

AFTER RECORDING RETURN TO

GLEN PAUL CARPENTER
ANDERSON HUNTER LAW FIRM
P.O. BOX 5397
EVERETT, WA 98206

**DEED OF TRUST, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND UNIFORM COMMERCIAL CODE
FINANCING STATEMENT**

LAND TITLE COMPANY OF SKAGIT COUNTY

P-90390

(THIS DOCUMENT CONSTITUTES A FIXTURE FILING UNDER RCW 62A.9)

Grantors: Exhibit A: David K. Huber and Rhonda L. Huber
Exhibit B: Murna E. Huber and heir and devisees of Norman C. Huber, deceased Correction to
Exhibit C: Huber Development, Inc. Murna R. Huber

Beneficiary: _____
Legal Description (Legal Descriptions)(abbreviated): Exhibit A: a ptn of SW 1/4 of NW 1/4 29-34-4 E.W.N. Skagit County
Exhibit B: ptn NW4, NE4, 13-29-5
Exhibit C: ptn NW4, NE4, 13-29-5

Additional legal(s) on pages: _____
Assessor's Tax Parcel ID No(s): Exhibit A: B340429-2-037-0006, Skagit County
Exhibit B: 132905-1-002-0003, Snohomish County
Exhibit C: 132905-1-009-0006, Snohomish County

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND UNIFORM COMMERCIAL CODE FINANCING STATEMENT (herein "Deed of Trust") is made this 8th day of September, 1999, by and between David K. Huber and Rhonda L. Huber, husband and wife, the owners of the real property legally described on Exhibit A, located in Skagit County, State of Washington, and Murna E. Huber and the heirs and devisees of Norman C. Huber, deceased, who are Brian C. Huber, David K. Huber, Kari Soth and Amber D. Huber, the owners of the real property legally described on Exhibit B, located in Snohomish County, State of Washington, and Huber Development, Inc., a Washington Corporation, in which Grantor David K. Huber has an interest, the owner of the real property legally described on Exhibit C, located in Snohomish County State of Washington, herein sometimes collectively referred to as **Grantor**, all of whose mailing addresses shall be in care of David K. Huber, and Huber Development, Inc., located at 7304 10th Street S. E., Everett, Washington, 98205; and the **Trustee** who is Evergreen Title Company, Inc. whose mailing and street addresses are P. O. Box 51, Everett, Washington, 98206 and 2702 Colby Avenue, Everett, Washington, 98201; and the **Beneficiaries** who are MIV, L.L.C., a Washington limited liability company, and SP VENTURE, L.L.C., a Washington limited liability company, whose mailing and street addresses are P. O. Box 5397, 2707 Colby Ave., Suite 1001, Everett, WA 98206 (herein "Beneficiaries"). For purposes of the Uniform Commercial

Code, this Deed of Trust constitutes a security agreement and financing statement with Grantors being the debtors and Beneficiaries being the secured parties.

SECTION 1 GRANT IN TRUST

1.1 Grant. NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, and for purposes and upon the terms and conditions in this Deed of Trust, Grantor irrevocably grants, transfers, assigns and conveys to Trustee in trust, for the benefit and security of Beneficiary, with power of sale and right of entry and possession and grant a security interest in, all of Grantor's right, title and interest in and to the following, whether now owned or hereafter acquired real and personal property (collectively, the secured property):

1.1.1 Land and/or Real Property. The parcel of real property legally described on Exhibit A, attached hereto and incorporated herein by this reference, is located in Skagit County, State of Washington. This parcel of real property (Exhibit A) is owned by Grantors David K. Huber and Rhonda L. Huber. The parcels of real property legally described on Exhibits B and C, attached hereto and incorporated herein by this reference or located in Snohomish County, State of Washington. The parcel of real property legally described on Exhibit B is owned by Grantors Murna E. Huber and the heirs and devisees of Norman C. Huber, deceased. Grantor Murna E. Huber is the mother of Grantor David K. Huber. Further, Grantor David K. Huber is a heir (son) of the late Norman C. Huber. The other heirs and devisees of Norman C. Huber are siblings of Grantor David K. Huber.

Grantor, Huber Development, Inc. is presently owner of the seller's interest in a real estate contract dated September 13, 1979, recorded September 27, 1979, under Snohomish County Auditor's Recording No. 7909270019, and also owns a fifty percent (50%) interest in the purchasers interest in the aforescribed real estate contract relating to the parcel of real property described on Exhibit C. Huber Development, Inc. obtained the seller's interest pursuant to a document dated August 1, 1982 recorded September 23, 1982 under Snohomish County Auditor's Recording No. 8209230191. Grantor, Huber Development, Inc., obtained the purchaser's interest in the above-described real estate contract pursuant to an assignment dated June 14, 1985 and recorded June 26, 1985 under Snohomish County Auditor's Recording No. 8506260019. Grantor David K. Huber and his wife, Rhonda L. Huber own shares in Huber Development, Inc. and therefore have a financial interest in said entity.

Grantors Murna E. Huber and the heir and devisees of Norman C. Huber, Deceased, and Huber Development, Inc. in agreeing to execute this Deed of Trust, pledging all of their respective interest in the pertinent parcels of real property, legally described on Exhibits B and C, respectively, hereby acknowledge and warrant that they are aware of the fact that beneficiaries are relying upon their willingness to convey a security interest in the afore-mentioned parcels of real property to secure the loan beneficiaries are making to Grantors David K. Huber and Rhonda L. Huber, and,



further, understand and acknowledge that they are aware of the fact that beneficiaries would not agree to make said loan but for the willingness of said Grantors to convey a security interest in the parcels of real property legally described on Exhibits B and C, respectively, to secure the same. Further, with respect to the purchaser's interest in the above-described real estate contract relating to the property legally described on Exhibit C, Huber Development, Inc., hereby acknowledges that beneficiaries, pursuant to the applicable laws of the State of Washington, may have the ability to foreclose their purchaser's interest in said real estate contract non-judicially, notwithstanding the fact that said Grantors will be required, pursuant to this loan transaction, to execute an assignment of their purchaser's right in said real estate contract for security purposes.

All three of the separate parcels of real property described above are referred to hereinafter unless specifically stated otherwise as the "Land" or "Real Property".

1.1.2 Improvements. All buildings, structures, and improvements, and all additions or alterations now or hereafter erected on the Land, including but not limited to any attachment, apparatus and other articles now or hereafter attached to said buildings, structures, and improvements now owned or hereafter acquired by Grantors (collectively, the "Improvements").

1.1.3 Easements, Etc. All easements, rights-of-way (including in any open or proposed street), sidewalks, alleys, access rights, development strips and gores of land, waters, water rights and powers and shares of stock evidencing the same and other rights, used in connection with the Subject Property or as a means of access thereto or which are otherwise of benefit thereto to the users thereof, and all tenements, hereditaments, appurtenances, and licenses thereof and thereto (collectively the "Appurtenant Rights").

1.1.4 Condemnation Awards; Insurance Proceeds. Any and all awards (or claims for awards) made for taking by public or private improvement, eminent domain, by any event in lieu thereof, or decrease in value of all or any part of the Subject Property, including, without limitation, awards for severance damages, and all right, title, and interest of Grantors in and to any proceeds (or claims for proceeds) of casualty, liability, or other insurance pertaining to the Subject Property or otherwise required hereunder, all returned premiums or other payments.

1.1.5 Claims. Any claim or demand against anyone with respect to damage to the Subject Property, including, without limitation, damage arising from any defect in the design or construction of the Improvements or in the condition of the Subject Property.

1.1.6 Entitlements and Permits. All licenses, contracts, management agreements, franchise agreements, permits, rights, certificates, timber harvesting plan reviews and approvals, site plan reviews, environmental approvals (including an environmental impact statement or report if required under applicable law for Grantors' acquisition or disposition of the Land, or for any operations of Grantors), sewer and waste discharge permits, water appropriative rights and permits, zoning and land use entitlements and other authorizations, whether now existing or hereafter issued to or attained by or on behalf of Grantors that relate to or concern in any way the



acquisition, ownership, development, occupancy, use, operation, maintenance, management, restoration, or disposition of all or any part of the Subject Property, and are given or issued by any governmental agency or quasi-governmental authority as the same may be modified, amended or supplemented from time to time (collectively the "Authorizations").

1.1.7 Additional Interests. All interests, estate or other claims, both in law and in equity, which Grantors now has or may hereafter acquire in the Subject Property or any part thereof or any interest therein; and all the privileges and appurtenances thereto belonging.

1.1.8 Additional Personal Property. All property of any kind or nature described in the UCC-1 Financing Statement entered into contemporaneously herewith.

1.1.9 Contractual Rights. All contract and contract rights relating to the improvement of the Property including, but not limited to, licenses, permits, plans and specifications, construction and professional services contracts of any kind or nature.

1.1.10 Building or Construction Materials and Equipment. All building materials and equipment, of any kind or nature used in connection with improvements to the Property or improvements on the Property or incorporated into the Property or improvements on the Property.

1.1.11 Absolute Assignment of Rents, Receiver, Beneficiary and Possession. Grantors hereby absolutely and irrevocably assigns, transfers and sets over to Beneficiaries all income of every kind and nature from the Subject Property, including but not limited to all rents, income, proceeds, issues, profits, revenues, accounts, cash, and other monies and sums accrued and to accrue or due or to become due and payable from time to time (collectively, the "Rents"), and all present and future leases. So long as there shall be no event of default, Grantors may collect and receive Rents, but only as the same become due and payable, and not for more than one (1) month in advance. Grantors shall hold such sums in trust to the extent necessary to pay the usual and reasonable expenses of operating and maintaining the Subject Property, and to pay the obligations secured hereby as they become due and payable. Upon the occurrence of an event of default, Grantors' privilege to collect the Rents shall terminate and, at any time thereafter, Beneficiaries, at their option, but without obligation to do so, may collect and receive the Rents and take any action to do so, including but not limited to notifying persons (including but not limited to lessees) and directing them to pay the Rents to Beneficiaries or otherwise in accordance with the Beneficiaries' instructions, seeking the appointment of a receiver or other custodian entering into possession of Subject Property and managing or operating said Subject Property directly or through agents or representatives, making, terminating and extending leases or tenancies, and taking any other action to protect Beneficiaries' rights or interests. Beneficiaries may apply the Rents which it receives to any reasonable expenses to effect the foregoing, including but not limited to paying taxes, costs of insurance, assessments, repairs and renovations to the extent Beneficiaries may elect from time to time, to other costs and expenses of collecting and receiving the Rents, including but not limited to



fees to the expenses of professional persons and consultants, upon the secured obligations, whether or not then due and payable.

Grantors hereby consents to the appointment by any court of competent jurisdiction of a receiver or other person to take, receive or collect the Rents and otherwise to take charge of Subject Property in the event of default, with authority to do all things as Beneficiaries could do if Beneficiaries were to enter into possession of the Subject Property. Grantors further agrees that an application for or the appointment of a receiver shall not be grounds for objecting to any acts or actions which Beneficiaries may undertake to exercise rights or remedies following an event of default, and shall not prevent Beneficiaries from exercising any remedy including from foreclosing this Deed of Trust by exercise of the power of sale provided for herein.

The receipt or collection of sums by Beneficiaries by reason of the exercise of any provision of this Section shall not affect the cure of any event of default. Beneficiaries' election to exercise or failure to exercise any one or more remedies provided for herein shall not constitute a waiver of such rights or remedies or of any event of default, or be deemed a consent by Beneficiaries to any acts or other failure by Grantors to act in any respect. Beneficiaries shall not be liable to Grantors or to anyone claiming by or through Grantors, including, but not limited to, any lessees now or hereafter on the real property, for acting or failing to act with respect to any of the rights or remedies of this Section, or for anything done by Beneficiaries, their agents, servants or employees in good faith.

SECTION 2 SECURITY AGREEMENT; FIXTURE FILING

2.1 Creation of a Security Interest. Grantors hereby grants to Beneficiaries a security interest in every portion of the Subject Property that is governed by the Uniform Commercial Code as adopted in the State of Washington, and in and to any of the property which, under any applicable law, is not real property or effectively made part of the real property by the provisions of this Deed of Trust, including all additions, excessions, replacements, substitutions, proceeds and products of the property. Said property is hereinafter referred to as the Subject Property or the "Secured Property."

Grantors and Beneficiaries agree, however, that neither the foregoing grant of a security interest nor the filing of any such financing statement shall ever be construed as in any way derogating from the parties' hereby stated intentions that everything used in connection with the production of income from the Property or adapted for use therein or which is described or reflected in this Deed of Trust is and at all times shall be regarded for all purposes as part of the real property.

With respect to the Property subject to the foregoing security interest, Beneficiaries shall have all the rights and remedies of a secured party under the Uniform Commercial Code or provided herein, including without limitation the right to cause such Property to be sold by trustee



under the power of sale granted by this Deed of Trust. In exercising its remedies, Beneficiaries may proceed against the items of real property and any items of personal property separately or together and in any order whatsoever, without in any way effecting the availability of Beneficiaries' remedies. Upon demand by Beneficiaries following an event of default hereunder, Grantors will assemble any items of personal property and make them available to Beneficiaries at the Property, a place which is hereby deemed to be reasonably convenient to both parties. Beneficiaries shall give Grantors at least five (5) days prior written notice of the time and place of any public sale or other disposition of such Property or of the time or after which any private sale or any other intended disposition is to be made. Any person permitted by law to purchase at such sale may do so. Such Property may be sold at any one or more public or private sales as permitted by applicable law. All expenses incurred and realizing on such Property shall be borne by Grantors.

2.2 Warranties, Representations and Covenants of Grantors. Grantors hereby warrants, represents and covenants as follows:

2.2.1 The Subject Property and the Secured Property are not used principally for agricultural or farming purposes.

2.2.2 Grantors lawfully possesses and holds a fee estate in and to the Land and good and marketable title to the Subject Property without limitation on the right to encumber, and this Deed of Trust is a first and prior lien on the Subject Property.

2.2.3 There are no liens, encumbrances, claims or security interests of any nature whatsoever in or to the Subject Property, or any item thereof, which now have or will have with the passage of time or some act, such as filing, recording or giving of notice, priority over the lien and security interest herein granted, other than the lien of property taxes and assessments not yet delinquent. Grantors shall not permit any other liens against the Property, including, but not limited to, subordinate liens.

2.2.4 Grantors shall execute, acknowledge and deliver to Beneficiaries such security agreements or instruments, in form and substance reasonably satisfactory to Beneficiaries, covering the Secured Property which, in the reasonable opinion of Beneficiary, is necessary to evidence or perfect the lien on the Subject Property granted under this Deed of Trust; and at the same time Grantors shall execute, acknowledge and deliver each financing statement, renewal, affidavit, certificate, continuation statement, or other document which Beneficiaries reasonably requests in order to perfect, preserve, extend, or maintain the security interest under, and the priority of, the liens granted on the Subject Property pursuant to this Deed of Trust as a first lien.

2.2.5 This Deed of Trust constitutes a security agreement as that term is used in the Uniform Commercial Code as adopted in the State of Washington.



2.3 Remedies. Beneficiaries shall have all the rights, remedies, and recourse with respect to the Secured Property, of a secured party under the Uniform Commercial Code. Such rights, remedies, and recourse shall be in addition to those provided for herein or at law or in equity.

2.4 Fixture Filing. This Deed of Trust constitutes a financing statement filed as a fixture filing in the official records of the county or counties in which the Subject Property is located with respect to any and all Fixtures included within the term "Subject Property" as used herein and with respect to any goods or other personal property that may now be or hereafter become such fixtures.

SECTION 3 OBLIGATIONS SECURED

3.1 Obligations Secured. Grantors makes the foregoing grant and assignment for the purpose of securing the following obligations (collectively referred to herein as the "Secured Obligations"):

3.1.1 Payment of the sum of \$265,000.00, with interest thereon, according to the terms and provisions of the Promissory Note of even date herewith, made by Grantors David K. Huber and Rhonda L. Huber, and payable to Beneficiaries, or order, together with any and all modifications, extensions, renewals, and replacements thereof (collectively the "Note").

3.1.2 Payment of all sums expended or advanced by Beneficiaries pursuant to the terms hereof, together with interest thereon as provided herein.

3.1.3 Payment and performance of all obligations of Grantors under this Deed of Trust and of Grantors David K. Huber and Rhonda L. Huber under the Promissory Note, and any other documents executed by Borrowers in connection with this transaction (the "Loan Documents").

3.1.4 All modifications, extensions, and renewals of any of the obligations to the Beneficiaries secured hereby, however evidenced.

3.1.5 The performance and observance by Grantors of all the terms, covenants and agreements contained in this Deed of Trust or Promissory Note secured hereby on the part of Grantors to be performed or observed.

3.2 Obligations. The term "obligations" is used herein in its broadest and most comprehensive sense and shall be deemed to include without limit all interest and charges, prepayment charges, late charges and loan fees at any time accruing under or properly assessed on any of the Secured Obligations.

SECTION 4 RIGHTS AND DUTIES OF THE PARTIES

4.1 Performance of Secured Obligations. Grantors shall promptly pay and perform each Secured Obligation when due.

4.2 Liens, Encumbrances and Charges. Grantors shall not allow, permit or suffer any lien or encumbrance to be placed against the Subject Property. Grantors shall immediately discharge any lien not approved by Beneficiaries in writing including but not limited to all taxes and assessments. If Grantors fails to discharge any such lien, encumbrance, or charge, then in addition to any other right or remedy of Beneficiaries, Beneficiaries may, but shall not be obligated to, discharge the same, either by paying the amount claimed to be due or by procuring the discharge of such lien by giving security for such claim, or in such manner as may be prescribed by law. Subject to these provisions, Grantors shall pay when due all obligations secured by or reducible to liens and encumbrances which shall now or hereafter encumber or appear to encumber all or any part of the Subject Property or any interest therein whether senior or subordinate to the lien of this Deed of Trust.

4.3 Required Insurance.

4.3.1 Grantors shall obtain and at all times maintain and keep in force: (i) insurance against loss or damage to the Improvements, if any, by fire and any of the risk covered by insurance now known as "fire and extended coverage" (including builder's risk during construction and mud/flood insurance if the real property is within a flood zone as described in the Federal Emergency Management Agency flood hazard boundary maps or flood insurance rate maps) in an amount not less than the full replacement value of the Improvements (exclusive of the cost to foundations, excavations, and footings); (ii) insurance against loss or damage to the Fixtures by fire and other risk covered by insurance of a type generally known as "fire and extended coverage"; (iii) comprehensive public liability insurance and property damage insurance applicable to the Subject Property in amounts satisfactory to Beneficiaries; and (iv) such other insurance that is usual and customary in the industry, and in such amounts as may be reasonably required from time to time by Beneficiaries against the same or other hazards, which insurance may include flood insurance, plate glass insurance, and the like; provided, that, all insurance required hereby or thereby may be provided under a blanket policy covering all of the real and personal property owned by Grantors. The policies of insurance carried in accordance with this paragraph 1 shall contain a "Replacement Cost Endorsement" reasonably satisfactory to Beneficiaries.

4.3.2 All policies of insurance shall be issued by companies and in amounts reasonably satisfactory to Beneficiaries. All policies of insurance shall have attached thereto a lender's loss payable endorsement for the benefit of Beneficiaries in a form satisfactory to Beneficiaries. Grantors shall furnish Beneficiaries with an original policy or certified copy thereof or an original certificate therefor of all policies of required insurance, or in the case of workers'



compensation insurance supplied by a governmental agency or fund, satisfactory evidence of coverage. At least 30 days prior to the expiration of each such policy, Grantors shall furnish Beneficiaries with evidence satisfactory to Beneficiaries of the payment of premiums and the reissuance of a policy containing insurance in force as required by this Deed of Trust. All policies shall contain a provision that such policies may not be canceled or amended, which term shall include any reduction in the scope or limits of coverage, without at least 30 days prior written notice to Beneficiaries.

4.3.3 In the event of foreclosure of this Deed of Trust or other transfer of title or assignment of the Subject Property in extinguishment, in whole or in part, of the Secured Obligations, all right, title and interest of Grantors in and to all policies of insurance required by Section 4.3.1 (with the exception of any liability insurance policies) shall inure to the benefit of and pass to the successor in interest to Grantors or the purchaser or grantee of the Subject Property. Grantors shall execute any and all further documents necessary or required to evidence and/or effectuate any such assignment and hereby appoints Beneficiaries as its attorney-in-fact with full power of substitution to execute any such documents in the event Grantors fails to do so, and such appointment is coupled with an interest and is irrevocable.

4.3.4 In the event of any loss, Grantors will give prompt written notice thereof to the insurance carrier and Beneficiaries.

Nothing herein contained shall be deemed to excuse Grantors from restoring, repairing or maintaining the property as provided herein, regardless of whether or not there are insurance proceeds available or whether any such proceeds are sufficient in amount.

4.4 Damages; Insurance and Condemnation Proceeds.

4.4.1 (i) All awards of damages and all other compensation payable directly or indirectly by reason of a condemnation or proposed condemnation for public or private use affecting all or any part of, or any interest in, the Subject Property; (ii) all other claims, awards, and judgments for damages to, or decrease in value of, all or any part of, or any interest in, the Subject Property; (iii) all proceeds of any insurance policies payable by reason of loss sustained to all or which may accrue on any of the foregoing (collectively, "Proceeds"), are all absolutely and irrevocably assigned to and shall be paid to Beneficiaries. Beneficiaries may (a) apply all or any of the Proceeds to its expenses in settling, prosecuting, or defending the claim ("Expenses") and subject to the provisions of paragraph 2 below, apply the balance to the Secured Obligations in any order it determines, regardless of whether its security is impaired and regardless of Grantors' obligation to complete and restore the Subject Property pursuant to Section 4.5.2, and/or release all or any part of the Proceeds to Grantors upon any conditions Beneficiaries may impose; and (b) commence, appear in, defend, or prosecute any assigned claim or action and may adjust, compromise, settle, and collect all claims and awards assigned to it, but shall not be responsible for any failure to collect any claim or award, regardless of the cause of the failure.



4.4.2 Notwithstanding Section 4.4.1 above, if Grantors elects to rebuild, replace, repair, or restore the Subject Property, Beneficiaries shall permit Proceeds in excess of those Expenses, whether or not held by it, to be used for rebuilding, replacement, repair, or restoration. However, where the Proceeds or damage are in excess of \$25,000, Beneficiaries may condition its permission upon depositing with Beneficiaries all funds which Beneficiaries determine are needed to pay all the cost of rebuilding, replacement, repair, or restoration (including without limit taxes, financing charges, insurance, and rent during the repair period), and upon establishment of an arrangement for lien releases and disbursement of funds acceptable to it.

4.5. **Maintenance and Preservation of the Subject Property.** Grantors covenants:

4.5.1 **Maintenance.** Grantors shall maintain the Subject Property in good condition and repair at all times and shall not commit or suffer any waste with respect thereto.

4.5.2 **Repairs.** To complete or restore promptly and in good and workmanlike manner the Subject Property or any material part thereof which may be damaged or destroyed, without regard to whether Beneficiaries requires the Proceeds to be used to reduce the Secured Obligations as provided in Section 4.4.

4.5.3 **Compliance With Laws.** Not to suffer any material violation of any, and to comply in all material respects with all (i) laws, ordinances, regulations, and standards, (ii) covenants, conditions restrictions, and equitable servitudes, whether public or private.

4.5.4 **Inspection.** To allow any representative of Beneficiaries to visit and inspect the Subject Property, to examine the books of account and other records and files of Grantors with respect to the Subject Property, to make copies thereof and to discuss the affairs, business, finances, and accounts of Grantors, with its officers (including chief financial officers) and its independent certified public accountants, all on reasonable notice at such reasonable time and as often as Beneficiaries may desire.

4.5.5 **Authorization.** Not to amend, supplement, cancel, surrender, allow to expire, terminate, release or waive any material Authorization or any provision throughout, issued to Grantors and required for the use, occupancy, operation, management, repair or maintenance of any Subject Property without the prior written consent of Beneficiaries. Any such amendment, supplement, cancellation, surrender, expiration, termination, release, or waiver, whether oral or in writing, made in contravention of the provisions of this Section shall, to the extent permitted by law, not be valid or effective against Beneficiaries. Grantors shall perform all of the requirements and covenants under the material Authorizations and shall not take any action or omit to take any action which would adversely affect, or permit the suspension, expiration, termination, non-renewal, or revocation, of any such Authorizations. Grantors agrees to promptly notify Beneficiaries in writing with respect to any default or alleged default by Grantors under any such Authorization or the commencement of any investigations, hearings, or proceedings that specifically involve any such Authorization and could lead to material modification, suspension,



termination, non-renewal or revocation of any such Authorization. Grantors shall also promptly deliver to Beneficiaries copies of notices, demands, complaints or other communications received or given by Grantors with respect to any such default or alleged default or such investigation, hearing, or proceeding. Upon receipt by Beneficiaries of any notice of default issued by the issuer of any Authorization, Beneficiaries may give notice thereof to Grantors, and if Grantors shall fail to correct such default within 30 days after the delivery of such notice, then Beneficiaries may rely thereon and take any action to cure such default even though the existence of such default or the nature thereof is questioned or denied by Grantors; provided, that Beneficiaries shall not be required to give Grantors notice in an emergency or if the security for the Secured Obligations would be jeopardized or impaired by the passage of time. Beneficiaries shall have the option, but not the obligation, to cure any such default, and to perform any or all of Grantors' obligations thereunder which are in default, and may enter the Subject Property for such purposes, but no such action by Beneficiaries shall relieve Grantors of its obligations under the Authorizations or this Deed of Trust. All sums expended by Beneficiaries in curing any such default shall be added to the indebtedness secured hereby, be a lien or charge on the Subject Property and be immediately due and payable by Grantors upon notice from Beneficiaries and shall bear interest from the date of expenditure until fully reimbursed by Grantors at the rate of interest provided for in the Note.

4.6 Defense and Notice of Losses, Claims, and Actions. Grantors shall protect, preserve, and defend the Subject Property and title and right of possession thereto, the security hereof, and the rights and powers of Beneficiaries and Trustee hereunder at Grantors' sole expense against all adverse claims. Grantors shall give Beneficiaries and Trustee prompt notice in writing of the assertion of any claim involving the filing of any action or proceeding against, or the occurrence of any damage to, the Subject Property, and of any condemnation offer or action.

4.7 Powers and Duties of Trustee. From time to time upon written request of Beneficiaries and presentation of this Deed of Trust for endorsement, and without affecting the personal liability of any person for payment of any indebtedness or performance of any obligation secured hereby, Trustee may, without liability therefor and without notice: reconvey all or any part of the Subject Property; consent to the making of any map or plat thereof; join in any grant of easement thereon, any declaration of covenants and restrictions, any extension agreement, or any agreement subordinating the lien or charge hereof. Trustee or Beneficiaries may from time to time apply to any court of competent jurisdiction for aid and direction in the execution of the trusts hereunder and the enforcement of the rights and remedies available hereunder, and may obtain orders or decrees directing or confirming or approving acts in the execution of said trusts and the enforcement of said rights and remedies. Trustee has no obligation to notify any party of any pending sale or any action or proceeding unless held or commenced and maintained by Trustee under this Deed of Trust except to the extent required by Applicable Law. Trustee shall not be obligated to perform any act required of it hereunder unless the performance of the act is requested in writing and Trustee is reasonably indemnified against loss, cost, liability, and expense, except as otherwise required under applicable law.



4.8 Exculpation; Indemnification.

4.8.1 Beneficiaries shall not directly or indirectly be liable to Grantors or any other person as a consequence of the following, and any liability to Grantors which Beneficiaries would otherwise have for the following is hereby waived and released by Grantors: (i) the exercise of the rights, remedies, or powers granted to Beneficiaries in this Deed of Trust; (ii) the failure or refusal of Beneficiaries to perform or discharge any obligation or liability of Grantors under any agreement related to the Subject Property or under this Deed of Trust; or (iii) any loss sustained by Grantors or any third party resulting from Beneficiaries' failure to lease the Subject Property after an Event of Default or from any other act or omission of Beneficiaries in managing the Subject Property after an Event of Default.

4.8.2 Grantors indemnifies Trustee and Beneficiaries against and holds them harmless from all losses, damages, liabilities, claims, causes of action, judgments, court costs, attorney fees and other legal expenses, cost of evidence of title, cost of evidence of value, and other expenses which either may suffer or incur (i) by reason of this Deed of Trust; (ii) by reason of the execution of this trust or the performance of any act required or permitted hereunder or by law; (iii) as a result of any failure of Grantors to perform Grantors' obligations; or (iv) by reason of any alleged obligation or undertaking on Beneficiaries' part (in performance of any of Grantors' obligations) to perform or discharge any of the representations, warranties, conditions, covenants, or other obligations contained in any other document related to the Subject Property, unless the loss is caused by the willful misconduct or gross negligence of Beneficiaries or Trustee, as the case may be.

4.8.3 Grantors' duty to indemnify Trustee and Beneficiaries shall survive the release and reconveyance or any partial release or reconveyance of this Deed of Trust. All sums payable under this Deed of Trust shall be paid without notice, demand, counterclaim, set-off, or deduction.

4.9 Utilities. Grantors shall pay or cause to be paid when due all utility charges which are incurred by it for the benefit of the Subject Property for gas, electricity, water, or sewer services furnished to the Subject Property and all other assessments or charges of a similar nature whether public or private affecting the Subject Property or any portion thereof, whether or not such taxes, assessments, or charges create liens thereon.

4.10 Actions Affecting the Subject Property. Grantors agrees to appear in and contest any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiaries. Grantors shall pay all costs and expenses, including cost of evidence of title and attorney fees and expenses, in any such action or proceeding in which Beneficiaries may appear.

4.11 Actions by Trustee and/or Beneficiary to Preserve the Subject Property; Expenses.



4.11.1 If Grantors fails to make any payment or do any act as and in the manner provided hereunder or in the Note, Beneficiaries and/or Trustee each in its own discretion without obligation to do so and without notice or demand upon Grantors, and without releasing Grantors from any obligation may make any payment or perform any act to be made or performed by Grantors as and in the manner provided herein to such extent as either may deem necessary to protect the security hereof. In connection therewith (without limiting their general powers), Beneficiaries and/or Trustee shall have and are hereby given the right but not the obligation (i) to enter upon and take possession of the Subject Property; (ii) to make additions, alterations, repairs, and improvements to the Subject Property which they or either of them may consider necessary or property to keep the Subject Property in good condition or repair; (iii) to commence or to appear and participate in any action or proceeding affecting or which may affect the security hereof or the rights or powers of Beneficiaries or Trustee; (iv) to pay, purchase, contest, or compromise any encumbrance, claim, charge, lien, or debt which in the reasonable judgment of either may affect or appears to affect the security of this Deed of Trust or to be prior or superior hereto; (v) to purchase insurance covering all or any part of the Subject Property; and (vi) in exercising such powers to pay necessary expenses including employment of counsel or other necessary or desirable consultants.

4.11.2 Grantors shall immediately upon demand therefor by Beneficiaries pay all reasonable costs and expenses incurred by Beneficiaries or Trustee in connection with the exercise by Beneficiaries or Trustee of the foregoing rights, including, without limitation, costs and evidence of title, court costs, appraisals, surveys, attorney and consultant fees. If Beneficiaries shall incur or expend any sums, including reasonable attorney fees and disbursements in connection with evaluating and/or responding to inquiries or requests from Grantors or any proposed transferee of Grantors of all or any part of any interest in the Note or this Deed of Trust, or in considering any transfer of the same, all such sums shall be immediately paid by Grantors to Beneficiaries on demand therefor.

4.12 **Substitution of Trustees.** From time to time, by a writing signed and acknowledged by Beneficiaries and recorded in the Office of the Recorder of the County in which the Subject Property is situated, and otherwise complying with the provisions of applicable law, Beneficiaries may appoint another trustee to act in the place and stead of Trustee or any successor. The recordation of such instrument of substitution shall discharge Trustee herein named and shall appoint the new trustee as the trustee hereunder with the same effect as if originally named Trustee herein. A writing recorded pursuant to the provisions of this section shall be conclusive proof of the proper substitution of such new Trustee.

4.13 **Reconveyance.** Upon Beneficiaries' written request and upon surrender of this Deed of Trust and any note, instrument, or instruments setting forth all obligations secured hereby to Trustee for cancellation, Trustee shall reconvey, without warranty, all right and title to the Subject Property or that portion thereof then held hereunder. The recitals of any matters or facts in any reconveyance executed hereunder shall be conclusive proof of the truthfulness thereof. To the extent permitted by law, the reconveyance may describe the Grantee or the "person or persons



legally entitled thereto." Neither Beneficiaries nor Trustee shall have any duty to determine the rights of persons claiming to be rightful grantees of any reconveyance. When all right and title to Subject Property has been fully reconveyed, the last such reconveyance shall operate as a reassignment of all future rents, issues, and profits of the Subject Property to the person or persons legally entitled thereto.

4.14 Subrogation. Beneficiaries shall be subrogated to the lien of any encumbrances, whether released of record or not, paid in whole or in part by Beneficiaries pursuant to this Deed of Trust or by the proceeds of any loan, advance, or payment secured by this Deed of Trust.

4.15 Hazardous Substances.

4.15.1 Grantors hereby represents and warrants to Beneficiaries that, as of the date hereof and continuing hereafter the Subject Property and each portion thereof (i) are not and have not been a site for the use, generation, manufacture, storage, disposal or transportation of any oil or petro-chemical products, PCBs, asbestos, urea formaldehyde, flammable explosives, radioactive materials, hazardous wastes, toxic substances or Related materials, including, without limitation, any substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," or "toxic substances" under any applicable federal or state laws or regulations (collectively, "Hazardous Materials"); (ii) are presently in compliance or are being and promptly shall be brought into compliance with all federal, state or local laws, ordinances, regulations, orders and directives pertaining to Hazardous Materials on or about the Subject Property or any portion thereof (collectively, "Hazardous Materials Laws"); and (iii) are not being used and have not been used in any manner which has resulted or will result in Hazardous Materials being spilled or disposed on any adjacent or other property.

4.15.2 Grantors hereby covenants and agrees that, so long as any Secured Obligation is outstanding:

(a) Grantors shall not permit the Subject Property or any portion thereof to be a site for the storage, use, generation, manufacture, disposal or transportation of Hazardous Materials;

(b) Grantors shall not permit any Hazardous Materials to be disposed of off the Subject Property except in accordance with Hazardous Materials Laws;

(c) Grantors, at Grantors' sole cost and expense, shall keep and maintain the Subject Property and each portion thereof in compliance with, and shall not cause or permit the Subject Property or any portion thereof to be in violation of, any Hazardous Materials Laws;

(d) Grantors shall immediately advise Beneficiaries in writing of:



(1) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened pursuant to any applicable Hazardous Materials Laws; and

(2) any and all claims made or threatened by any third party against Grantors or the Subject Property relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any Hazardous Materials.

4.15.3 Grantors agrees to indemnify and hold Beneficiaries harmless from and against any and all claims, demands, damages, losses, liens, liabilities, penalties, fines, lawsuits and other proceedings and costs and expenses (including attorneys' fees), arising directly or indirectly from or out of, or in any way connected with (i) the accuracy of the representations contained in this Section 4.15, (ii) any activities on the Subject Property during Grantors' ownership, possession or control of the Subject Property which directly or indirectly results in the Subject Property or any other property becoming contaminated with Hazardous Materials, (iii) the discovery of Hazardous Materials on the Subject Property, (iv) the cleanup of Hazardous Materials from the Subject Property, and (v) the discovery of Hazardous Materials on or the cleanup of Hazardous Materials from any adjacent or other property which has become contaminated as a result of any activity on the Subject Property. As between Grantors and Beneficiaries, Grantors acknowledges that it will be solely responsible for all costs and expenses relating to the cleanup of Hazardous Materials from the Subject Property or from any other properties which become contaminated with Hazardous Materials as a result of activities on or the contamination of the Subject Property.

4.15.4 Grantors' obligations under this Section 4.15 are unconditional and shall not be limited by any nonrecourse of other limitations of liability. The representations, warranties and covenants of the Grantors set forth in this Section 4.15 (including without limitation the indemnity provided above) shall continue in effect, shall survive the closing of the Loans to the Grantors and, to the extent permitted by law, shall survive the transfer of the Subject Property pursuant to foreclosure proceedings (whether judicial or nonjudicial), by deed in lieu of foreclosure or otherwise. Grantors acknowledges and agrees that its covenants and obligations hereunder are separate and distinct from its obligations under the Loans and the Loan Documents.

SECTION 5 DEFAULT AND REMEDIES

5.1 **Default.** "Default" or "Event of Default" means the occurrence of any Event of Default as defined in the Note or the occurrence of any one or more of the following events:

5.1.1 Failure to make any payment when due under the Note or this Deed of Trust.



199909100134

Kathy Hill, Skagit County Auditor

9/10/1999 Page 15 of 29 4:03:30PM

5.1.2 Failure to perform any other covenant, agreement, or obligation under the Note, Deed of Trust or Loan Documents, and failure to cure such default within 10 days after written notice thereof given to Grantors by Beneficiaries.

5.2 Rights and Remedies. At any time after Default, Beneficiaries and Trustee shall have all the following rights and remedies to the fullest extent permitted by applicable law:

5.2.1 With or without notice, to declare all Secured Obligations immediately due and payable.

5.2.2 With or without notice, and without releasing Grantors from any Secured Obligation, and without becoming a mortgagee in possession, to cure any breach or default of Grantors under any Loan Document, take the remedial action authorized in Section 4.11 hereof, and all other actions authorized herein.

5.2.3 To commence and maintain an action or actions to foreclose this instrument as a mortgage or to obtain specific enforcement of the covenants of Grantors hereunder, and Grantors agrees that such covenants shall be specifically enforceable by injunction or any other appropriate equitable remedy and that for the purposes of any suit brought under this subparagraph, Grantors waives the defense of laches and any applicable statute of limitations.

5.2.4 To apply to a court of competent jurisdiction for and obtain appointment of a receiver of the Subject Property as a matter of strict right and without regard to (i) the adequacy of the security for the repayment of the Secured Obligations, (ii) the existence of a declaration that the Secured Obligations are immediately due and payable, or (iii) the filing of a notice of default; and Grantors consents to such appointment.

5.2.5 To enter upon and take possession of the Subject Property or any part thereof for the purpose of collecting rents and to manage the property; to take and possess all documents, books, records, papers, and accounts of Grantors relating to the Subject Property or the then owner of the Subject Property; to make, terminate, enforce, or modify leases of the Subject Property upon such terms and conditions as Beneficiaries deem proper; to make repairs, alterations, and improvements to the Subject Property necessary, in Trustee's or Beneficiaries' judgment, to protect or enhance the security hereof.

5.2.6 To execute a written notice of such default and of its election to cause the Subject Property to be sold and to proceed under a power of sale to satisfy the Secured Obligations. Trustee shall give such notice as the law then requires as a condition precedent to a trustee's sale. When the minimum period of time required by law after such notice has elapsed, Trustee, without notice to or demand upon Grantors except as required by law, shall sell the Subject Property at the time and place of sale fixed by it in the notice of sale, at one or several sales, either as a whole or in separate parcels, and in such manner and order, all as Beneficiaries in their sole discretion may determine, at public auction to the highest bidder for cash, in lawful money of the United States,

payable at time of sale. Neither Grantors nor any other person or entity other than Beneficiaries shall have the right to direct the order in which the Subject Property is sold. Subject to requirements and limits imposed by law, Trustee may postpone sale of all or any portion of the Subject Property by public announcement. Furthermore, Trustee shall upon instructions from Beneficiaries sell the Subject Property, the Secured Property, and any other real property encumbered by a deed of trust which secures the Secured Obligations together at a single sale. If the Subject Property includes real property in more than one County, the Trustee shall upon Beneficiaries' instruction sell all the Subject Property at a single sale in any County in which a portion of the Subject Property is located. Trustee shall deliver to the purchaser at such sale a deed conveying the Subject Property or portion thereof so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters or facts shall be conclusive proof of the truthfulness thereof.

5.2.7 To resort to and realize upon the Subject Property and any other security now or later held by Beneficiaries concurrently or successively and in one or several consolidated or independent judicial actions or lawfully taken nonjudicial proceedings, or both, and to apply the proceeds received upon the Secured Obligations all in such order and manner as Trustee and Beneficiaries or either of them determine in their sole discretion.

At any sale of the Subject Property held pursuant to this Section 5, Beneficiaries may bid, as the equivalent of cash, the amount of all or any of the Secured Obligations, including without limit attorney fees.

5.3 Application of Foreclosure Sale Proceeds. After deducting all reasonable costs, fees and expenses of Trustee and of this trust, including cost of evidence of title and attorney fees in connection with sale, Trustee shall apply all proceeds of any foreclosure sale to payment of: all sums expended by Beneficiaries under the terms hereof and not then repaid, with accrued interest at the rate of interest specified in the Note to be applicable on or after maturity or acceleration of the Note; the payment of all other Secured Obligations in such order and amounts as Beneficiaries in its sole discretion determines; and the remainder, if any, to the person or persons legally entitled thereto.

5.4 Application of Payments. Except as applicable law or this Deed of Trust may otherwise provide, all payments received by Beneficiaries under the Note or this Deed of Trust shall be applied by Beneficiaries (after reimbursement of all costs and expenses, together with any interest thereon) in the following order of priority: (a) amounts payable to Beneficiaries by Grantors for reserves, if any; (b) interest and late charges payable on the Note; (c) interest payable on advances made to protect the security of this Deed of Trust; (d) principal of the Note; (e) principal of advances made to protect the security of this Deed of Trust; and (f) any other sums secured by this Deed of Trust in such order as Beneficiaries, at its option, may determine.

5.5 No Cure or Waiver. Neither Beneficiaries' nor Trustee's nor any receiver's entry upon and taking possession of all or any part of the Subject Property, nor any collection of rents,



issues, profits, insurance proceeds, condemnation proceeds, or damages, other security or proceeds of other security, or other sums, nor the application of any collected sum to any Secured Obligation, nor the exercise of any other right or remedy by Beneficiaries or Trustee or any receiver shall cure or waive any breach, Default, or notice of default under this Deed of Trust, or nullify the effect of any notice of default or notice of sale (unless all Secured Obligations then due have been paid and performed and Grantors has cured all other defaults), or impair the status of the security, or prejudice Beneficiaries or Trustee in the exercise of any right or remedy, or be construed as an affirmation by Beneficiaries of any tenancy, lease, or option, or a subordination of the lien of this Deed of Trust.

5.6 Payment of Costs, Expenses and Attorney Fees. Grantors agrees to pay to Beneficiaries immediately and without demand all costs and expenses incurred by Trustee and Beneficiaries (including without limit court costs and attorney fees) with interest from the date of expenditure until such sums have been paid at the Note rate or "default rate" if applicable provided in the Notes. All such sums shall be immediately due and payable whether or not suit is filed.

5.7 Waiver of Order of Sale and Marshaling. Grantors waives all rights to direct the order in which any of the Subject Property will be sold in the event of any sale under this Deed of Trust, waives any right of Grantors to have any of the Subject Property marshaled upon any sale, and agrees that Beneficiaries or any court in which foreclosure of this Deed of Trust is sought shall have the right to sell the Subject Property as a whole or in several parcels.

5.8 Expenses During Redemption Period. If this Deed of Trust is foreclosed as a mortgage and the Subject Property is sold at a foreclosure sale, the purchaser may, during any redemption period allowed, make such repairs or alterations on the Subject Property as may be reasonably necessary for the proper operation, care, preservation, protection, and insuring thereof. Any sums so paid shall be added to and become a part of the amount required to be paid for redemption from such sale, together with interest thereon from the date of expenditure at the Note rate, or "default rate" if applicable, provided in the Note.

5.9 Foreclosure Subject to Tenancies. Beneficiaries shall have the right, at its option, to foreclose this Deed of Trust subject to the rights of any tenant or tenants of the Subject Property.

5.10 Remedies Cumulative. To the extent permitted by law, every right and remedy provided in this Deed of Trust is distinct and cumulative to all other rights or remedies under this Deed of Trust or afforded by law or equity or any other agreement between Beneficiaries and Grantors, and may be exercised concurrently, independently, or successively, in any order whatsoever. Beneficiaries may exercise any of its rights and remedies at its option without regard to the adequacy of its security.



SECTION 6 GENERAL

6.1 Grantors' Liability. Grantors shall be fully liable to Beneficiaries for damages suffered by Beneficiaries to the extent permitted by applicable law for, but not limited to, the following: (a) as a result of fraud or a material misrepresentation by Grantors in connection with the delivery of the Note or the performance of its obligations under the Loan Documents; (b) as a result of the retention of any rental or other income arising with respect to the Subject Property which is collected by Grantors after Beneficiaries have given notice that Grantors is in default under the Note (to the full extent of such rental or other income retained and collected by Grantors after the giving of any such notice); (c) for the fair market value of any personal property or fixtures removed or disposed of by Grantors in violation of the terms of this Deed of Trust as of the time Beneficiaries gave notice to Grantors of Grantors' default under the Loan or any loan document; and (d) as a result of the misapplication of any proceeds in violation of the terms of any documents securing the Note, to the full extent of said misapplied proceeds, under any insurance policies or awards resulting from Condemnation or the exercise of the power of eminent domain by reason of damage, loss, or destruction of any portion of the Subject Property.

6.2 Nonagricultural Use. Grantors represents and warrants to Beneficiaries that the Property is not used principally for agricultural or farming purposes.

6.3 Additional Provisions. This Deed of Trust and Note contains or incorporates by reference the entire agreement of the parties with respect to the matters contemplated herein and supersedes all prior negotiations.

6.4 Merger. No merger shall occur as a result of Beneficiaries acquiring any other estate in, or any other lien on, the Subject Property unless Beneficiaries consent in writing to a merger.

6.5 Obligations of Grantors, Joint and Several. If more than one person has executed this Deed of Trust as "Grantors," the obligations hereunder of all such persons shall be joint and several.

6.6 Rules of Construction. When the identity of the parties or other circumstances make it appropriate, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural. The term "Subject Property" means all and any part of the Subject Property.

6.7 Successors in Interest. Subject to any limitation on assignment contained herein, the terms, covenants, and conditions herein contained shall be binding upon and inure to the benefit of the heirs, successors, and assigns of the parties hereto.

6.8 Exhibits. All exhibits are incorporated into this Deed of Trust by this reference.



6.9 Addresses; Request for Notice. All notices, consents, approvals, and other communications required or permitted hereunder shall be in writing and shall be sent to the addresses of the parties on the first page hereof.

6.10 Beneficiaries' Powers. Without affecting the liability of Grantors for payment or performance of the Secured Obligations, Beneficiaries, at their option, may extend the time for payment of the indebtedness secured hereby or any part thereof, reduce payment thereon, release anyone liable on any of said indebtedness, accept a renewal note or notes therefor, or agree to modify the terms and time of payment of the indebtedness, release the lien of this Deed of Trust on any part of the Subject Property, take or release other or additional security, release or reconvey or cause to be released or reconveyed all or any part of the Subject Property, consent or cause Trustee to consent to the granting of any easement or the creating of any restriction on the Subject Property, or join or cause Trustee to join in any subordination or other agreement affecting this Deed of Trust or the lien or charge hereof. Grantors shall pay Beneficiaries a reasonable service charge, together with such title insurance premiums and attorney fees as may be incurred at Beneficiaries' option for any such action if taken at Grantors' request.

6.11 Calculation of Interest Rate. All agreements between Grantors and Beneficiaries are expressly limited so that in no event whatsoever shall the amount paid or agreed to be paid to Beneficiaries hereunder exceed the highest lawful rate permissible under applicable usury laws. In the event performance of any obligation of Grantors hereunder shall require the payment of interest in excess of such highest lawful rate, then such obligation shall, automatically and retroactively to the date hereof, be deemed reduced to the highest lawful rate permissible under the applicable usury laws. If Beneficiaries ever receives as interest an amount which would exceed such highest lawful rate, the amount of excessive interest shall not be applied to the payment of interest, but shall, automatically and retroactively to the act of payment, be applied to the sums due hereunder, and, if and to the extent such amount of excessive interest exceeds such sums due, be immediately returned by Beneficiaries to Grantors without interest.

6.12 Severability. If any term of this Deed of Trust, or the application thereof to any person or circumstances, shall to any extent be invalid or unenforceable, the remainder of this Deed of Trust, or the application of such term to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby. Each term of this Deed of Trust shall be valid and enforceable to the fullest extent permitted by law.

6.13 Nonwaiver. Failure to exercise any such right or remedy shall in no event be construed as a waiver or release of such rights or remedies or the right to exercise them at a later time. The right, if any, of Grantors and all other persons or entities who are, or may become, liable for all or any part of the indebtedness evidenced by the Note to plead any statute of limitations as a defense to any demand by Beneficiaries or Trustee is expressly waived by each and all of such parties to the fullest extent permitted by law.



6.14 No Amendment or Waiver Except in Writing. The provisions of this Deed of Trust may not be amended or modified orally in any manner, and may be amended or modified solely by a writing duly executed by Grantors and Beneficiaries. No provision of this Deed of Trust may be waived by Trustee or Beneficiaries except in writing executed by them which expressly refers to this Deed of Trust. No such waiver may be implied from any act or conduct of Beneficiaries or any omission by Beneficiaries to take any action with respect to any provision of this Deed of Trust. No express written waiver shall affect any other provision of this Deed of Trust or cover any Default or time period or event other than the matter as to which such express written waiver has been given.

6.15 After Acquired Property. All property of every kind acquired by Grantors after the date hereof arising out of or related to the Land which, by the terms hereof, is required to be subjected to the lien of this Deed of Trust, shall immediately upon the acquisition thereof by Grantors, and without any further Deed of Trust, conveyance, assignment, or transfer become subject to the lien of this Deed of Trust. Nevertheless Grantors will do, execute, acknowledge, and deliver all and every further act, conveyance, deed of trust, and assurance as Beneficiaries shall reasonably require for accomplishing the purposes of this Deed of Trust.

6.16 Definitions. As used herein, the term "Grantors" means the Grantors herein named, together with any subsequent owner of Grantors' interest in the Subject Property or any part thereof or interest therein; the term "Trustee" means the Trustee herein named, together with any successor Trustee; and the term "Beneficiaries" means the Beneficiaries herein named, together with any subsequent owner or holder of the Note or any interest therein, including pledgees, assignees, and participants; the term "Loan Documents" means the Deed of Trust and the Note, as well as all amendments, renewals and modifications thereof.

6.17 Attorney Fees. In the event of a default, whether or not suit is instituted, or in the event a suit or action is instituted to enforce or interpret any provisions of this Deed of Trust, Grantors agrees to pay Beneficiaries' reasonable expenses in connection therewith, including without limitation such amount as the court may adjudge reasonable as attorney fees at trial or on any appeal. Any such expenses shall be additional indebtedness of Grantors secured by this Deed of Trust, shall be immediately due and payable, and shall bear interest from the date of disbursement at the rate of interest provided in the Note or the Loan Agreement.

6.18 Governing Law. This Deed of Trust shall be construed according to the laws of the State of Washington.

GRANTORS:

HUBER DEVELOPMENT, INC.

By: Marna R. Huber
Its: president



Murna R. Huber
MURNA E. HUBER

Rhonda L. Huber
Rhonda L. Huber

David K. Huber
DAVID K. HUBER

Brian Huber
BRIAN HUBER

Kari Soth
KARI SOTH

Amber D. Huber
AMBER D. HUBER

STATE OF WASHINGTON)
) ss.
COUNTY OF SNOHOMISH)

On this day personally appeared before me Murna R. Huber to me known to be the President of **HUBER DEVELOPMENT, INC.**, the corporation that executed the within and foregoing instrument, and acknowledged to me the said instrument was the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that She was authorized to execute the said instrument for and on its behalf.

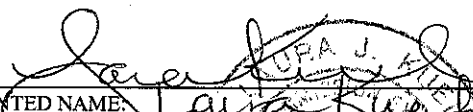
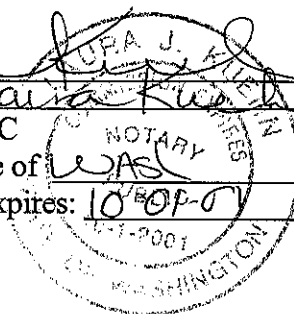
SUBSCRIBED AND SWORN to before me by Murna R. Huber this 6th day of September, 1999.

Murna R. Huber
MURNA E. HUBER
COMMISSIONER
NOTARY PUBLIC
in and for the State of Washington.
My commission expires: 10-01-01

STATE OF WASHINGTON)
) ss.
COUNTY OF SNOHOMISH)

On this day personally appeared before me **DAVID K. HUBER AND RHONDA L. HUBER**, husband and wife, to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged to me that they signed the same as their free and voluntary act and deed for the uses and purposes therein mentioned.

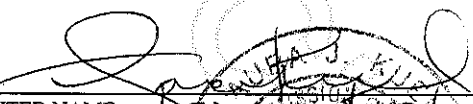
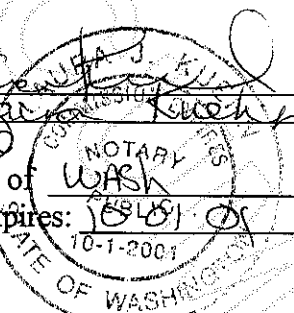
SUBSCRIBED AND SWORN TO before me by **DAVID K. HUBER AND RHONDA L. HUBER** on this 14 day of Sept, 1999.


PRINTED NAME: Laura J. Kuch
NOTARY PUBLIC
in and for the State of WASH
My commission expires: 10-01-01


STATE OF WASHINGTON)
) ss.
COUNTY OF SNOHOMISH)

On this day personally appeared before me **MURNA E. HUBER**, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged to me that she signed the same as her free and voluntary act and deed for the uses and purposes therein mentioned.

SUBSCRIBED AND SWORN TO before me by **MURNA E. HUBER** on this 14 day of September, 1999.


PRINTED NAME: Laura J. Kuch
NOTARY PUBLIC
in and for the State of WASH
My commission expires: 10-01-01


STATE OF Washington)
) ss.
COUNTY OF Snohomish)

On this day personally appeared before me **BRIAN HUBER**, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged to me that he signed the same as his free and voluntary act and deed for the uses and purposes therein mentioned.

September, 1999. SUBSCRIBED AND SWORN TO before me by **BRIAN HUBER** on this 6 day of

Laura J. Kuehl
PRINTED NAME: Laura J. Kuehl
NOTARY PUBLIC
in and for the State of WASHINGTON
My commission expires: 10-01-00

STATE OF WASHINGTON)
) ss.
COUNTY OF SNOHOMISH)

On this day personally appeared before me **KARI SOTH**, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged to me that she signed the same as her free and voluntary act and deed for the uses and purposes therein mentioned.

September, 1999. SUBSCRIBED AND SWORN TO before me by **KARI SOTH** on this 6 day of

Laura J. Kuehl
PRINTED NAME: Laura J. Kuehl
NOTARY PUBLIC
in and for the State of WASHINGTON
My commission expires: 10-01-00

STATE OF WASHINGTON)
) ss.
COUNTY OF SNOHOMISH)

On this day personally appeared before me **AMBER D. HUBER**, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged



to me that she signed the same as her free and voluntary act and deed for the uses and purposes therein mentioned.

SUBSCRIBED AND SWORN TO before me by **AMBER D. HUBER** on this 6th day of September, 1999.

PRINTED NAME: Laura J. Kuehn

NOTARY PUBLIC

in and for the State of WA

My commission expires: 10-01-01



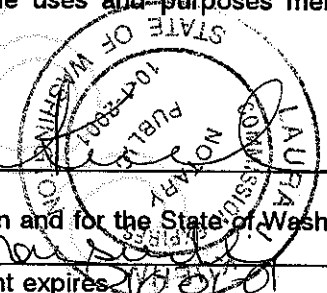
State of Washington

}ss.

County of Snohomish

I certify that I know or have satisfactory evidence that Murna R. Huber is/are the person(s) who appeared before me, and said person(s) acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the Personal Representative of Norman Huber to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 9/8/99



Notary Public in and for the State of Washington
Residing at Marysville
My appointment expires 10/1/01



199909100134

Kathy Hill, Skagit County Auditor

9/10/1999 Page 26 of 29 4:03:30PM

Schedule "A-1"

P-90390

DESCRIPTION:

That portion of the South $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of Section 29, Township 24 North, Range 4 East, W.M., lying Westerly of Blodgett Road, EXCEPT the North 20 feet of that portion of said premises lying Westerly of Primary State Highway No. 5, AND EXCEPT those portions conveyed to the State of Washington by deeds recorded February 1, 1954 and December 12, 1957, under Auditor's File Nos. 497724 and 559551, respectively, records of Skagit County, Washington.

Situate in the County of Skagit, State of Washington.



199909100134

Kathy Hill, Skagit County Auditor
9/10/1999 Page 27 of 29 4:03:30PM

EXHIBIT A

That portion of the following described property lying West of State Highway 1-A:

Beginning at the quarter corner of the North line of Section 13, Township 29 North, Range 5 East, W.M.;

THENCE along the Section line South $89^{\circ}36'$ East 704.2 feet, more or less, to the Westerly boundary line of County Road right of way;

THENCE along said right of way line South $18^{\circ}06'$ West 157.3 feet;

THENCE North $89^{\circ}36'$ West 651.1 feet, more or less, to the North and South center line of said Section 13;

THENCE Northerly along said North and South center line for 150.0 feet to Place of Beginning;

EXCEPT State Highway.

TOGETHER WITH an easement for ingress, egress and utilities over, across and under the following described tract:

That portion of Tract C, FRONTIER HEIGHTS DIVISION NO. 2, according to the plat thereof recorded in Volume 28 of Plats, Page 54, records of Snohomish County, Washington, described as follows:

Beginning at the quarter corner on the North line of Section 13, Township 29 North, Range 5 East, W.M.;

THENCE South along the center line of said Section 13 for 150 feet to the True Point of Beginning;

THENCE West 20 feet to the East line of street;

THENCE North along the East line of street for 30 feet;

THENCE East for 20 feet to the center line of said Section 13;

THENCE South along said center line 30 feet to the True Point of Beginning.

Situate in the County of Snohomish, State of Washington.



199909100134

Kathy Hill, Skagit County Auditor

9/10/1999 Page 28 of 29

4:03:30PM

EXHIBIT B

That portion of the following described tract lying Westerly of State Highway No. 1-A:

Beginning at the quarter corner on the North boundary of Section 13, Township 29 North, Range 5 East, W.M.;

THENCE South 150 feet to the True Point of Beginning;

THENCE South 150 feet;

THENCE East 261.93 feet;

THENCE North 70.8 feet;

THENCE East to West line of County Road;

THENCE Northeasterly along West line of said County Road to a point 150 feet South of the North line of said Section 13;

THENCE West to True Point of Beginning;

TOGETHER WITH an easement for ingress, egress, sanitary sewers, water lines, underground power and telephone, and storm drainage which shall be over, across or under the following described tract, to-wit:

That portion of Tract "C" FRONTIER HEIGHTS DIVISION NO. 2, as per plat recorded in Volume 28 of Plats, Page 54, records of Snohomish County, Washington, described as follows:

Beginning at the one-quarter corner on the North line of Section 13, Township 29 North, Range 5 East, W.M.;

THENCE South along the center line of said Section 13 for 245 feet to the True Point of Beginning;

THENCE West 20 feet to the East line of street;

THENCE North along East line of street for 40 feet;

THENCE East 20 feet to center line of said Section 13;

THENCE South along said center line 40 feet to the Point of True Beginning.

Situate in the County of Snohomish, State of Washington.



199909100134

Kathy Hill, Skagit County Auditor

9/10/1999 Page 29 of 29 4:03:30PM