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Kathy Hill, Skagit County Auditor
8/7/2000 Page 1 of 7 3:48:49PM

RETURN COPY TO: (Name and Mailing Address)

Atherton Capital Incorporated
1001 Bayhill Drive
Suite 155
San Bruno, CA 94066
Attn: Loan Administration
Loan No. 81387-001

FORM UCC-2 For use in Washington Counties

ISLAND TITLE COMPANY
A19785✓

ORIGINAL FILING

Record in: Skagit County

Dated: August 7, 2000

Debtor Name(s) (if an Individual - Last, First, Middle Initial)

1. Orchard LLC

2.

3.

☐ Additional Debtor Names to be found on Page No. _____

Claimant Name(s) (if an Individual - Last, First, Middle Initial)

1. Atherton Capital Incorporated

2.

3.

☐ Additional Claimant Names to be found on Page No. _____

Abbreviated Legal Description of Real Estate (Lot, Block, Plat Name, Section-Township-Range)

Lots 1-8 (including the alley between lots 1-5), 16-20. Block 46

Full Legal Description is on page: Sch. 1

Assessor's Property Tax Parcel Account Number(s): R55158 and R55163

Enter other information here

Please see Exhibit A and Schedule 1 attached hereto and incorporated herein by this reference.

Taco Bell/KFC: 1702 Commercial Avenue, Anacortes, WA 98221

Signature(s) of Debtor(s) and Claimant(s)

See Exhibit B attached hereto.

COPY (1)

Please Keep Signatures Inside This Box.

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Taco Bell/KFC Restaurant
1702 Commercial Avenue
Anacortes, Washington 98221
Loan No. 81387-001

EXHIBIT A
UCC-1 FINANCING STATEMENT

ORCHARD LLC,
a Washington limited liability company ("Debtor")

Item 7 continued.

All terms used herein having their initial letters capitalized and not otherwise defined herein shall be defined as set forth in the security documents to which this filing pertains.

1. Land. All estate, right, title and interest of Debtor in, to, under or derived from those certain lots, pieces, tracts or parcels of land located in certain cities and/or counties in the State of Washington, more particularly described in Schedule 1 attached hereto and incorporated herein by this reference (the "Land").

2. Improvements. All right, title and interest of Debtor in, to, under or derived from all buildings, structures, facilities and other improvements of every kind and description now or hereafter located on the Land or attached to the improvements which by the nature of their location thereon or attachment thereto are real property under applicable law (the foregoing being collectively the "Improvements"; and the Land with the Improvements thereon and Equipment therein and Appurtenant Rights thereto being collectively called the "Property").

3. Equipment. All estate, right, title and interest of Debtor in, to, under or derived from all machinery, equipment, fixtures and accessions thereof and renewals, replacements thereof and substitutions therefor and all other customary franchise fast food restaurant equipment and other tangible property of every kind and nature whatsoever owned by Debtor (including without limitation, food preparation, equipment, decorations, seating, signage, furniture, playground equipment, vehicles and other machinery and office equipment), or in which Debtor has or shall have an interest, now or hereafter located upon the Land or usable exclusively in connection with the present or future operation and occupancy of the Land or the Improvements (hereinafter collectively called the "Equipment").

4. Appurtenant Rights. All estate, right, title and interest of Debtor in, to, under or derived from all tenements, hereditaments, riparian rights and appurtenances now or hereafter relating to the Property; all development, operating or similar rights appurtenant to the Land (including, without limitation, all rights arising from reciprocal access agreements, use or development agreements, and parking agreements); and all easements, licenses and rights of way now or hereafter appertaining to the Property (hereinafter collectively called "Appurtenant Rights").

5. General Intangibles, Payment Rights and Agreements. All estate, right, title and interest of Debtor in, to, under or derived from all contract rights, chattel paper, instruments, general intangibles, accounts, guaranties and warranties, letters of credit, documents, all rights to the payment of money (the "Receivables"), and all contracts, security agreements, leases, guaranties and other agreements evidencing, securing or otherwise relating to the Receivables (collectively, the "Related Contracts"), in each case relating to the Subject Property or to the present or future operation or occupancy of the Property, and all good will of Debtor, customer and supplier lists and contracts, computer programs and other intellectual property, tax refunds, plans, specifications, maps, surveys, studies, records, insurance policies, guarantees and warranties, patents, copyrights, trademarks, tradenames and service marks, all licenses to use, applications for, and other rights to, such patents, copyrights, trademarks, tradenames and service marks (to the extent permitted by the terms thereof) all relating to the Subject Property or to



the present or future operation or occupancy of the Subject Property, all management contracts, all supply and service contracts for water, sanitary and storm sewer, drainage, electricity, steam, gas, telephone and other utilities relating to the Subject Property, and to the extent permitted by the Franchise Agreement or Franchisor, the Franchise Agreement and any rights thereunder, including the right to receive payments, and, to the extent permitted by the terms thereof, any other agreement between Debtor and Franchisor (the foregoing being herein collectively called the "Agreements") and all other agreements affecting or relating to the use, enjoyment or occupancy of the Land or the Equipment.

6. Leases. All estate, right, title and interest of Debtor in, to, under and derived from any lease, tenancy, subtenancy, license, concession or other occupancy agreement relating to the Property (together with all amendments, supplements, consolidations, replacements, restatements, extensions, renewals and other modifications of any thereof) (the "Leases") now or hereafter in effect, whether or not of record; and the right to bring actions and proceedings under the Leases or for the enforcement thereof and to do anything which Debtor or any lessor is or may become entitled to do under the Leases.

7. Rents, Issues and Profits. All estate, right, title and interest of Debtor in, to, under or derived from all rents, royalties, issues, profits, receipts, revenue, income, earnings and other benefits now or hereafter accruing with respect to all or any portion of the Subject Property, including, all rents and other sums now or hereafter payable pursuant to the Leases; and all other claims, rights and remedies now or hereafter belonging or accruing with respect to the Subject Property, including, oil, gas and mineral royalties, and payments received with respect to termination, arbitration or litigation under the Franchise Agreement (herein collectively called the "Rents"), all of which Debtor hereby irrevocably directs be paid to Secured Party, subject to the license granted to Debtor pursuant to Section 5.7 of the Deed of Trust, to be held, applied and disbursed as provided in the Deed of Trust.

8. Permits. All estate, right, title and interest of Debtor in, to, under or derived from all licenses, certificates, variances, consents, approvals and other permits now or hereafter pertaining to the Property and all estate, right, title and interest of Debtor in, to, under or derived from all tradenames or business names relating to the Property or the present or future operation or occupancy of the Property (herein collectively called the "Permits"), excluding, however, any Permits which cannot be transferred or encumbered by Debtor without causing a default thereunder or a termination thereof.

9. Inventory. All inventory held or maintained at the Restaurant or otherwise used in the ownership or operation of the Restaurant (including, without limitation, (i) all food and paper inventory and all other raw materials, work in process and finished goods and (ii) all such goods which are returned to or repossessed by Debtor), together with all additions and accessions thereto, replacements therefor, products thereof and documents therefor (collectively, the "Inventory").

10. Proceeds and Awards. All estate, right, title and interest of Debtor in, to, under or derived from all proceeds of any sale, transfer, taking by Condemnation (or any proceeding or purchase in lieu thereof), whether voluntary or involuntary, of any of the Subject Property described above, including, without limitation, all Insurance Proceeds and awards and title insurance proceeds now or hereafter relating to any of the Subject Property and the value of or proceeds from any sale or transfer of any license, franchise agreement, contract or other agreement between the Debtor and a third party relating to the running of the Restaurant or for any Subject Property, all of which Debtor hereby irrevocably directs be paid to Secured Party to the extent provided hereunder, to be held, applied and disbursed as provided in the [Mortgage/Deed of Trust].

SCHEDULE 1

LEGAL DESCRIPTION

[to be attached]

Lots 1 through 8, inclusive, Block 46, MAP OF THE CITY OF ANACORTES, according to the plat thereof recorded Volume 2 of Plats, pages 4 through 7, records of Skagit County, Washington.

EXHIBIT B
UCC-1 FINANCING STATEMENT

ORCHARD LLC,
a Washington limited liability company ("Debtor")

Signature of Debtor:

ORCHARD LLC,
a Washington limited liability company ("Debtor")

By: _____

Peter Braun

President of Orchard Foods Corp.,
Managing Member