives the payment, then to bring principal current, then to pay any late fees, and will apply any remaining balance to reduce principal.

The interest rate will be adjusted monthly (the "change period").

The "Prime Rate" is the prime rate in effect on the first business day of the month in which an interest rate change occurs, as published in the Wall Street Journal on the next business day.

The adjusted interest rate will be 1.50% above the Prime Rate. Lender will adjust the interest rate on the first calendar day of each change period. The change in interest rate is effective on that day whether or not Lender gives Borrower notice of the change.

Lender must adjust the payment amount at least annually as needed to amortize principal over the remaining term of the note.

If SBA purchases the guaranteed portion of the unpaid principal balance, the interest rate becomes fixed at the rate in effect at the time of the earliest uncured payment default. If there is no uncured payment default, the rate becomes fixed at the rate in effect at the time of purchase.

Loan Prepayment:

Notwithstanding any provision in this Note to the contrary:

Borrower may prepay this Note. Borrower may prepay 20% or less of the unpaid principal balance at any time without notice. If Borrower prepays more than 20% and the Loan has been sold on the secondary market, Borrower must:

- a. Give Lender written notice;
- b. Pay all accrued interest; and;
- c. If the prepayment is received less than 21 days from the date Lender receives the notice, pay an amount equal to 21 days' interest from the date lender receives the notice, less any interest accrued during the 21 days and paid under subparagraph b., above.

If Borrower does not prepay within 30 days from the date Lender receives the notice, Borrower must give Lender a new notice.

All remaining principal and accrued interest is due and payable 7 years and 3 months from date of Note.

Late Charge: If a payment on this Note is more than 10 days late, Lender may charge Borrower a late fee of up to 5% of the unpaid portion of the regularly scheduled payment

4. DEFAULT:

Borrower is in default under this Note if Borrower does not make a payment when due under this Note, or if Borrower or Operating Company:

- A. Fails to do anything required by this Note and other Loan Documents;
- B. Defaults on any other loan with Lender;
- C. Does not preserve, or account to Lender's satisfaction for, any of the Collateral or its proceeds;
- D. Does not disclose, or anyone acting on their behalf does not disclose, any material fact to Lender or SBA;
- E. Makes, or anyone acting on their behalf makes, a materially false or misleading representation to Lender or SBA;
- F. Defaults on any loan or agreement with another creditor, if Lender believes the default may materially affect Borrower's ability to pay this Note;
- G. Fails to pay any taxes when due;
- H. Becomes the subject of a proceeding under any bankruptcy or insolvency law;
- I. Has a receiver or liquidator appointed for any part of their business or property;
- J. Makes an assignment for the benefit of creditors;
- K. Has any adverse change in financial condition or business operation that Lender believes may materially affect Borrower's ability to pay this Note;
- L. Reorganizes, merges, consolidates, or otherwise changes ownership or business structure without Lender's prior written consent; or
- M. Becomes the subject of a civil or criminal action that Lender believes may materially affect Borrower's ability to pay this Note.

5. LENDER'S RIGHTS IF THERE IS A DEFAULT:

Without notice or demand and without giving up any of its rights, Lender may:

- A. Require immediate payment of all amounts owing under this Note;
- B. Collect all amounts owing from any Borrower or Guarantor;
- C. File suit and obtain judgement;
- D. Take possession of any Collateral; or
- E. Sell, lease, or otherwise dispose of, any Collateral at public or private sale, with or without advertisement.

6. LENDER'S GENERAL POWERS:

Without notice and without Borrower's consent, Lender may:

- A. Bid on or buy the Collateral at its sale or the sale of another lienholder, at any price it chooses;
- B. Incur expenses to collect amounts due under this Note, enforce the terms of this Note or any other Loan Document, and preserve or dispose of the Collateral. Among other things, the expenses may include payments for property taxes, prior liens, insurance, appraisals, environmental remediation costs, and reasonable attorney's fees and costs. If Lender incurs such expenses, it may demand immediate repayment from Borrower or add the expenses to the principal balance;
- C. Release anyone obligated to pay this Note;
- D. Compromise, release, renew, extend or substitute any of the Collateral; and
- E. Take any action necessary to protect the Collateral or collect amounts owing on this Note.

7. WHEN FEDERAL LAW APPLIES:

When SBA is the holder, this Note will be interpreted and enforced under federal law, including SBA regulations. Lender or SBA may use state or local procedures for filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax, or liability. As to this Note, Borrower may not claim or assert against SBA any local or state law to deny any obligation, defeat any claim of SBA, or preempt federal law.

8. SUCCESSORS AND ASSIGNS:

Under this Note, Borrower and Operating Company include the successors of each, and Lender includes its successors and assigns.

9. GENERAL PROVISIONS:

- A. All individuals and entities signing this Note are jointly and severally liable.
- B. Borrower waives all suretyship defenses.
- C. Borrower must sign all documents necessary at any time to comply with the Loan Documents and to enable Lender to acquire, perfect, or maintain Lender's liens on Collateral.
- D. Lender may exercise any of its rights separately or together, as many times and in any order it chooses. Lender may delay or forgo enforcing any of its rights without giving up any of them.
- E. Borrower may not use an oral statement of Lender or SBA to contradict or alter the written terms of this Note.
- F. If any part of this Note is unenforceable, all other parts remain in effect.
- G. To the extent allowed by law, Borrower waives all demands and notices in connection with this Note, including presentment, demand, protest, and notice of dishonor. Borrower also waives any defenses based upon any claim that Lender did not obtain any guarantee; did not obtain, perfect, or maintain a lien upon Collateral; impaired Collateral; or did not obtain the fair market value of Collateral at a sale.

10. STATE-SPECIFIC PROVISIONS:

11. BORROWER'S NAME(S) AND SIGNATURE(S):

By signing below, each individual or entity becomes obligated under this Note as Borrower.

BORROWER:

ELECTRONIC SERVICE PROVIDER INC.

By:


THOMAS C. GIRARD, President/Ceo of ELECTRONIC
SERVICE PROVIDER INC.

By:

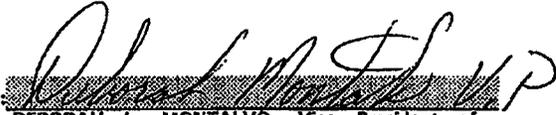

DEBORAH L. MONTALVO, Vice President of
ELECTRONIC SERVICE PROVIDER INC.

EXHIBIT B

COMMERCIAL SECURITY AGREEMENT

Principal	Loan Date	Maturity	Loan No.	Collateral	Accounts	Officer	Initials
\$1,000,000.00	03/28/2005	01/01/2013	00004	AAAC 03	912124426	03	[Signature]

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.

Grantor: ELECTRONIC SERVICE PROVIDER INC.
PO BOX 58730
SEATTLE, WA 98138

Lender: COLUMBIA STATE BANK
SEATTLE LPO
719 2ND AVENUE, SUITE 500
SEATTLE, WA 98104

THIS COMMERCIAL SECURITY AGREEMENT dated September 28, 2005, is made and executed between ELECTRONIC SERVICE PROVIDER INC. ("Grantor") and COLUMBIA STATE BANK ("Lender").

GRANT OF SECURITY INTEREST. For valuable consideration, Grantor grants to Lender a security interest in the Collateral to secure the indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law.

COLLATERAL DESCRIPTION. The word "Collateral" as used in this Agreement means the following described property, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located, in which Grantor is giving to Lender a security interest for the payment of the indebtedness and performance of all other obligations under the Note and this Agreement:

First Perfected Security Interest, subject to no other liens, in all Inventory, Equipment, Chattel Paper and General Intangibles whether now owned or acquired with loan proceeds, including all replacements, and substitutions, wherever located: Second Perfected Security Interest subject only to a prior lien from Columbia State Bank in the amount of \$100,000.00 on all Accounts.

All Fixtures located at 950 Andover Park East, Tukwila, Washington 98188

In addition, the word "Collateral" also includes all the following, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located:

- (A) All accessions, attachments, accessories, tools, parts, supplies, replacements of and additions to any of the collateral described herein, whether added now or later.
- (B) All products and produce of any of the property described in this Collateral section.
- (C) All accounts, general intangibles, instruments, rents, monies, payments, and all other rights, arising out of a sale, lease, consignment or other disposition of any of the property described in this Collateral section.
- (D) All proceeds (including insurance proceeds) from the sale, destruction, loss, or other disposition of any of the property described in this Collateral section, and sums due from a third party who has damaged or destroyed the Collateral or from that party's insurer, whether due to judgment, settlement or other process.
- (E) All records and data relating to any of the property described in this Collateral section, whether in the form of a writing, photograph, microfilm, microfiche, or electronic media, together with all of Grantor's right, title, and interest in and to all computer software required to utilize, create, maintain, and process any such records or data on electronic media.

Some or all of the Collateral may be located on the following described real estate:

as shown on the exhibit named "Exhibit "A"", attached hereto and incorporated herein by this reference

CROSS-COLLATERALIZATION. In addition to the Note, this Agreement secures all obligations, debts and liabilities, plus interest thereon, of Grantor to Lender, or any one or more of them, as well as all claims by Lender against Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated whether Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable.

FUTURE ADVANCES. In addition to the Note, this Agreement secures all future advances made by Lender to Grantor regardless of whether the advances are made a) pursuant to a commitment or b) for the same purposes.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Grantor's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Grantor holds jointly with someone else and all accounts Grantor may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Grantor authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

GRANTOR'S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL. With respect to the Collateral, Grantor represents and promises to Lender that:

Perfection of Security Interest. Grantor agrees to take whatever actions are requested by Lender to perfect and continue Lender's security interest in the Collateral. Upon request of Lender, Grantor will deliver to Lender any and all of the documents evidencing or constituting the Collateral, and Grantor will note Lender's interest upon any and all chattel paper and instruments if not delivered to Lender for possession by Lender.

Notices to Lender. Grantor will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (1) change in Grantor's name; (2) change in Grantor's assumed business name(s); (3) change in the management of the Corporation Grantor; (4) change in the authorized signer(s); (5) change in Grantor's principal office address; (6) change in Grantor's state of organization; (7) conversion of Grantor to a new or different type of business entity; or (8) change in any other aspect of Grantor that directly or indirectly relates to any agreements between Grantor and Lender. No change in Grantor's name or state of organization will take effect until after Lender has received notice.

No Violation. The execution and delivery of this Agreement will not violate any law or agreement governing Grantor or to which Grantor is a party, and its certificate or articles of incorporation and bylaws do not prohibit any term or condition of this Agreement.

Enforceability of Collateral. To the extent the Collateral consists of accounts, chattel paper, or general intangibles, as defined by the Uniform Commercial Code, the Collateral is enforceable in accordance with its terms, is genuine, and fully complies with all applicable laws and regulations concerning form, content and manner of preparation and execution, and all persons appearing to be obligated on the Collateral have authority and capacity to contract and are in fact obligated as they appear to be on the Collateral. At the time any account becomes subject to a security interest in favor of Lender, the account shall be a good and valid account representing an undisputed, bona fide indebtedness incurred by the account debtor, for merchandise held subject to delivery instructions or previously shipped or delivered pursuant to a contract of sale, or for services previously performed by Grantor with or for the account debtor. So long as this Agreement remains in effect, Grantor shall not, without Lender's prior written consent, compromise, settle, adjust, or extend payment under or with regard to any such Accounts. There shall be no setoffs or counterclaims against any of the Collateral, and no agreement shall have been made under which any deductions or discounts may be claimed concerning the Collateral except those disclosed to Lender in writing.

Location of the Collateral. Except in the ordinary course of Grantor's business, Grantor agrees to keep the Collateral (or to the extent the Collateral consists of intangible property such as accounts or general intangibles, the records concerning the Collateral) at Grantor's address shown above or at such other locations as are acceptable to Lender. Upon Lender's request, Grantor will deliver to Lender in form satisfactory to Lender a schedule of real properties and Collateral locations relating to Grantor's operations, including without limitation the following: (1) all real property Grantor owns or is purchasing; (2) all real property Grantor is renting or leasing; (3) all storage facilities Grantor owns, rents, leases, or uses; and (4) all other properties where Collateral is or may be located.

Removal of the Collateral. Except in the ordinary course of Grantor's business, including the sales of inventory, Grantor shall not remove the Collateral from its existing location without Lender's prior written consent. To the extent that the Collateral consists of vehicles, or other titled property, Grantor shall not take or permit any action which would require application for certificates of title for the vehicles outside the State of Washington, without Lender's prior written consent. Grantor shall, whenever requested, advise Lender of the exact location of the Collateral.

Transactions Involving Collateral. Except for inventory sold or accounts collected in the ordinary course of Grantor's business, or as otherwise provided for in this Agreement, Grantor shall not sell, offer to sell, or otherwise transfer or dispose of the Collateral. While Grantor is not in default under this Agreement, Grantor may sell inventory, but only in the ordinary course of its business and only to buyers who qualify as a buyer in the ordinary course of business. A sale in the ordinary course of Grantor's business does not include a transfer in partial or total satisfaction of a debt or any bulk sale. Grantor shall not pledge, mortgage, encumber or otherwise permit the Collateral to be subject to any lien, security interest, encumbrance, or charge, other than the security interest provided for in this Agreement, without the prior written consent of Lender. This includes security interests even if junior in right to the security interests granted under this Agreement. Unless waived by Lender, all proceeds from any disposition of the Collateral (for whatever reason) shall be held in trust for Lender and shall not be commingled with any other funds; provided however, this requirement shall not constitute consent by Lender to any sale or other disposition. Upon receipt, Grantor shall immediately deliver any such proceeds to Lender.

Title. Grantor represents and warrants to Lender that Grantor holds good and marketable title to the Collateral, free and clear of all liens and encumbrances except for the lien of this Agreement. No financing statement covering any of the Collateral is on file in any public office other than those which reflect the security interest created by this Agreement or to which Lender has specifically consented. Grantor shall defend Lender's rights in the Collateral against the claims and demands of all other persons.

Repairs and Maintenance. Grantor agrees to keep and maintain, and to cause others to keep and maintain, the Collateral in good order, repair and condition at all times while this Agreement remains in effect. Grantor further agrees to pay when due all claims for work done on, or services rendered or material furnished in connection with the Collateral so that no lien or encumbrance may ever attach to or be filed against the Collateral.

Inspection of Collateral. Lender and Lender's designated representatives and agents shall have the right at all reasonable times to examine and inspect the Collateral wherever located.

Taxes, Assessments and Liens. Grantor will pay when due all taxes, assessments and liens upon the Collateral, its use or operation, upon this Agreement, upon any promissory note or notes evidencing the indebtedness, or upon any of the other Related Documents. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized in Lender's sole opinion. If the Collateral is subjected to a lien which is not discharged within fifteen (15) days, Grantor shall deposit with Lender cash, a sufficient corporate surety bond or other security satisfactory to Lender in an amount adequate to provide for the discharge of the lien plus any interest, costs, attorneys' fees or other charges that could accrue as a result of foreclosure or sale of the Collateral. In any contest Grantor shall defend itself and Lender and shall satisfy any final adverse judgment before enforcement against the Collateral. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings. Grantor further agrees to furnish Lender with evidence that such taxes, assessments, and governmental and other charges have been paid in full and in a timely manner. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized.

Compliance with Governmental Requirements. Grantor shall comply promptly with all laws, ordinances, rules and regulations of all governmental authorities, now or hereafter in effect, applicable to the ownership, production, disposition, or use of the Collateral, including all laws or regulations relating to the undue erosion of highly-erodible land or relating to the conversion of wetlands for the production of an agricultural product or commodity. Grantor may contest in good faith any such law, ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Lender's interest in the Collateral, in Lender's opinion, is not jeopardized.

Hazardous Substances. Grantor represents and warrants that the Collateral never has been, and never will be so long as this Agreement remains a lien on the Collateral, used in violation of any Environmental Laws or for the generation, manufacture, storage, transportation, treatment, disposal, release or threatened release of any Hazardous Substance. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Collateral for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any Environmental Laws, and (2) agrees to indemnify and hold harmless Lender against any and all claims and losses resulting from a breach of this provision of this Agreement. This obligation to indemnify shall survive the payment of the indebtedness and the satisfaction of this Agreement.

Maintenance of Casualty Insurance. Grantor shall procure and maintain all risks insurance, including without limitation fire, theft and liability coverage together with such other insurance as Lender may require with respect to the Collateral, in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days' prior written notice to Lender and not including any disclaimer of the insurer's liability for failure to give such a notice. Each insurance policy shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. In connection

with all policies covering assets in which Lender holds or is offered a security interest, Grantor will provide Lender with such loss payable or other endorsements as Lender may require. If Grantor at any time fails to obtain or maintain any insurance as required under this Agreement, Lender may (but shall not be obligated to) obtain such insurance as Lender deems appropriate, including if Lender so chooses "single interest insurance," which will cover only Lender's interest in the Collateral.

Application of Insurance Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Collateral, whether or not such casualty or loss is covered by insurance. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. All proceeds of any insurance on the Collateral, including accrued proceeds thereon, shall be held by Lender as part of the Collateral. If Lender consents to repair or replacement of the damaged or destroyed Collateral, Lender shall, upon satisfactory proof of expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration. If Lender does not consent to repair or replacement of the Collateral, Lender shall retain a sufficient amount of the proceeds to pay all of the indebtedness, and shall pay the balance to Grantor. Any proceeds which have not been disbursed within six (6) months after their receipt and which Grantor has not committed to the repair or restoration of the Collateral shall be used to prepay the indebtedness.

Insurance Reserves. Lender may require Grantor to maintain with Lender reserves for payment of insurance premiums, which reserves shall be created by monthly payments from Grantor of a sum estimated by Lender to be sufficient to produce, at least fifteen (15) days before the premium due date, amounts at least equal to the insurance premiums to be paid. If fifteen (15) days before payment is due, the reserve funds are insufficient, Grantor shall upon demand pay any deficiency to Lender. The reserve funds shall be held by Lender as a general deposit and shall constitute a non-interest-bearing account which Lender may satisfy by payment of the insurance premiums required to be paid by Grantor as they become due. Lender does not hold the reserve funds in trust for Grantor, and Lender is not the agent of Grantor for payment of the insurance premiums required to be paid by Grantor. The responsibility for the payment of premiums shall remain Grantor's sole responsibility.

Insurance Reports. Grantor, upon request of Lender, shall furnish to Lender reports on each existing policy of insurance showing such information as Lender may reasonably request including the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured; (5) the then current value on the basis of which insurance has been obtained and the manner of determining that value; and (6) the expiration date of the policy. In addition, Grantor shall upon request by Lender (however not more often than annually) have an independent appraiser satisfactory to Lender determine, as applicable, the cash value or replacement cost of the Collateral.

Financing Statements. Grantor authorizes Lender to file a UCC financing statement; or alternatively, a copy of this Agreement to perfect Lender's security interest. At Lender's request, Grantor additionally agrees to sign all other documents that are necessary to perfect, protect, and continue Lender's security interest in the Property. Grantor will pay all filing fees, title transfer fees, and other fees and costs involved unless prohibited by law or unless Lender is required by law to pay such fees and costs. Grantor irrevocably appoints Lender to execute documents necessary to transfer title if there is a default. Lender may file a copy of this Agreement as a financing statement. If Grantor changes Grantor's name or address, or the name or address of any person granting a security interest under this Agreement changes, Grantor will promptly notify the Lender of such change.

GRANTOR'S RIGHT TO POSSESSION AND TO COLLECT ACCOUNTS. Until default and except as otherwise provided below with respect to accounts, Grantor may have possession of the tangible personal property and beneficial use of all the Collateral and may use it in any lawful manner not inconsistent with this Agreement or the Related Documents, provided that Grantor's right to possession and beneficial use shall not apply to any Collateral where possession of the Collateral by Lender is required by law to perfect Lender's security interest in such Collateral. Until otherwise notified by Lender, Grantor may collect any of the Collateral consisting of accounts. At any time and even though no Event of Default exists, Lender may exercise its rights to collect the accounts and to notify account debtors to make payments directly to Lender for application to the indebtedness. If Lender at any time has possession of any Collateral, whether before or after an Event of Default, Lender shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral if Lender takes such action for that purpose as Grantor shall request or as Lender, in Lender's sole discretion, shall deem appropriate under the circumstances, but failure to honor any request by Grantor shall not of itself be deemed to be a failure to exercise reasonable care. Lender shall not be required to take any steps necessary to preserve any rights in the Collateral against prior parties, nor to protect, preserve or maintain any security interest given to secure the indebtedness.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Grantor fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Agreement or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Collateral and paying all costs for insuring, maintaining and preserving the Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Agreement also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Grantor fails to make any payment when due under the indebtedness.

Other Defaults. Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor.

Default in Favor of Third Parties. Should Borrower or any Grantor default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Grantor's property or Grantor's or any Grantor's ability to repay the indebtedness or perform their respective obligations under this Agreement or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Insolvency. The dissolution or termination of Grantor's existence as a going business, the insolvency of Grantor, the appointment of a

**COMMERCIAL SECURITY AGREEMENT
(Continued)**

Loan No: 00004

Page 4

receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any collateral securing the Indebtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or Guarantor dies or becomes incompetent or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

Insecurity. Lender in good faith believes itself insecure:

Cure Provisions. If any default, other than a default in payment is curable and if Grantor has not been given a notice of a breach of the same provision of this Agreement within the preceding twelve (12) months, it may be cured if Grantor, after receiving written notice from Lender demanding cure of such default: (1) cures the default within thirty (30) days; or (2) if the cure requires more than thirty (30) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

RIGHTS AND REMEDIES ON DEFAULT. If an Event of Default occurs under this Agreement, at any time thereafter, Lender shall have all the rights of a secured party under the Washington Uniform Commercial Code. In addition and without limitation, Lender may exercise any one or more of the following rights and remedies:

Accelerate Indebtedness. Lender may declare the entire indebtedness, including any prepayment penalty which Grantor would be required to pay, immediately due and payable, without notice of any kind to Grantor.

Assemble Collateral. Lender may require Grantor to deliver to Lender all or any portion of the Collateral and any and all certificates of title and other documents relating to the Collateral. Lender may require Grantor to assemble the Collateral and make it available to Lender at a place to be designated by Lender. Lender also shall have full power to enter upon the property of Grantor to take possession of and remove the Collateral. If the Collateral contains other goods not covered by this Agreement at the time of repossession, Grantor agrees Lender may take such other goods, provided that Lender makes reasonable efforts to return them to Grantor after repossession.

Sell the Collateral. Lender shall have full power to sell, lease, transfer, or otherwise deal with the Collateral or proceeds thereof in Lender's own name or that of Grantor. Lender may sell the Collateral at public auction or private sale. Unless the Collateral threatens to decline speedily in value or is of a type customarily sold on a recognized market, Lender will give Grantor, and other persons as required by law, reasonable notice of the time and place of any public sale, or the time after which any private sale or any other disposition of the Collateral is to be made. However, no notice need be provided to any person who, after Event of Default occurs, enters into and authenticates an agreement waiving that person's right to notification of sale. The requirements of reasonable notice shall be met if such notice is given at least ten (10) days before the time of the sale or disposition. All expenses relating to the disposition of the Collateral, including without limitation the expenses of retaking, holding, insuring, preparing for sale and selling the Collateral, shall become a part of the Indebtedness secured by this Agreement and shall be payable on demand, with interest at the Note rate from date of expenditure until repaid.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Collateral, with the power to protect and preserve the Collateral, to operate the Collateral preceding or pending foreclosure or sale, and to collect the Rents from the Collateral and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Collateral exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Collect Revenues. Apply Accounts. Lender, either itself or through a receiver, may collect the payments, rents, income, and revenues from the Collateral. Lender may at any time in Lender's discretion transfer any Collateral into Lender's own name or that of Lender's nominee and receive the payments, rents, income, and revenues therefrom and hold the same as security for the Indebtedness or apply it to payment of the Indebtedness in such order of preference as Lender may determine. Insofar as the Collateral consists of accounts, general intangibles, insurance policies, instruments, chattel paper, choses in action, or similar property, Lender may demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose, or realize on the Collateral as Lender may determine, whether or not Indebtedness or Collateral is then due. For these purposes, Lender may, on behalf of and in the name of Grantor, receive, open and dispose of mail addressed to Grantor; change any address to which mail and payments are to be sent; and endorse notes, checks, drafts, money orders, documents of title, instruments and items pertaining to payment, shipment, or storage of any Collateral. To facilitate collection, Lender may notify account debtors and obligors on any Collateral to make payments directly to Lender.

Obtain Deficiency. If Lender chooses to sell any or all of the Collateral, Lender may obtain a judgment against Grantor for any deficiency remaining on the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this Agreement. Grantor shall be liable for a deficiency even if the transaction described in this subsection is a sale of accounts or chattel paper.

Other Rights and Remedies. Lender shall have all the rights and remedies of a secured creditor under the provisions of the Uniform Commercial Code, as may be amended from time to time. In addition, Lender shall have and may exercise any or all other rights and remedies it may have available at law, in equity, or otherwise.

Election of Remedies. Except as may be prohibited by applicable law, all of Lender's rights and remedies, whether evidenced by this Agreement, the Related Documents, or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

COMMERCIAL SECURITY AGREEMENT
(Continued)

Loan No: 00004

Page 5

Attorneys' Fees; Expenses. Grantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Grantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Grantor also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Applicable Law. The Loan secured by this lien was made under a United States Small Business Administration (SBA) nationwide program which uses tax dollars to assist small business owners. If the United States is seeking to enforce this document, then under SBA regulations: (a) When SBA is the holder of the Note, this document and all documents evidencing or securing this Loan will be construed in accordance with federal law. (b) Lender or SBA may use local or state procedures for purposes such as filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using these procedures, SBA does not waive any federal immunity from local or state control, penalty, tax or liability. No Borrower or Guarantor may claim or assert against SBA any local or state law to deny any obligation of Borrower, or defeat any claim of SBA with respect to this Loan. Any clause in this document requiring arbitration is not enforceable when SBA is the holder of the Note secured by this instrument.

Choice of Venue. If there is a lawsuit, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of KING County, State of Washington.

Preference Payments. Any monies Lender pays because of an asserted preference claim in Grantor's bankruptcy will become a part of the indebtedness and, at Lender's option, shall be payable by Grantor as provided in this Agreement.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Subject to applicable law, and except for notice required or allowed by law to be given in another manner, any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Subject to applicable law, and except for notice required or allowed by law to be given in another manner, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

Power of Attorney. Grantor hereby appoints Lender as Grantor's irrevocable attorney-in-fact for the purpose of executing any documents necessary to perfect, amend, or to continue the security interest granted in this Agreement or to demand termination or filing of other secured parties. Lender may at any time, and without further authorization from Grantor, file a carbon, photographic or other reproduction of any financing statement or of this Agreement for use as a financing statement. Grantor will reimburse Lender for all expenses for the perfection and the continuation of the perfection of Lender's security interest in the Collateral.

Waiver of Co-Obligor's Rights. If more than one person is obligated for the indebtedness, Grantor irrevocably waives, disclaims and relinquishes all claims against such other person which Grantor has or would otherwise have by virtue of payment of the indebtedness or any part thereof, specifically including but not limited to all rights of indemnity, contribution or exoneration.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Successors and Assigns. Subject to any limitations stated in this Agreement on transfer of Grantor's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Agreement and the indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Agreement or liability under the indebtedness.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Agreement shall survive the execution and delivery of this Agreement, shall be continuing in nature, and shall remain in full force and effect until such time as Grantor's indebtedness shall be paid in full.

Time Is of the Essence. Time is of the essence in the performance of this Agreement.

Waive Jury. All parties to this Agreement hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code:

Agreement. The word "Agreement" means this Commercial Security Agreement, as this Commercial Security Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Commercial Security Agreement from time to time.

Borrower. The word "Borrower" means ELECTRONIC SERVICE PROVIDER INC. and includes all co-signers and co-makers signing the Note.

Collateral. The word "Collateral" means all of Grantor's right, title and interest in and to all the Collateral as described in the Collateral Description section of this Agreement.

COMMERCIAL SECURITY AGREEMENT
(Continued)

Loan No: 00004

Page 6

Default. The word "Default" means the Default set forth in this Agreement in the section titled "Default".

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

Grantor. The word "Grantor" means ELECTRONIC SERVICE PROVIDER INC..

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Indebtedness.

Guaranty. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Grantor is responsible under this Agreement or under any of the Related Documents. Specifically, without limitation, Indebtedness includes the future advances set forth in the Future Advances provision, together with all interest thereon and all amounts that may be indirectly secured by the Cross-Collateralization provision of this Agreement.

Lender. The word "Lender" means COLUMBIA STATE BANK, its successors and assigns.

Note. The word "Note" means the Note executed by ELECTRONIC SERVICE PROVIDER INC. in the principal amount of \$1,000,000.00 dated September 28, 2005, together with all renewals of, extensions of, modifications of, refinencings of, consolidations of, and substitutions for the note or credit agreement.

Property. The word "Property" means all of Grantor's right, title and interest in and to all the Property as described in the "Collateral Description" section of this Agreement.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

GRANTOR HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS COMMERCIAL SECURITY AGREEMENT AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED SEPTEMBER 28, 2005.

GRANTOR:

ELECTRONIC SERVICE PROVIDER INC.

By: 
THOMAS C. GIRARD, President/ceo of ELECTRONIC SERVICE PROVIDER INC.

By: 
DEBORAH L. MONTALVO, Vice President of ELECTRONIC SERVICE PROVIDER INC.

EXHIBIT "A"

LEGAL DESCRIPTION:

THAT PORTION OF THE SOUTHEAST ¼ OF THE SOUTHEAST ¼ OF SECTION 26, TOWNSHIP 23 NORTH, RANGE 4 EAST W.M., DESCRIBED AS FOLLOWS:

**BEGINNING AT THE NORTHEAST CORNER OF THE SOUTHEAST ¼ OF SAID SECTION 26;
THENCE SOUTH 02 DEGREES 22 MINUTES 20 SECONDS WEST ALONG THE EAST LINE OF SAID SOUTHEAST ¼, A DISTANCE OF 1,319.74 FEET TO THE CENTERLINE OF THE P-17 DRAINAGE CHANNEL, WHICH CHANNEL CONTINUES SOUTH 88 DEGREES 12 MINUTES 32 SECONDS EAST TO TERMINUS AT THE WESTERLY MARGIN OF CHRISTENSEN ROAD;
THENCE NORTH 88 DEGREES 12 MINUTES 32 SECONDS WEST ALONG THE SAID P-17 DRAINAGE CHANNEL CENTERLINE 92.45 FEET;
THENCE SOUTH 01 DEGREES 47 MINUTES 28 SECONDS WEST 21.00 FEET TO THE TRUE POINT OF BEGINNING;
THENCE CONTINUING SOUTH 01 DEGREES 47 MINUTES 28 SECONDS WEST 297.59 FEET;
THENCE NORTH 88 DEGREES 12 MINUTES 32 SECONDS WEST 297.0 FEET TO THE EASTERLY MARGIN OF ANDOVER PARK EAST, AS RECORDED UNDER RECORDING NO. 6355530, VOLUME 5095, PAGES 65 AND 66, RECORDS OF KING COUNTY; THENCE NORTH 01 DEGREES 47 MINUTES 28 SECONDS EAST ALONG SAID EASTERLY MARGIN 297.59 FEET;
THENCE SOUTH 88 DEGREES 12 MINUTES 32 SECONDS EAST 297.00 FEET TO THE TRUE POINT OF BEGINNING;**

SITUATE IN THE CITY OF TUKWILA, COUNTY OF KING, STATE OF WASHINGTON

EXHIBIT C

CHANGE IN TERMS AGREEMENT

Columbia State Bank
Seattle LPO
719 2nd Ave, Suite 500
Seattle, WA 98104

Loan Number: 4912124426
Principal Balance: 590,800.50

Agreement Change Date: September 24, 2010

BORROWER INFORMATION
Electronic Service Provider Inc.
950 Andover Park E, Ste 6
Tukwila, WA 98188

BORROWER. The term "Borrower" means each party identified above.

LENDER. The term "Lender" means Columbia State Bank whose address is P.O. Box 2156, Tacoma, Washington 98401-2156, its successors and assigns.

DESCRIPTION OF THE EXISTING DEBT.

A U.S. Small Business Administration Note dated September 28, 2005 in the original amount of \$1,000,000.00 with a maturity date of January 1, 2013.

COLLATERAL. The following items are the security documents related to this Agreement:

- First Perfected Security Interest, subject to no other liens, in all inventory, Equipment, Chattel paper and General Intangibles; Second Perfected Security Interest subject only to a prior lien from Columbia State Bank in the amount of \$100,000.00 on all Accounts.
- All Fixtures located at 950 Andover Park E, Tukwila, WA 98188.

TERMS AND PROVISIONS. In consideration of the promises contained in this Agreement and in the instruments evidencing the Existing Debt, and of other good and valuable consideration, the sufficiency of which is acknowledged by the execution of this Agreement, Borrower agrees to the following provisions:

1. The instrument evidencing the Existing Debt is modified and supplemented as follows:

This Change in Terms is for the purpose of changing the monthly payments due January 1, 2010 through December 1, 2010 from regular Principal and Interest to Interest Only. Regular payments of Principal and Interest will resume on January 1, 2011 and continue through maturity at which time all unpaid, accrued principal and interest will be due.

2. **Ratification and Continued Validity.** Except for the terms expressly modified by this Agreement, by signing this Agreement Borrower acknowledges that Borrower is still bound by the terms of the instruments and prior modifications, extensions, and supplements evidencing the Existing Debt as if they were fully set forth and repeated in this Agreement and that those terms will continue to bind Borrower as provided in this Agreement and those instruments. Lender's consent to this Agreement does not waive the right to strictly enforce Lender's rights under this Agreement or the

instruments evidencing the Existing Debt. Lender's consent to this Agreement does not mean that Lender must enter into another agreement like this one in the future. Lender and Borrower intend that this Agreement does not replace the Existing Debt but restates it as modified.

3. **Others Responsible for the Debt.** Lender and Borrower intend that anyone else who is liable for the Existing Debt, including, without limitation, co-signers, guarantors, and co-borrowers, are not relieved of any obligation except as expressly relieved in this Agreement or other writing. Borrower agrees that the liability of each person who signed the instruments evidencing the Existing Debt, whether primary or secondary, continues in full force and effect, even if that person does not sign this Agreement. This promise applies not only to this Agreement but also to any extension, modification, or other agreement Borrower makes with Lender that represents a debt which includes co-signers, guarantors, co-borrowers, and others having similar liability. Borrower understands that this Agreement is contingent on the continued liability of each person who signed the documents evidencing the Existing Debt, whether or not that person signs this Agreement.
4. **Pronouns and Gender.** In this Agreement, whenever the circumstances or the context so requires, the singular shall be construed as the plural, the masculine shall be construed as the feminine and/or the neuter and vice versa.
5. **Miscellaneous Terms.** Borrower agrees that if Lender delays or forgoes enforcing Lender's rights under this Agreement in any particular instance, Lender retains the right to strictly enforce the same provision in any other instance, or later in the same instance. Every person signing this Agreement waives, to the extent allowed by law, presentment, demand, protest, and notice of dishonor. Every person signing this Agreement agrees that Lender may renew, extend, supplement, or otherwise modify the debt represented by this Agreement and the documents evidencing the Existing Debt without the permission of any other person who is liable, and such modification will not release or reduce the liability of any party, even if that party does not sign this Agreement.

ORAL AGREEMENTS DISCLAIMER. Oral agreements or oral commitments to loan money, extend credit, or to forbear from enforcing repayment of a debt are not enforceable under Washington law.

By signing this Change in Terms Agreement, each Borrower acknowledges reading, understanding, and agreeing to all its provisions, and receiving a copy.

X Thomas C. Girard Date: 9-29-10
By: Thomas C. Girard
President/CEO, Electronic Service Provider Inc.

X Deborah L. Montalvo Date: 9/29/10
By: Deborah L. Montalvo
Vice President, Electronic Service Provider Inc.

By signing this Change in Terms Agreement, Lender acknowledges reading, understanding, and agreeing to all its provisions.

Columbia State Bank

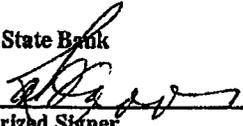
X  Date: SEPT 30, 10
By: Authorized Signer

EXHIBIT D

EISENHOWER

EISENHOWER & CARLSON, PLLC

1200 Wells Fargo Plaza
1201 Pacific Avenue
Tacoma, WA 98402

Tel: 253.572.4500
Fax: 253.272.5732

A Pacific Northwest Law Firm
www.eisenhowerlaw.com

ALEXANDER S. KLEINBERG
akleinberg@eisenhowerlaw.com

January 7, 2011

Sent Via Electronic Mail To: tom@raoandpierce.com

Tom Bao Pierce, Esq.
2411 Fourteenth Avenue South
Seattle, WA 98144

Re: Electronic Service Provider, Inc.
Columbia Bank Loan #4912124426

Dear Mr. Pierce:

As you may recall, this law firm and the undersigned attorney represent Columbia Bank (the "**Bank**") regarding the above-referenced matter. Please accept this letter as the Bank's response to your letter of December 29, 2010 directed to Alana Rouff.

The Bank is not in a position to provide further financial accommodations to your client, Electronic Service Provider, Inc. ("ESP"). Pursuant to the parties' most recent Change in Terms Agreement, dated September 24, 2010, beginning on January 1, 2011, ESP was required to resume making monthly principal and interest payments to the Bank in accordance with the parties' September 28, 2005 promissory note (the "**Note**"). ESP failed to make such a payment to the Bank on the first day of this month, and it is therefore in default of the Note.

Accordingly, the Bank has declared the Note to be in default pursuant to Paragraph 4 of that instrument. The Bank hereby demands the immediate payment of all amounts owing under the Note in accordance with Paragraph 5 therein. Toward that end, please contact me to make payment arrangements at your earliest convenience.

Thank you — in advance — for your prompt attention to this concern; I look forward to hearing from you soon.

Very truly yours,



Alexander S. Kleinberg

ASK:ask
cc: Client

EXHIBIT E

EISENHOWER

EISENHOWER & CARLSON, PLLC

1200 Wells Fargo Plaza
1201 Pacific Avenue
Tacoma, WA 98402

Tel: 253.572.4500
Fax: 253.272.5732

A Pacific Northwest Law Firm
www.eisenhowerlaw.com

ALEXANDER S. KLEINBERG
akleinberg@eisenhowerlaw.com

January 20, 2011

Sent Via Electronic Mail To: tom@raoandpierce.com

Tom Bao Pierce, Esq.
2411 Fourteenth Avenue South
Seattle, WA 98144

Re: Electronic Service Provider, Inc.
Columbia Bank Loan #4912124426

Dear Mr. Pierce:

Per your request, my office will provide you with a copy of the loan and security documents concerning the above-referenced loan. We will send these documents to you via e-mail today. Said documents will include the Change in Terms Agreements that Columbia Bank and Electronic Service Provider, Inc. previously entered into.

In the meantime, for your information, the payoff on the above described loan is \$603,782.23 as of this date. This sum is comprised of \$590,800.50 in principal, \$3,844.25 in interest, and loan fees and related charges totaling \$9,137.48. The per diem interest on the loan is currently \$76.89. Please note that the aforesaid payoff sum does not include Columbia Bank's attorney's fees incurred in connection with this matter, which are recoverable from your client, and are believed at this time to total approximately \$1,000.00. If your client is in need of an exact tally as to the attorney's fees incurred by the bank to date, let me know, and I will provide this figure to you.

Please let me know if you have any further questions or concerns regarding this matter. For your information, my direct line is (253) 620-2531.

Respectfully yours,



Alexander S. Kleinberg

ASK:ask
cc: Client

00471316.DOC

COMMERCIAL LOAN GUARANTY

Columbia State Bank - Kent CBC Office
504 W Meeker
Kent, Washington 98032
(253)852-0475

LOAN NUMBER	GUARANTY DATE
903001153	August 7, 2009

GUARANTOR INFORMATION

Deborah L. Montalvo
1819 5th St SE
PUYALLUP, WA 98372

Type of Entity: Individual
State of Residence: Washington

BORROWER INFORMATION

Electronic Service Provider Inc.
950 Andover Park E Suite 6
Tukwila, WA 98188

Type of Business Entity: Corporation
State of Organization/Formation: Washington

NOTICE TO GUARANTOR. Each undersigned Guarantor is being asked to guarantee all of Borrower's past, present and future obligations. If Borrower does not pay, any Guarantor may be required to do so. In addition, any Guarantor may be required to pay collection expenses and costs. Lender can require any Guarantor to pay without first attempting to collect from the Borrower or any other Guarantor.

UNLIMITED CONTINUING GUARANTY. The undersigned, jointly and severally hereafter called the "Guarantor" in order to induce Lender to extend or continue to extend financial accommodations to Borrower, hereby guarantees to Lender the full and prompt payment of all loans, drafts, overdrafts, notes, bills, and all other debts, obligations, and liabilities of every kind and description, whether now owing or hereafter arising out of credit previously, contemporaneously, or hereafter granted by Lender to Borrower, whether arising from dealings between Lender and Borrower, or from dealings by which Lender may become, in any manner whatever, a creditor of Borrower. The Guarantor also agrees to pay all interest, fees, charges, attorney fees, and collection costs.

This Guaranty is unconditional and absolute. It is understood that this Guaranty shall cover all obligations of Borrower to Lender. This shall be a continuing guaranty and shall not be affected by any payment made by Borrower to Lender, whether in the form of cash, property, renewal, or other consideration.

This is a guaranty of payment and not of collection.

JOINT AND SEVERAL LIABILITY. If this Guaranty is signed by more than one person, each person having executed the Guaranty acknowledges that his or her obligation hereunder shall be joint and several. Each Guarantor expressly authorizes the Lender to proceed, in its sole and absolute discretion, against each or any Guarantor, and further agrees that if the Lender proceeds against any one of them, the others waive any defense of election of remedies and agree to continue to be liable under the terms of this Guaranty for any amount remaining owing to Lender from Borrower.

CONSENT. The Guarantor consents to all extensions, renewals, and modifications made by the Lender for, or on account of, any indebtedness of Borrower to Lender. Lender may proceed directly against Guarantor in the event of any default by Borrower without resorting to any other persons, to the assets of Borrower, to any collateral security granted by Borrower to Lender, or the liquidation of any collateral security given hereunder to secure this Guaranty. Furthermore, to the extent permitted by law, Guarantor hereby agrees and consents that the Lender may from time to time without notice to Guarantor and without affecting the liability of Guarantor (a) release, impair, sell or otherwise dispose of any security or collateral, (b) release or agree not to sue any guarantor or surety, (c) fail to perfect its security interest in or realize upon any security or collateral, (d) fail to realize upon any of the obligations of Borrower or to proceed against Borrower or any guarantor or surety, (e) renew or extend the time of payment, (f) increase or decrease the rate of interest, (g) accept additional security or collateral, (h) determine the allocation and application of payments and credits and accept partial payments, (i) determine what, if anything, may at any time be done with reference to any security or collateral, and (j) settle or compromise the amount due or owing or claimed to be due or owing from any Borrower, guarantor or surety, which settlement or compromise shall not affect the undersigned's liability for the full amount of the guaranteed obligations. To the extent permitted by law, Guarantor expressly consents to and waives notice of all of the above.

REPRESENTATIONS. Guarantor acknowledges and agrees that Lender (a) has not made any representations or warranties with respect to, (b) does not assume any responsibility to Guarantor for, and (c) has no duty to provide information to the undersigned regarding, the enforceability of any of the indebtedness or the financial condition of any Borrower or any other guarantor. Guarantor has independently determined the creditworthiness of Borrower and the enforceability of the obligations of Borrower to Lender and until such obligations are paid in full in accordance with this Guaranty, Guarantor will independently and without reliance on Lender continue to make such determinations.

	Initials
--	----------

GENERAL WAIVERS. Guarantor hereby waives notice of acceptance of this Guaranty, all notices hereunder, and all notices of demand, protest, notice of dishonor, intention to accelerate, acceleration, notice of any adverse information which Lender may have, and all notices of protest, default, and nonpayment. Guarantor waives all defenses of suretyship. Guarantor waives any defense that could be asserted by Borrower, including defenses arising out of failure of consideration, breach of warranty, fraud, payment, statute of frauds, bankruptcy, lack of capacity, statute of limitations, lender liability, unenforceability of any loan document, accord and satisfaction, or usury.

SURVIVAL. This Guaranty shall be binding upon Guarantor, Guarantor's heirs, successors, and estate representatives, until all such indebtedness shall be fully paid to Lender.

EXERCISE OF LENDER'S RIGHTS. Any delay or failure of the Lender in exercising any of its rights under this Guaranty does not operate as a waiver of the Lender's ability to exercise all of its rights. The Lender may choose to partially exercise rights under this Guaranty, but that does not prevent the Lender from fully exercising these rights.

ASSIGNABILITY. This Guaranty shall inure to the benefit of the Lender and its successors and assigns, including every holder of any of the indebtedness here guaranteed. In the event that any person other than the Lender shall become a holder of any of the indebtedness, the reference to the Lender shall be construed to refer to each such holder.

RIGHT OF SETOFF. To the extent permitted by law, Guarantor gives Lender the right to setoff any of Guarantor's money or property which may be in Lender's possession against any amount owed under this Guaranty. This right of setoff does not extend to any Keogh account, IRA, or similar tax deferred deposit. Further, the Lender shall have available all remedies under applicable state and federal laws, including the garnishment of wages, to the extent permitted by law.

WAIVER OF JURY TRIAL. All parties to this Guaranty hereby knowingly and voluntarily waive, to the fullest extent permitted by law, any right to trial by jury of any dispute, whether in contract, tort, or otherwise, arising out of, in connection with, related to, or incidental to the relationship established between them in this Guaranty or any other instrument, document or agreement executed or delivered in connection with this Guaranty or the related transactions.

SEVERABILITY. If a court of competent jurisdiction determines any term or provision of this Guaranty is invalid or prohibited by applicable law, that term or provision will be ineffective, but only to the extent required to make it lawful. Any term or provision that has been determined to be invalid or prohibited will be severed from the rest of this Guaranty without invalidating the remainder of the provisions of this Guaranty.

GOVERNING LAW. This Guaranty will be governed by and construed in accordance with the laws of the state of Washington except to the extent that federal law controls.

HEADINGS AND GENDER. The headings in this Guaranty are for convenience in identifying subject matter. The headings have no limiting effect on the text that follows any particular heading. All words used in this Guaranty are read to be of whatever gender or number is appropriate under the circumstances.

ORAL AGREEMENTS DISCLAIMER. Oral agreements or oral commitments to loan money, extend credit, or to forbear from enforcing repayment of a debt are not enforceable under Washington law.

ADDITIONAL PROVISIONS. Marital Community Bound by Agreement. By executing this Guaranty, Guarantor acknowledges and agrees that the extension of credit by Lender to Borrower constitutes a benefit to the marital community, and that Guarantor's liability to Lender under the terms of this Guaranty extends to and includes Guarantor's marital community.

Guarantor agrees to furnish Lender with the following:

Annual Personal Financial Statement: As soon as available, but in no event later than the anniversary date of previous Personal Financial Statement, Guarantor's personal financial statement for the year ended, prepared by Guarantor in a form satisfactory to Lender.

Annual Tax Returns: As soon as available, but in no event later than 30 days after the applicable filing date for the tax reporting period ended, Federal and other governmental tax returns, prepared by Guarantor in a form satisfactory to Lender.

ACKNOWLEDGMENT. This Guaranty is freely and voluntarily given to the Lender by Guarantor, without duress or coercion, and after Guarantor has either consulted with legal counsel or has been given an opportunity to do so, and Guarantor has fully and carefully read and understands all of the terms and provisions of the Guaranty.

By signing this Guaranty, Guarantor acknowledges reading, understanding, and agreeing to all its provisions.


Deborah L. Montalvo
Individually

Date
8-11-09

COMMERCIAL LOAN GUARANTY

Columbia State Bank - Kent CBC Office
504 W Meeker
Kent, Washington 98032
(253)852-0475

LOAN NUMBER	GUARANTEE DATE
903001153	August 7, 2009

GUARANTOR INFORMATION

Tom C Girard
1819 5th St SE
PUYALLUP, WA 98372

Type of Entity: Individual
State of Residence: Washington

BORROWER INFORMATION

Electronic Service Provider Inc.
950 Andover Park E Suite 6
Tukwila, WA 98188

Type of Business Entity: Corporation
State of Organization/Formation: Washington

NOTICE TO GUARANTOR. Each undersigned Guarantor is being asked to guarantee all of Borrower's past, present and future obligations. If Borrower does not pay, any Guarantor may be required to do so. In addition, any Guarantor may be required to pay collection expenses and costs. Lender can require any Guarantor to pay without first attempting to collect from the Borrower or any other Guarantor.

UNLIMITED CONTINUING GUARANTY. The undersigned, jointly and severally hereafter called the "Guarantor" in order to induce Lender to extend or continue to extend financial accommodations to Borrower, hereby guarantees to Lender the full and prompt payment of all loans, drafts, overdrafts, notes, bills, and all other debts, obligations, and liabilities of every kind and description, whether now owing or hereafter arising out of credit previously, contemporaneously, or hereafter granted by Lender to Borrower, whether arising from dealings between Lender and Borrower, or from dealings by which Lender may become, in any manner whatever, a creditor of Borrower. The Guarantor also agrees to pay all interest, fees, charges, attorney fees, and collection costs.

This Guaranty is unconditional and absolute. It is understood that this Guaranty shall cover all obligations of Borrower to Lender. This shall be a continuing guaranty and shall not be affected by any payment made by Borrower to Lender, whether in the form of cash, property, renewal, or other consideration.

This is a guaranty of payment and not of collection.

JOINT AND SEVERAL LIABILITY. If this Guaranty is signed by more than one person, each person having executed the Guaranty acknowledges that his or her obligation hereunder shall be joint and several. Each Guarantor expressly authorizes the Lender to proceed, in its sole and absolute discretion, against each or any Guarantor, and further agrees that if the Lender proceeds against any one of them, the others waive any defense of election of remedies and agree to continue to be liable under the terms of this Guaranty for any amount remaining owing to Lender from Borrower.

CONSENT. The Guarantor consents to all extensions, renewals, and modifications made by the Lender for, or on account of, any indebtedness of Borrower to Lender. Lender may proceed directly against Guarantor in the event of any default by Borrower without resorting to any other persons, to the assets of Borrower, to any collateral security granted by Borrower to Lender, or the liquidation of any collateral security given hereunder to secure this Guaranty. Furthermore, to the extent permitted by law, Guarantor hereby agrees and consents that the Lender may from time to time without notice to Guarantor and without affecting the liability of Guarantor (a) release, impair, sell or otherwise dispose of any security or collateral, (b) release or agree not to sue any guarantor or surety, (c) fail to perfect its security interest in or realize upon any security or collateral, (d) fail to realize upon any of the obligations of Borrower or to proceed against Borrower or any guarantor or surety, (e) renew or extend the time of payment, (f) increase or decrease the rate of interest, (g) accept additional security or collateral, (h) determine the allocation and application of payments and credits and accept partial payments, (i) determine what, if anything, may at any time be done with reference to any security or collateral, and (j) settle or compromise the amount due or owing or claimed to be due or owing from any Borrower, guarantor or surety, which settlement or compromise shall not affect the undersigned's liability for the full amount of the guaranteed obligations. To the extent permitted by law, Guarantor expressly consents to and waives notice of all of the above.

REPRESENTATIONS. Guarantor acknowledges and agrees that Lender (a) has not made any representations or warranties with respect to, (b) does not assume any responsibility to Guarantor for, and (c) has no duty to provide information to the undersigned regarding, the enforceability of any of the indebtedness or the financial condition of any Borrower or any other guarantor. Guarantor has independently determined the creditworthiness of Borrower and the enforceability of the obligations of Borrower to Lender and until such obligations are paid in full in accordance with this Guaranty, Guarantor will independently and without reliance on Lender continue to make such determinations.

Initials *TCG* *JSP* *DM*

GENERAL WAIVERS. Guarantor hereby waives notice of acceptance of this Guaranty, all notices hereunder, and all notices of demand, presentment, notice of dishonor, intention to accelerate, acceleration, notice of any adverse information which Lender may have, and all notices of protest, default, and nonpayment. Guarantor waives all defenses of suretyship. Guarantor waives any defense that could be asserted by Borrower, including defenses arising out of failure of consideration, breach of warranty, fraud, payment, statute of frauds, bankruptcy, lack of capacity, statute of limitations, lender liability, unenforceability of any loan document, accord and satisfaction, or usury.

SURVIVAL. This Guaranty shall be binding upon Guarantor, Guarantor's heirs, successors, and estate representatives, until all such indebtedness shall be fully paid to Lender.

EXERCISE OF LENDER'S RIGHTS. Any delay or failure of the Lender in exercising any of its rights under this Guaranty does not operate as a waiver of the Lender's ability to exercise all of its rights. The Lender may choose to partially exercise rights under this Guaranty, but that does not prevent the Lender from fully exercising these rights.

ASSIGNABILITY. This Guaranty shall inure to the benefit of the Lender and its successors and assigns, including every holder of any of the indebtedness here guaranteed. In the event that any person other than the Lender shall become a holder of any of the indebtedness, the reference to the Lender shall be construed to refer to each such holder.

RIGHT OF SETOFF. To the extent permitted by law, Guarantor gives Lender the right to setoff any of Guarantor's money or property which may be in Lender's possession against any amount owed under this Guaranty. This right of setoff does not extend to any Keogh account, IRA, or similar tax deferred deposit. Further, the Lender shall have available all remedies under applicable state and federal laws, including the garnishment of wages, to the extent permitted by law.

WAIVER OF JURY TRIAL. All parties to this Guaranty hereby knowingly and voluntarily waive, to the fullest extent permitted by law, any right to trial by jury of any dispute, whether in contract, tort, or otherwise, arising out of, in connection with, related to, or incidental to the relationship established between them in this Guaranty or any other instrument, document or agreement executed or delivered in connection with this Guaranty or the related transactions.

SEVERABILITY. If a court of competent jurisdiction determines any term or provision of this Guaranty is invalid or prohibited by applicable law, that term or provision will be ineffective, but only to the extent required to make it lawful. Any term or provision that has been determined to be invalid or prohibited will be severed from the rest of this Guaranty without invalidating the remainder of the provisions of this Guaranty.

GOVERNING LAW. This Guaranty will be governed by and construed in accordance with the laws of the state of Washington except to the extent that federal law controls.

HEADINGS AND GENDER. The headings in this Guaranty are for convenience in identifying subject matter. The headings have no limiting effect on the text that follows any particular heading. All words used in this Guaranty are read to be of whatever gender or number is appropriate under the circumstances.

ORAL AGREEMENTS DISCLAIMER. Oral agreements or oral commitments to loan money, extend credit, or to forbear from enforcing repayment of a debt are not enforceable under Washington law.

ADDITIONAL PROVISIONS. Marital Community Bound by Agreement. By executing this Guaranty, Guarantor acknowledges and agrees that the extension of credit by Lender to Borrower constitutes a benefit to the marital community, and that Guarantor's liability to Lender under the terms of this Guaranty extends to and includes Guarantor's marital community.

Guarantor agrees to furnish Lender with the following:

Annual Personal Financial Statement: As soon as available, but in no event later than the anniversary date of previous Personal Financial Statement, Guarantor's personal financial statement for the year ended, prepared by Guarantor in a form satisfactory to Lender.

Annual Tax Returns: As soon as available, but in no event later than 30 days after the applicable filing date for the tax reporting period ended, Federal and other governmental tax returns, prepared by Guarantor in a form satisfactory to Lender.

ACKNOWLEDGMENT. This Guaranty is freely and voluntarily given to the Lender by Guarantor, without duress or coercion, and after Guarantor has either consulted with legal counsel or has been given an opportunity to do so, and Guarantor has fully and carefully read and understands all of the terms and provisions of the Guaranty.

By signing this Guaranty, Guarantor acknowledges reading, understanding, and agreeing to all its provisions.

Tom C Glrard
Individually

Date

APPENDIX C

August 22 2011 2:27 PM

KEVIN STOCK
COUNTY CLERK
NO: 11-2-06116-2

1
2
3
4
5
6
7 IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON
8 IN AND FOR THE COUNTY OF PIERCE

9 COLUMBIA STATE BANK, a Washington
10 banking corporation,

Plaintiff,

vs.

11
12 ELECTRONIC SERVICE PROVIDER INC.,
13 a Washington corporation; and TOM C.
14 GIRARD and DEBORAH L. MONTALVO,
individually and as husband and wife,

Defendants.

NO. 11-2-06116-2

REPLY DECLARATION OF ALANA
ROUFF IN SUPPORT OF PLAINTIFF'S
MOTION FOR SUMMARY JUDGMENT

15
16
17 I, ALANA ROUFF, declare as follows:

18 1. I am employed as a Vice President of Special Credits at Columbia State Bank,
19 Plaintiff herein. I am over the age of eighteen, and competent to testify herein. I make this
20 Declaration based on personal knowledge and my review of the records and files concerning this
21 matter that are in the possession of Plaintiff and after my review of the Defendants' Opposition
22 to Plaintiff's Motion for Summary Judgment dated August 12, 2011 (the "**Opposition Brief**").

23 2. In their Opposition Brief, the "Defendants assert the plaintiff's motion for
24 summary judgment should be denied because a genuine issue of material fact exists as to the
25 amount claimed to be owed by defendants to plaintiff." As seen below, the reality is there is no
26 dispute as to exactly how much money the Defendants owe to Plaintiff.

3. Attached as **Exhibit A** is a true and correct copy of Defendant Electronic Service

REPLY DECLARATION OF ALANA ROUFF IN SUPPORT OF
PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT - 1

00490671.DOC

EISENHOWER

EISENHOWER & CARLSON, PLLC

1200 Wells Fargo Plaza
1201 Pacific Avenue
Tacoma, WA 98402
Tel: 253.572.4500
Fax: 253.272.5732

1 Provider, Inc.'s first set of interrogatories and requests for production of documents directed to
2 Plaintiff and Plaintiff's answers thereto. The head of my department at the bank, Robert M. B.
3 Draper, signed off on the attached discovery responses on behalf of Plaintiff on June 30, 2011.
4 Plaintiff produced approximately one (1) inch of paper copies from its loan file in response to
5 these discovery requests. The Defendants have not sought to conduct any further discovery with
6 Plaintiff, such as by scheduling my deposition or by scheduling the deposition of anyone else at
7 the bank.

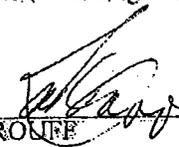
8 4. Attached as Exhibit B is a true and correct copy of a printscreen from Plaintiff's
9 computer system concerning the loan at issue in this case. This printscreen and Plaintiff's
10 computer system that gave rise to it accurately reflects the amounts owing under the loan. This
11 printscreen shows, among other things, that the loan's "Payoff Amount" as of June 7, 2011 was
12 \$624,075.22. Plaintiff provided a copy of this printscreen to the Defendants in discovery.

13 5. Attached as Exhibit C is a true and correct copy of another printscreen from
14 Plaintiff's computer software entitled Loan Inquiry, which Plaintiff also provided to Defendants
15 in discovery. The Loan Inquiry shows, among other things, all of the late charges that have been
16 assessed on the Loan from September 30, 2005 to June 1, 2011. The Loan Inquiry also reflects
17 the principal balance of the Loan is \$590,800.50.

18 6. As of his date, the Defendants still have not provided Plaintiff or its attorney with
19 their own accounting reflecting exactly how much money they believe they owe to Plaintiff.
20 Further, the Defendants still have not paid any money whatsoever to Plaintiff in 2011 concerning
21 the subject loan that gave rise to this lawsuit.

22 I hereby declare under penalty of perjury under the laws of the State of Washington
23 that the foregoing is true and correct.

24 DATED this 22nd day of August, 2011 at Tacoma, Washington.

25
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ALANA ROUFF

REPLY DECLARATION OF ALANA ROUFF IN SUPPORT OF
PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT - 2

00490671.DOC

EISENHOWER
EISENHOWER & CARLSON, PLLC

1200 Wells Fargo Plaza
1201 Pacific Avenue
Tacoma, WA 98402
tel. 252.572.4500
fax 252.472.5752

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IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON
IN AND FOR THE COUNTY OF PIERCE

COLUMBIA STATE BANK, a Washington
banking corporation,

Plaintiff,

vs.

ELECTRONIC SERVICE PROVIDER INC.,
a Washington corporation; and TOM C.
GIRARD and DEBORAH L. MONTALVO,
individually and as husband and wife,

Defendants.

NO. 11-2-06116-2

DECLARATION RE ELECTRONIC
MAIL SIGNATURE PER GR (17)(A)(2)

I, **ALEXANDER S. KLEINBERG**, declare as follows:

1. I am a member at Eisenhower & Carlson, PLLC, and make this declaration pursuant to GR 17(a)(2) and based on my personal knowledge and review of the firm's records and files.

2. I have personally examined the foregoing signature of Alana Rouff on page 2 of the Declaration of Alana Rouff in Support of Plaintiff's Motion for Summary Judgment, the signature page of which were transmitted to me by .pdf email to my firm's email address at: akleinberg@eisenhowerlaw.com, and have determined that the document is complete and legible.

I declare under the penalty of perjury under the laws of the State of Washington that the

DECLARATION RE ELECTRONIC MAIL SIGNATURE
PER GR (17)(A)(2) - 1
00491331.DOC

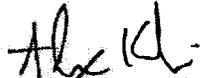
EISENHOWER
EISENHOWER & CARLSON, PLLC

1200 Wells Fargo Plaza
1201 Pacific Avenue
Tacoma, WA 98402
Tel: 253.572.4500
Fax: 253.272.5732

1 foregoing is true and correct.

2 DATED at Tacoma, Washington, on this 22 day of August, 2011.

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ALEXANDER S. KLEINBERG

DECLARATION RE ELECTRONIC MAIL SIGNATURE
PER GR (17)(A)(2) - 2
00491331.DOC

EISENHOWER
EISENHOWER & CARLSON, PLLC
1200 Wells Fargo Plaza
1201 Pacific Avenue
Tacoma, WA 98402
Tel: 253.572.4500
Fax: 253.272.5732

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IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON
IN AND FOR THE COUNTY OF PIERCE

COLUMBIA STATE BANK, a Washington)
banking corporation,)
)
Plaintiff,)
)
vs.)
)
ELECTRONIC SERVICE PROVIDER, INC,)
a Washington corporation; and TOM C.)
GIRARD and DEBORAH L. MONTALVO,)
individually and as husband and wife,)
)
Defendants.)

Case No.: 11-2-06116-2

**DEFENDANT ELECTRONIC SERVICE
PROVIDER'S FIRST SET OF
INTERROGATORIES AND REQUESTS
FOR PRODUCTION OF DOCUMENTS
PROPOUNDED TO PLAINTIFF AND
PLAINTIFF'S ANSWERS AND
RESPONSES THERETO**

TO: Columbia State Bank, Plaintiff and their Attorney of Record

Pursuant to the provisions of Civil Rules 26, 33 and 34, Defendants Electronic Service Provider, Inc. requests that Plaintiff Columbia State Bank answer fully and in writing each of the Interrogatories and Requests for Production and return to RAO & PIERCE, P.L.L.C., 2411 - 14th Avenue South, Seattle, Washington 98144, within thirty (30) days of the date of service. As required by CR 33(a), please answer each request within the blank space provided, inserting additional pages where necessary; verify your answers under oath on the form provided after the last interrogatory; serve a completed set of the interrogatories and answers on this office.

THESE INTERROGATORIES AND REQUEST FOR PRODUCTION ARE CONTINUING IN NATURE AND REQUIRE SUPPLEMENTAL ANSWERS UPON YOUR DISCOVERY OF FURTHER RESPONSIVE INFORMATION. IF ANY INFORMATION IS NOT FURNISHED, OUR FIRM WILL NOTE AT THE TIME OF TRIAL TO EXCLUDE FROM EVIDENCE SUCH INFORMATION NOT FURNISHED OR MOVE FOR CONTINUANCE OF TRIAL IN ORDER TO INVESTIGATE SUCH MATTER AND FOR APPROPRIATE TERMS.

*DEFENDANT ESP'S FIRST SET OF
INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS PROPOUNDED TO
PLAINTIFFS - 1*

RAO & PIERCE, PLLC
2411 - 14th Ave. S. Seattle, WA 98144
206.721.8880 Fax: 206.721.9220

EXHIBIT A

1 11) Any reference to a corporate or business entity shall include reference to any
2 employee, principal, affiliate, holding company, contractor, independent contractor, or
agent of such business or entity.

3 12) To "identify" a document means to state its date, its author, the type of
4 documents (e.g., letter, memorandum, telegram, chart, photograph, sound reproduction,
5 etc.) or if the above information is not available, some other means of identifying it, its
present location, and the name of any present custodian of it.

6 13) To "identify" or to state the "identity" of a natural person means to state his or
7 her full name, date of birth, job title or position, and present or last known home and
business address and telephone number.

8 14) To "describe" a fact, thing, condition, action, or event means to state with
9 specificity all facts, including but not limited to date(s), time, comprising or pertaining to
10 such fact, thing, condition, action or event and to identify all persons involved in such fact,
thing, condition, action or event.

11 15) As used herein, "know", "known to you", and "you know of" shall refer to all
12 matters known to you, agents, attorneys, employees, contractors, or independent
13 contractors. Included in this definition are all documents in your possession, or subject to
your control, or of which you have knowledge or with reasonable inquiry could have
knowledge, which would reflect information requested in any of these interrogatories.

14 16) The terms "document" or "documents" mean all writings or printed matter of any
15 kind, regardless of origin or location, of any writing or records of any type or description,
16 including the originals and all copies, identical or non-identical, whether different from the
17 originals by reason of any notation made on such copies or otherwise, including, but not
18 limited to: purchase order, records, correspondence, memoranda, notes, diaries, statistics,
19 letters, telegrams, minutes, contracts, reports, studies, checks, statements, receipts, returns,
20 summaries, pamphlets, books, prospectuses, inter-office, or intra-office communications,
21 telephone message slips, offers, notations of conversations, bulletins, drawings, plans,
22 computer printouts, computer input or output, teletypes, emails, telefaxes, facsimiles,
23 invoices, worksheets, ledger books, books of account, liens, UCC statements and all drafts,
alterations, modifications, changes and amendments of the foregoing to which you or
counsel has or has had access. The terms "document" or "documents" also include all
graphic or aural records or representations of any kind, including without limitation,
photographs, charts, graphs, microfilm, videotapes, records, motion pictures, and
electronic, mechanical, or electrical records or records of any kind, including but not
limited to tapes, cassettes, discs and recordings to which the respondent or their counsel
has or has had access.

24 17) If you object to answering any interrogatory, in whole or in part, state with
25 particularity the objection and the factual and legal basis therefore. If the objection is
based on a claim of privilege, state with particularity the nature and extent of the privileged

1 matters. If the Plaintiff/Defendant objects to answering only part of any interrogatory,
2 specify the part to which the respondent objects and answer the remainder.

3 18) State separately for each part of each Interrogatory and Request herein the
4 identity of your agents, employees or other person (excluding counsel) who have prepared
5 or helped prepare the answers to said Interrogatories and parts thereof and indicate which
6 of these persons is most knowledgeable about the matters involved.

7 19) To the extent your answers to any of these Interrogatories and Requests rely on
8 written records or files or other documents, identify each document relied upon and state
9 the portions of each respective Interrogatory and Request to which each such document is
10 relevant.

11 CLAIM OF PRIVILEGE

12 If any document is withheld under claim of privilege not to disclose the document,
13 please state with respect to each such document:

- 14 1) The identity of each such document and a general description of the author(s),
15 address(es), recipients title, and contents of the document to allow respondent to bring the
16 matter before the court;
- 17 2) All persons who participated in the preparation of each such document;
- 18 3) The date of the document;
- 19 4) The nature of the privilege(s) asserted;
- 20 5) The factual basis for the claimed privilege;
- 21 6) The names, business and residence addresses and telephone numbers, and positions or
22 occupations of individuals known or believed by respondent assertion of privilege with
23 regard to the document.

24 PLAINTIFF'S GENERAL OBJECTIONS AND RESPONSES

25 1. Plaintiff objects to Defendant Electronic Service Provider, Inc.'s First Set of
Interrogatories and Requests for Production of Documents Propounded to Plaintiff (the
"Interrogatories") to the extent that they purport to impose obligations upon it which are in
excess of those imposed by the Civil Rules.

2. Plaintiff objects to the Interrogatories to the extent that they request information that
is protected by the attorney-client privilege, the work product doctrine, or any other doctrine
providing immunity from discovery.

*DEFENDANT ESP'S FIRST SET OF
INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS PROPOUNDED TO
PLAINTIFFS - 4*

RAO & PIERCE, PLLC
2411 - 14th Ave. S. Seattle, WA 98144
206.721.8880 Fax: 206.721.9220

1 3. Plaintiff objects to the Interrogatories to the extent they seek information not in
2 the custody or control of it and to the extent that they seek information which is as available to
Defendants as it is to Plaintiff.

3 4. Plaintiff objects to the Interrogatories to the extent that they seek information
4 which requires it to render a legal conclusion.

5 5. Plaintiff will respond to the Interrogatories by giving the language of each
interrogatory its reasonable, ordinary meaning, subject to the other objections set forth herein.

6 6. Plaintiff reserves the right, at any time, to revise, correct, add to, or clarify any of
7 the responses set forth herein consistent with Civil Rule 26(e). While the responses herein are
believed to be correct, there is a possibility of omission or error. These responses are thus given
subject to correction of any such omission or error.

8 **PLAINTIFF'S RESERVATION OF OBJECTIONS AND PRIVILEGES**

9
10 The answers given herein are made without waiving, and with a full reservation of the
11 right to object on any ground consistent with the Rules of Evidence and the Civil Rules,
12 including, but not limited to, competency, privilege, relevancy, or materiality. Subject to the
13 foregoing, Plaintiff responds as follows:

14
15 **REQUEST FOR PRODUCTION NO. 1:**

16 Please provide a complete legible copy of all documents (encompassing the full
17 definition of "document" set out in the preamble to these interrogatories) produced by Plaintiff
18 Columbia State Bank ("Columbia"), indicating amount(s) due or owed, payment, request for
19 payment, interest charges, and late fees owed by Defendant Electronic Service Provider, Inc.
("Defendant ESP") from September 2005 to present.

20 **RESPONSE:**

21 A complete copy of Plaintiff's loan file with Defendant ESP is attached.
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1 **REQUEST FOR PRODUCTION NO. 2:**

2 Please provide a complete legible copy of every invoice, receipt, ledger, account
3 summary, account statement, and billing document produced by Columbia or otherwise provided
4 to Defendant ESP by Columbia from September 2005 to present.

5 **RESPONSE:**

6 Objection. This request for production is overly broad and unduly burdensome given
7 that it calls for the production of "every" invoice, receipt, ledger, etc. In addition, Plaintiff
8 objects to this request for production to the extent it seeks information that is equally available
9 to and/or already in the possession of the Defendants or certain of them. Without waiving any
10 general or specific objection or privilege, Plaintiff nevertheless responds to this request for
11 production as follows:

12 Plaintiff has produced a complete copy of its loan file with Defendant ESP.

13 **REQUEST FOR PRODUCTION NO. 3:**

14 Please provide a complete legible copy of every receipt, payment, electronic or wire or
15 monetary transfer, bank statements, and any other document indicating payment made by
16 Defendant ESP to Columbia from September 2005 to present.

17 **RESPONSE:**

18 Objection. This request for production is overly broad and unduly burdensome given
19 that it calls for the production of "every" receipt, payment, electronic or wire or monetary
20 transfer, etc. In addition, Plaintiff objects to this request for production to the extent it seeks
21 information that is equally available to and/or already in the possession of the Defendants or
22 certain of them. Without waiving any general or specific objection or privilege, Plaintiff
23 nevertheless responds to this request for production as follows:

24 Plaintiff has produced a complete copy of its loan file with Defendant ESP. As part of
25 this document production, Plaintiff has also produced a four page loan transaction history report,
which reflects (among other things) all payments that have been made on Defendant ESP's loan
with Plaintiff from September 30, 2005 to date.

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REQUEST FOR PRODUCTION NO. 4:

Please provide a complete legible copy of all documents indicating a contract or agreement, oral or written or implied or express, promissory note, amendments, attachments, and exhibits thereto between Columbia and Defendant ESP, Defendants Tom Girard and Deborah Montalvo.

RESPONSE:

See attachment, which includes a copy of all loan and security documents the Defendants have executed and delivered to Columbia regarding the subject loan.

REQUEST FOR PRODUCTION NO. 5:

Please provide a complete legible copy of all correspondent and emails indicating a contract or agreement, oral or written or implied or express, negotiations, amendments, and correspondence between Columbia and Defendant ESP, Defendants Tom Girard and Deborah Montalvo with regard to its commercial loan, payment and terms of payment.

RESPONSE:

See attachment.

INTERROGATORY NO. 1:

Please state principal amount owed by Defendant ESP and identify and describe each and every charge, expense or fee owed by Defendant ESP and identify and describe all documents used in determining the above.

ANSWER:

1 As of June 20, 2011, Defendant ESP owed Plaintiff \$590,800.50 in principal under the
2 subject Promissory Note. As of said date, Defendant ESP also owed Plaintiff \$15,453.89 in
3 accrued interest, \$13,247.63 in late charges, and an appraisal fee in the amount of \$300.00. In
4 addition, Plaintiff has provided a loan transaction history concerning the subject loan in
5 connection with its responses to Defendant ESP's requests for production, which reflects any and
6 all charges that have been assessed on the subject loan to date.

7
8 **REQUEST FOR PRODUCTION NO. 6:**

9 Please provide a complete legible copy of all documents identified in the preceding
10 interrogatory.

11 **RESPONSE:**

12 See attachment.

13
14 **INTERROGATORY NO. 2:**

15 Please identify and describe any lines of credit between Columbia and Defendant ESP,
16 Defendants Tom Girard and Deborah Montalvo from September 2005 to present, when it was
17 terminated (or closed), why it was terminated (or closed) and describe each document used in
18 determining the same.

19 **ANSWER:**

20 On September 28, 2005, Plaintiff provided Defendant ESP with a credit line in the
21 original amount of \$100,000.00 pursuant to a promissory note of said date. The credit line
22 evidenced by said promissory note was subsequently restructured and refinanced pursuant to a
23 commercial promissory note dated August 7, 2009. The money that Defendant ESP borrowed
24 from Plaintiff pursuant to the aforesaid credit line was paid in full on July 30, 2010. A copy of
25 Plaintiff's documents concerning this credit line is attached.

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REQUEST FOR PRODUCTION NO. 7:

Please provide a complete legible copy of all documents identified in the preceding interrogatory.

RESPONSE:

Objection. The documents identified in the preceding interrogatory are not relevant to this case, as they concern a loan that has been paid off. Nevertheless, a copy of said documents is attached.

INTERROGATORY NO. 3:

Please state, identify and describe in detail the amount of interest Columbia claims is owed by Defendant ESP and how Columbia calculated the amount of interest owed and identify and describe all documents used in determining the above.

ANSWER:

See Plaintiff's answer to interrogatory number 1 and also the documents Plaintiff has produced in response to Defendant ESP's first set of discovery requests, with particular attention to the four page loan inquiry that details the transaction history on the subject loan from September 30, 2005 to date.

REQUEST FOR PRODUCTION NO. 8:

Please provide a complete legible copy of all documents identified in the preceding interrogatory.

RESPONSE:

See attached.

1 **INTERROGATORY NO. 4:**

2 Please identify and describe in detail each and every late charge incurred by Defendant
3 ESP from September 2005 to present and identify and describe all documents used in
4 determining the above.

5 **ANSWER:**

6 See attached documents, particularly the aforesaid loan transaction history. Late charges
7 would be assessed on the subject loan when Defendant ESP failed to make monthly payments to
8 Columbia as required by the parties' loan agreement.

9
10
11 **REQUEST FOR PRODUCTION NO. 9:**

12 Please provide a complete legible copy of all documents identified in the preceding
13 interrogatory.

14 **RESPONSE:**

15 Plaintiff has produced a copy of its loan file with Defendant ESP.
16
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18 **INTERROGATORY NO. 5:**

19 Please state, identify and describe all attorney fees and costs Columbia claims is owed by
20 Defendant ESP and how Columbia calculated the amount of attorney fees owed and identify and
21 describe all documents used in determining the above. It is sufficient to provide attorney fee
22 invoices or documents in response to this interrogatory.

23 **ANSWER:**

24 Objection. This interrogatory is overly broad, unduly burdensome, and calls for
25 information not in Plaintiff's possession given that Plaintiff does not yet know the full extent of
the attorney's fees it has incurred in this case to date. Without waiving any general or specific
objection or privilege, Plaintiff nevertheless answers this interrogatory as follows:

1 A copy of the billing statements that Eisenhower & Carlson, PLLC has sent to Plaintiff
2 concerning this case is attached. These statements speak for themselves.

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6 **REQUEST FOR PRODUCTION NO. 10:**

7 Please provide a complete legible copy of all documents identified in the preceding
8 interrogatory.

9 **RESPONSE:**

10 See attached.

11
12 **INTERROGATORY NO. 6:**

13 Identify and describe all document(s) (encompassing the full definition of "document" set
14 out in the preamble to these interrogatories) which provide or contain information pertaining to
15 Plaintiff's damages or relate to Plaintiff's allegations in its complaint and which is not identified
16 in your responses to the preceding Interrogatories.

17 **ANSWER:**

18 N/A
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1 **REQUEST FOR PRODUCTION NO. 11:**

2 Please provide legible copies of each document(s) referred to in the preceding
3 Interrogatory.

4 **RESPONSE:**

5 N/A
6

7 **INTERROGATORY NO. 6:**

8 Identify each and every person you expect to call at trial as a witness and/or expert
9 witness and provide a summary of their qualifications to testify as a witness or expert witness.

10 **ANSWER:**

11 Objection. Discovery is ongoing, and Plaintiff does not know the identity of all witnesses
12 and/or expert witnesses it intends to call at trial. Without waiving this objection, Plaintiff
13 nevertheless answers as follows:

14 Plaintiff expects to call Columbia Bank officer Alana Rouff to testify at trial regarding
15 the subject loan and security documents, Defendant ESP's default on its loan with Plaintiff, and
16 other issues relating to Plaintiff's Complaint. At this time, Plaintiff does not expect to call any
17 expert witnesses at trial.
18
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20 **INTERROGATORY NO. 7:**

21 Please identify Columbia's account finance manager(s) or representative(s), records
22 custodian, and any individual that communicated with Defendant ESP with regard to amounts
23 due and owing, payment, request for payment, repayment terms, and purchase orders from
24 September 2005 to present.

25 **ANSWER:**

Objection. This interrogatory is overly broad, unduly burdensome, and calls for

1 information not in Plaintiff's possession. Without waiving any general or specific objection or
2 privilege, Plaintiff nevertheless answers this interrogatory as follows:

3 Alana Rouff
4 c/o Alexander S. Kleinberg, Esq.
5 Eisenhower & Carlson, PLLC
6 1201 Pacific Avenue, Suite 1200
7 Tacoma, WA 98402
8 (253) 572-4500

9 Janis Watford
10 Brenda Ehnat
11 Douang Nonthaveth

12 While Ms. Rouff is currently employed by Plaintiff, Janis Watford, Brenda Ehnat, and
13 Douang Nonthaveth no longer work for the bank.

14 **REQUEST FOR PRODUCTION NO. 12:**

15 Please provide legible copies of all document(s) produced by individuals identified in the
16 preceding Interrogatory in their communication with Defendant ESP from September 2005 to
17 present.

18 **RESPONSE:**

19 See attached.

20 **REQUEST FOR PRODUCTION NO. 13:**

21 Please provide legible copies of all appraisals conducted by Columbia or its agents or
22 contractors in relation to its action or claims against Defendant ESP, Defendants Tom Girard and
23 Deborah Montalvo from September 2005 to present.

24 **RESPONSE:**

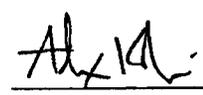
25 See attached.

*DEFENDANT ESP'S FIRST SET OF
INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS PROPOUNDED TO
PLAINTIFFS - 13*

RAO & PIERCE, PLLC
2411 - 14th Ave. S. Seattle, WA 98144
206.721.8880 Fax: 206.721.9220

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DATED: June 30, 2011



Alexander S. Kleinberg, WSBA #34449
Attorney for Plaintiff Columbia State Bank

*DEFENDANT ESP'S FIRST SET OF
INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS PROPOUNDED TO
PLAINTIFFS - 15*

RAO & PIERCE, PLLC
2411 - 14th Ave. S. Seattle, WA 98144
206.721.8880 Fax: 206.721.9220

Account 4312124426 Electronic Serv Branch 6208
 Accr Thru 06/07/2011
 Balance 590,800.50
 Status Non-Accrual
 CK LT WO NA

Service Provider Inc Over Park E Ste 6 WA 98188 Girard John L. Montalvo	TIN 91 2124426 Verified? Yes Date of Birth Home (206)575-4484 Work (000)000-0000 Ext 000000 Cell (000)000-0000 Email	Interest Paid YTD 0.00 Interest Paid LYR 27,294.17 Interest Rate 4.7500 Interest Paid To 12/01/2010 Maturity 01/01/2013 Next Payment 01/01/2011 Payment Amount 17,640.58 Escrow Payment 0.00 Total Amount Due 17,640.58 Current Balance 590,800.50
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FIRST PERFECTED SECURITY INTEREST, AND A SBA Loans ALANA ROUFF	Master Plan Account 0 Owner Individual Purpose Code SBA Loans Payoff good Thru 06/08/2011	Interest Due 14,531.27 Insurance Due 0.00 Rebates 0.00 Charges/Fees 18,743.45 Escrow Balance 0.00 Payoff Amount 624,075.22 Daily Interest 76.8850
-------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------

View History

EXHIBIT B

Account	4912124426	Electronic Serv	Branch	6208
			Accr Thru	06/07/2011
			Balance	590,800.50
TCK LT	WO NA		Status	Non-Accrual

History

History View History

Date	Description	Amount	Balance Reference	Principal
09/30/2005	Balance Forward	0.00	0.00	0.00
09/30/2005	* Opening Advance	0.00	0.00 EFF09/28/05-31 0-Y455	0.00
09/30/2005	* Rate Change	0.00	0.00 7.7500- 8.250 0 EFF 10/01/0	0.00
09/30/2005	* Prin Pymnt - No Dt	89.69	--89.69 EFF09/28/05-66 0-Y455	89.69
09/30/2005	* Advance	144,392.63	144,302.94 EFF09/30/05-75 0-W687	144,392.63
09/30/2005	* Advance	36,000.00	180,302.94 EFF09/30/05-75 0-W687	36,000.00
09/30/2005	* Advance	612,651.46	792,954.40 EFF09/29/05-75 0-Y455	612,651.46
09/30/2005	* Advance	27,458.64	820,413.04 EFF09/28/05-75 0-Y455	27,458.64
09/30/2005	* Advance	24,846.29	845,259.33 EFF09/28/05-75 0-Y455	24,846.29
09/30/2006	* Fee Payment	1,000.00	845,259.33 EFF09/30/05-68 0-Y455	1,000.00
09/30/2005	* Fee Charge	160.32	845,259.33 EFF09/30/05-76 0-Y455	160.32
09/30/2005	* Fee Charge	1,000.00	845,259.33 EFF09/30/05-76 0-Y455	1,000.00
10/04/2005	* Rate Change	0.00	845,259.33 7.7500- 7.750 0 EFF 09/28/0	0.00
10/12/2005	* Advance	90,417.06	935,676.39 EFF10/12/05-75 0-W687	90,417.06
10/27/2005	* Advance	64,080.21	999,756.60 EFF10/27/05-75 0-W687	64,080.21
11/01/2005	* Regular Payment	6,541.19	999,756.60 EFF11/01/05-61 9	0.00
11/02/2005	* Rate Change	0.00	999,756.60 8.2500- 8.500 0 EFF 11/01/0	0.00
12/01/2005	* Regular Payment	7,140.35	999,756.60 EFF12/01/05-61 9	0.00
12/30/2005	* Rate Change	0.00	999,756.60 8.5000- 8.750 0 EFF 01/01/0	0.00
01/03/2006	* Regular Payment	7,081.60	999,756.60 EFF01/01/06-61 9	0.00
02/01/2006	* Rate Change	0.00	999,756.60 8.7500- 9.000 0	0.00
02/01/2006	* Regular Payment	15,061.00	991,985.50 EFF02/01/06-61 9	7,771.10
03/01/2006	* Regular Payment	15,061.00	984,364.39 DDA 7000383526 1	7,621.11
03/01/2006	* Rate Change	0.00	984,364.39 9.0000- 9.000 0	0.00
04/01/2006	Rate Change	0.00	984,364.39 9.0000- 9.250 0	0.00
04/03/2006	Regular Payment	15,061.00	976,686.12 DDA 7000383526 1	7,678.27
05/01/2006	Regular Payment	15,061.00	969,157.69 DDA 7000383526 1	7,528.43
05/01/2006	Rate Change	0.00	969,157.69 9.2500- 9.260 0	0.00
06/01/2006	Regular Payment	15,061.00	961,567.28 DDA 7000383526 1	7,590.41
06/01/2006	Rate Change	0.00	961,567.28 9.2500- 9.500 0	0.00
07/01/2006	Rate Change	0.00	961,567.28 9.5000- 9.750 0	0.00
07/03/2006	Regular Payment	15,061.00	954,118.69 EFF 07/01/06 D DA 70003835	7,448.59
08/01/2006	Regular Payment	15,061.00	946,809.90 DDA 7000383526 1	7,308.79
08/01/2006	Rate Change	0.00	946,809.90 9.7500- 9.750 0	0.00
09/01/2006	Rate Change	0.00	946,809.90 9.7500- 9.750 0	0.00
09/11/2006	Late Charge	753.05	946,809.90 Automatic	753.05
09/12/2006	Regular Payment	15,061.00	939,441.73	7,368.17
10/01/2006	Rate Change	0.00	939,441.73 9.7500- 9.750 0	0.00
10/11/2006	Late Charge	753.05	939,441.73 Automatic	753.05
10/12/2006	Regular Payment	7,654.92	939,441.73 EFF 10/01/2006 From DDA 70	0.00
11/01/2006	Rate Change	0.00	939,441.73 9.7500- 9.750 0	0.00
11/13/2006	Late Charge	753.05	939,441.73 Automatic	753.05
12/01/2006	Rate Change	0.00	939,441.73 9.7500- 9.750 0	0.00
12/06/2006	Interest Payment	7,832.97	939,441.73 From DDA 7000 383526 per c	0.00
12/11/2006	Late Charge	753.05	939,441.73 Automatic	753.05
01/01/2007	Rate Change	0.00	939,441.73 9.7500- 9.750 0	0.00
01/11/2007	Regular Payment	15,265.93	939,441.73 From DDA 7000 383526	0.00
01/11/2007	Late Charge	5.00	939,441.73 Automatic	5.00
01/16/2007	Int Pym-No Dt	7,632.97	939,441.73 EFF 01/11/2007 int pymt due	0.00
01/18/2007	Int Pmt Rev No-Match	15,265.93	939,441.73 rev&reapply py mt and credit	0.00
01/23/2007	Late Charge Payment	2,264.15	939,441.73	2,264.15
01/23/2007	Regular Payment	7,632.97	939,441.73 From DDA 7000 383526 per c	0.00
02/01/2007	Rate Change	0.00	939,441.73 9.7500- 9.750 0	0.00
02/07/2007	Late Charge Cr Adj	753.05	939,441.73 EFF 12/11/2006	753.05

02/07/2007	Interest Payment	7,632.95	939,441.73	0.00
03/01/2007	Rate Change	0.00	939,441.73 9.7500- 9.750 0	0.00
03/07/2007	Regular Payment	7,632.96	939,441.73	0.00
04/01/2007	Rate Change	0.00	939,441.73 9.7500- 9.750 0	0.00
04/08/2007	Regular Payment	7,632.96	939,441.73	0.00
04/13/2007	Fee Charge	500.00	939,441.73 Collection Fee	500.00
05/01/2007	Rate Change	0.00	939,441.73 9.7500- 9.750 0	0.00
05/08/2007	Regular Payment	7,584.17	939,441.73	0.00
06/01/2007	Rate Change	0.00	939,441.73 9.7500- 9.750 0	0.00
06/07/2007	Regular Payment	7,779.35	939,441.73	0.00
07/01/2007	Rate Change	0.00	939,441.73 9.7500- 9.750 0	0.00
07/09/2007	Regular Payment	15,061.00	931,909.13	7,532.60
08/01/2007	Rate Change	0.00	931,909.13 9.7500- 9.750 0	0.00
08/09/2007	Regular Payment	15,061.00	928,572.68	6,336.45
09/01/2007	Rate Change	0.00	928,572.68 9.7500- 9.750 0	0.00
09/08/2007	Regular Payment	15,061.00	918,441.94	8,130.74
10/01/2007	Rate Change	0.00	918,441.94 9.7500- 9.250 0	0.00
10/11/2007	Late Charge	753.05	918,441.94 Automatic	753.05
10/12/2007	Regular Payment	15,061.00	912,074.68	6,367.26
10/17/2007	Late Charge Cr Adj	753.05	912,074.68	753.05
11/01/2007	Rate Change	0.00	912,074.68 9.2500- 9.000 0	0.00
11/08/2007	Regular Payment	15,061.00	903,210.79	8,863.89
12/01/2007	Rate Change	0.00	903,210.79 9.0000- 9.000 0	0.00
12/10/2007	Regular Payment	15,061.00	895,276.50	7,934.29
01/01/2008	Rate Change	0.00	895,276.50 9.0000- 8.750 0	0.00
01/11/2008	Late Charge	753.05	895,276.50 Automatic	753.05
01/16/2008	Late Charge Cr Adj	753.05	895,276.50	753.05
01/16/2008	Regular Payment	15,061.00	888,291.38 From DDA 7000 383526 per c	6,985.12
02/01/2008	Rate Change	0.00	888,291.38 8.7500- 7.500 0	0.00
02/07/2008	Regular Payment	15,061.00	877,732.68	10,658.70
03/01/2008	Rate Change	0.00	877,732.68 7.5000- 7.500 0	0.00
03/11/2008	Late Charge	753.05	877,732.68 Automatic	753.05
03/25/2008	Late Charge Payment	753.05	877,732.68	753.05
03/25/2008	Regular Payment	15,061.00	871,148.41	6,584.27
04/01/2008	Rate Change	0.00	871,148.41 7.5000- 6.750 0	0.00
04/10/2008	Regular Payment	15,061.00	858,790.36	12,358.05
05/01/2008	Rate Change	0.00	858,790.36 6.7500- 6.500 0	0.00
05/12/2008	Late Charge	753.05	858,790.36 Automatic	753.05
05/23/2008	Regular Payment	15,061.00	850,429.10	8,361.26
05/23/2008	Late Charge Payment	753.05	850,429.10	753.05
06/01/2008	Rate Change	0.00	850,429.10 6.5000- 6.500 0	0.00
06/06/2008	Regular Payment	15,061.00	837,488.35	12,940.75
07/01/2008	Rate Change	0.00	837,488.35 6.5000- 6.500 0	0.00
07/09/2008	Regular Payment	15,061.00	827,349.03	10,139.32
08/01/2008	Rate Change	0.00	827,349.03 6.5000- 6.500 0	0.00
08/07/2008	Regular Payment	15,061.00	816,560.77	10,788.26
09/01/2008	Rate Change	0.00	816,560.77 6.5000- 6.500 0	0.00
09/04/2008	Regular Payment	15,061.00	805,571.39	10,989.38
10/01/2008	Rate Change	0.00	805,571.39 6.5000- 6.500 0	0.00
10/09/2008	Regular Payment	15,061.00	795,531.42	10,039.97
11/01/2008	Rate Change	0.00	795,531.42 6.5000- 5.500 0	0.00
11/10/2008	Regular Payment	15,061.00	784,807.70	10,723.72
12/01/2008	Rate Change	0.00	784,807.70 5.5000- 5.500 0	0.00
12/10/2008	Regular Payment	15,061.00	773,294.46	11,513.24
01/01/2009	Rate Change	0.00	773,294.46 5.5000- 4.750 0	0.00
01/12/2009	Late Charge	899.21	773,294.46 Automatic	899.21
01/18/2009	Late Charge Cr Adj	899.21	773,294.46	899.21
01/23/2009	Regular Payment	17,984.10	780,087.84 From DDA 7000 383526 payn	13,206.62
02/01/2009	Rate Change	0.00	760,087.84 4.7500- 4.750 0	0.00
02/10/2009	Regular Payment	17,984.10	743,884.22 From DDA 7000 383526 payn	16,203.62
03/01/2009	Rate Change	0.00	743,884.22 4.7500- 4.750 0	0.00
03/10/2009	Regular Payment	17,984.10	728,610.71 From DDA 7000 383526 regu	15,273.51

03/11/2009	Regular Payment Rev	17,984.10	743,884.22	EFF 03/10/2009 Auto Rev 491	15,273.51
03/11/2009	Late Charge	899.21	743,884.22	Automatic	899.21
03/27/2009	Late Charge Payment	899.21	743,884.22		899.21
03/27/2009	Regular Payment	17,984.10	730,256.43		13,627.79
04/01/2009	Rate Change	0.00	730,256.43	4.7500- 4.750 0	0.00
04/09/2009	Regular Payment	17,984.10	713,507.76	From DDA 7000 383526 regu	16,748.67
05/01/2009	Rate Change	0.00	713,507.76	4.7500- 4.750 0	0.00
05/11/2009	Regular Payment	17,984.10	698,494.98	From DDA 7000 383526 Regr	16,012.78
06/01/2009	Rate Change	0.00	698,494.98	4.7500- 4.750 0	0.00
06/10/2009	Regular Payment	17,984.10	683,237.88	From DDA 7000 383526 regu	15,257.10
07/01/2009	Rate Change	0.00	683,237.88	4.7500- 4.750 0	0.00
07/10/2009	Regular Payment	17,984.10	667,921.22	From DDA 7000 383526 payn	15,316.66
08/01/2009	Rate Change	0.00	667,921.22	4.7500- 4.750 0	0.00
08/10/2009	Regular Payment	17,984.10	652,631.88	From DDA 7000 383526 payn	15,289.54
09/01/2009	Rate Change	0.00	652,631.88	4.7500- 4.750 0	0.00
09/09/2009	Fee Payment	500.00	652,631.88	DDA #700038352 6 Collection	500.00
09/09/2009	Regular Payment	17,984.10	637,195.62	From DDA 7000 383526 regu	15,436.16
10/01/2009	Rate Change	0.00	637,195.62	4.7500- 4.750 0	0.00
10/13/2009	Late Charge	899.21	637,195.62	Automatic	899.21
10/16/2009	Regular Payment	17,984.10	622,279.56	From DDA 7000 383526	14,915.96
11/01/2009	Rate Change	0.00	622,279.56	4.7600- 4.750 0	0.00
11/12/2009	Late Charge	899.21	622,279.56	Automatic	899.21
11/18/2009	Late Charge Payment	1,798.42	622,279.56		1,798.42
11/18/2009	Regular Payment	17,984.10	606,967.85		15,311.71
12/01/2009	Rate Change	0.00	606,967.85	4.7500- 4.750 0	0.00
12/11/2009	Regular Payment	17,984.10	590,800.60		16,167.35
01/01/2010	Rate Change	0.00	590,800.60	4.7500- 4.750 0	0.00
01/11/2010	Late Charge	899.21	590,800.60	Automatic	899.21
02/01/2010	Rate Change	0.00	590,800.60	4.7500- 4.750 0	0.00
02/11/2010	Late Charge	882.03	590,800.60	Automatic	882.03
03/01/2010	Rate Change	0.00	590,800.60	4.7500- 4.750 0	0.00
03/11/2010	Late Charge	882.03	590,800.60	Automatic	882.03
03/31/2010	Interest Write-Off	8,457.35	590,800.60	Nonaccrual	0.00
04/01/2010	Rate Change	0.00	590,800.60	4.7500- 4.750 0	0.00
04/12/2010	Late Charge	882.03	590,800.60	Automatic	882.03
05/01/2010	Rate Change	0.00	590,800.60	4.7500- 4.750 0	0.00
05/07/2010	Interest Payment	11,302.09	590,800.60		0.00
05/11/2010	Late Charge	882.03	590,800.60	Automatic	882.03
06/01/2010	Rate Change	0.00	590,800.60	4.7500- 4.750 0	0.00
06/11/2010	Late Charge	882.03	590,800.60	Automatic	882.03
07/01/2010	Rate Change	0.00	590,800.60	4.7500- 4.750 0	0.00
07/12/2010	Late Charge	882.03	590,800.60	Automatic	882.03
07/29/2010	Fee Charge	300.00	590,800.60	Appraisal Fee	300.00
08/01/2010	Rate Change	0.00	590,800.60	4.7500- 4.750 0	0.00
08/11/2010	Late Charge	882.03	590,800.60	Automatic	882.03
09/01/2010	Rate Change	0.00	590,800.60	4.7500- 4.750 0	0.00
09/13/2010	Late Charge	882.03	590,800.60	Automatic	882.03
09/24/2010	Interest Payment	8,995.55	590,800.60		0.00
10/01/2010	Rate Change	0.00	590,800.60	4.7500- 4.750 0	0.00
10/06/2010	Regular Payment	2,306.55	590,800.60		0.00
11/01/2010	Regular Payment	2,383.43	590,800.60		0.00
11/01/2010	Rate Change	0.00	590,800.60	4.7500- 4.750 0	0.00
12/01/2010	Rate Change	0.00	590,800.60	4.7500- 4.750 0	0.00
12/03/2010	Regular Payment	2,306.55	590,800.60		0.00
01/01/2011	Rate Change	0.00	590,800.60	4.7500- 4.750 0	0.00
01/11/2011	Late Charge	882.03	590,800.60	Automatic	882.03
02/01/2011	Rate Change	0.00	590,800.60	4.7500- 4.750 0	0.00
02/11/2011	Late Charge	882.03	590,800.60	Automatic	882.03
02/16/2011	Fee Charge	810.00	590,800.60	Legal Fee	810.00
03/01/2011	Rate Change	0.00	590,800.60	4.7500- 4.750 0	0.00
03/11/2011	Fee Charge	681.90	590,800.60	Legal Fee	681.90
03/11/2011	Late Charge	882.03	590,800.60	Automatic	882.03
04/01/2011	Rate Change	0.00	590,800.60	4.7500- 4.750 0	0.00

04/11/2011	Late Charge	882.03	590,800.50 Automatic	882.03
04/18/2011	Fee Charge	2,011.95	590,800.50 Legal Fee	2,011.95
05/01/2011	Rate Change	0.00	590,800.50 4.7500-4.750 0	0.00
05/11/2011	Late Charge	882.03	590,800.50 Automatic	882.03
05/31/2011	Fee Charge	2,574.00	590,800.50 Legal Fee	2,574.00
*06/01/2011	Rate Change	0.00	590,800.50 4.7500-4.750 0	0.00