



200203280078

Skagit County Auditor

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Document Title(s) (or transactions contained therein): (all areas applicable to your document must be filled in)

1. LEASEHOLD DEED OF TRUST
2. SECURITY AGREEMENT
3. ASSIGNMENT OF LEASES AND RENTS
4. FIXTURE FILING

Reference Numbers(s) of documents assigned or released:

200203280077

Additional Reference #'s on page ____ of document.

Grantor(s) (Last name first, then first name and initials):

1. HEXCEL CORPORATION
- 2.
- 3.
- 4.

☐ Additional names on page ____ of document.

Grantee(s) (Last name first, then first name and initials):

1. CHICAGO TITLE INSURANCE COMPANY
- 2.
- 3.
- 4.

☐ Additional names on page ____ of document.

Legal Description (abbreviated: i.e., lot, block, plat, or section, township, range):

LOT 52, 53, 54, 76, 77, 78, 79 AND 80, SKAGIT REGIONAL AIRPORT BINDING SITE PLAN -
PHASE 1, RECORDED AUGUST 26, 1986 UNDER AUDITOR'S FILE NO. 860825002 AND
DEPICTED ON EXHIBIT "A" ATTACHED HERETO.

Additional legal is on page ____ of document.

Assessor's Property Tax Parcel/Account Number:

8012-000-053-0100

☐ Assessor Tax # not yet assigned

The Auditor/Recorder will rely on the information provided on this form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.

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nent (DH)

LEASEHOLD DEED OF TRUST, SECURITY AGREEMENT
ASSIGNMENT OF LEASES AND RENTS
AND FIXTURE FILING

from

HEXCEL CORPORATION, Grantor
Taxpayer ID #94-1109521

to

Chicago Title Insurance Company, Trustee
for the use and benefit of

the "Issuing Lenders" under the Credit Agreement, as Beneficiary
and CITIBANK, N.A., as Agent

DATED AS OF March 21, 2002

Tax Parcel Number: 8012-000-053-0100 P6264
70169 P5194



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Skagit County Auditor

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LEASEHOLD DEED OF TRUST, ASSIGNMENT OF RENTS AND
LEASES, SECURITY AGREEMENT AND FIXTURE FILING

THIS LEASEHOLD DEED OF TRUST, ASSIGNMENT OF RENTS AND LEASES, SECURITY AGREEMENT AND FIXTURE FILING ("Deed of Trust") dated as of March 21, 2002 is made by HEXCEL CORPORATION, a Delaware corporation ("Grantor"), whose address is Two Stamford Plaza, 281 Tresser Boulevard, Stamford, Connecticut 06901 to Chicago Title Insurance Company, a Missouri corporation ("Trustee"), whose address is 701 Fifth Avenue, Seattle, WA 98104, for the use and benefit of the "Issuing Lenders" under the Credit Agreement (defined below) and CITIBANK, N.A., as Documentation Agent under the Credit Agreement (collectively "Beneficiary"), whose address is 399 Park Avenue, New York, New York 10022. CITIBANK N.A. as Documentation Agent is empowered under the Credit Agreement to act on behalf of the Issuing Lenders as Beneficiary under this Deed Trust. References to this "Deed of Trust" shall mean this instrument and any and all renewals, modifications, amendments, supplements, extensions, consolidations, substitutions, spreaders and replacements of this instrument.

Background

A. Grantor entered into the Second Amended and Restated Credit Agreement, dated as of September 15, 1998, with the Foreign Borrowers from time to time party thereto, the Lenders from time to time party thereto, Documentation Agent, and Credit Suisse First Boston Corporation as Arranger and Administrative Agent, as amended by the First Amendment, dated as of December 31, 1998, the Second Amendment, dated as of August 13, 1999, the Third Amendment, dated as of March 7, 2000, the Fourth Amendment and Consent, dated as of October 26, 2000, the Fifth Amendment, dated as of May 11, 2001, the Sixth Amendment and Consent, dated as of June 21, 2001 and the Seventh Amendment and Consent, dated as of January 25, 2002 (as the same may be further amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement").

B. Capitalized terms not otherwise defined herein shall have the meanings defined in the Credit Agreement.

C. Grantor (i) is the owner of a leasehold estate in the parcel(s) of real property, if any, described on Schedule A attached hereto (the "Leased Land"; sometimes referred to herein as the "Land") pursuant to those respective agreement(s) described on Schedule A-2 attached hereto (as each of such agreements may be amended, supplemented or otherwise modified from time to time, each an "Encumbered Lease") and (ii) owns all of the buildings, improvements, structures and fixtures now or subsequently located on the Land (the "Improvements"; the Land and the Improvements being collectively referred to as the "Real Estate").

D. Pursuant to the terms and conditions of the Credit Agreement, Grantor has agreed to grant Beneficiary this Deed of Trust to secure the Obligations.



Granting Clauses

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor agrees that to secure repayment, performance and satisfaction of the Obligations of the Grantor, including all Obligations relating to advances, readvances and revolving credit advances under the Credit Agreement:

GRANTOR HEREBY CONVEYS TO TRUSTEE AND HEREBY MORTGAGES, GRANTS, ASSIGNS, TRANSFERS AND SETS OVER TO TRUSTEE AND ALSO THE SUBSTITUTE TRUSTEE (AS DEFINED BELOW). IN TRUST WITH POWER OF SALE FOR THE USE AND BENEFIT OF BENEFICIARY AND GRANTS BENEFICIARY, ITS SUCCESSORS AND ASSIGNS AND TRUSTEE A SECURITY INTEREST IN:

- a. the Real Estate;
- b. the leasehold estate created under and by virtue of each Encumbered Lease, any interest in any fee, greater or lesser title to the Leased Land and Improvements located thereon that Grantor may own or hereafter acquire (whether acquired pursuant to a right or option contained in any Encumbered Lease or otherwise) and all credits, deposits, options, privileges and rights of Grantor under each Encumbered Lease (including all rights of use, occupancy and enjoyment) and under any amendments, supplements, extensions, renewals, restatements, replacements and modifications thereof (including, without limitation, (i) the right to give consents, (ii) the right to receive moneys payable to Grantor, (iii) the right, if any, to renew or extend any Encumbered Lease for a succeeding term or terms, (iv) the right, if any, to purchase the Leased Land and Improvements located thereon and (v) the right to terminate or modify any Encumbered Lease); all of Grantor's claims and rights to the payment of damages arising under the Bankruptcy Code from any rejection of any Encumbered Lease by any lessor thereunder or any other party, together with all of the easements, rights, privileges, franchises, tenements, hereditaments and appurtenances now or hereafter thereunto belonging or in any way appertaining thereto, and all of the estate, right, title, interest, claim and demand whatsoever of Grantor therein or thereto, either at law or in equity, in possession or in expectancy, now owned or hereafter acquired;
- c. all the estate, right, title, claim or demand whatsoever of Grantor, in possession or expectancy, in and to the Real Estate or any part thereof;
- d. all right, title and interest of Grantor in, to and under all easements, rights of way, gores of land, streets, ways, alleys, passages, sewer rights, waters, water courses, water and riparian rights, development rights, air rights, mineral rights and all estates, rights, titles, interests, privileges, licenses, tenements, hereditaments and appurtenances belonging, relating or appertaining to the Real Estate, and any reversions, remainders, rents, issues, profits and revenue thereof and all land lying in the bed of any street, road or avenue, in front of or adjoining the Real Estate to the center line thereof;



e. all of the fixtures, machinery, equipment and other personal property, and all appurtenances and additions thereto and substitutions or replacements thereof currently owned or subsequently acquired by Grantor and now or subsequently attached to, or used in any way in connection with any operation or letting of the Real Estate (the "Equipment")

f. all right, title and interest of Grantor in and to all substitutes and replacements of, and all additions and improvements to, the Real Estate and the Equipment;

g. all right, title and interest of Grantor in, to and under all leases, subleases, underlettings, concession agreements and management agreements relating to the use or occupancy of the Real Estate or the Equipment or any part thereof, now existing or subsequently entered into by Grantor and whether written or oral and all guarantees of any of the foregoing (collectively, as any of the foregoing may be amended, restated, extended, renewed or modified from time to time, the "Leases"), and all rights of Grantor in respect of cash and securities deposited thereunder and the right to receive and collect the revenues, income, rents, issues and profits thereof, together with all other rents, royalties, issues, profits, revenue, income and other benefits arising from the use and enjoyment of the Trust Property (as defined below) (collectively, the "Rents");

h. all right, title and interest of Grantor in and to (i) all contracts from time to time in effect relating to the maintenance, repair, operation, occupancy of the Real Estate or Equipment or any part thereof and to the purchase or lease of any portion of the Real Estate, together with the right to exercise such options and all leases of Equipment (collectively, the "Contracts"), (ii) all building permits, certificates of occupancy and similar governmental approvals relating to construction, completion, occupancy, use or operation of the Real Estate or any part thereof and (iii) all drawings, plans, specifications and similar or related items relating to the Real Estate.

i. all real estate tax refunds and insurance proceeds relating to the Real Estate;

j. all proceeds, both cash and noncash, of the foregoing; and

k. all other or greater rights and interests of every nature in the Real Estate and in the possession or use thereof and income therefrom, whether now owned or hereafter acquired by Grantor.

(All of the foregoing property and rights and interests now owned or held or subsequently acquired or leased by Grantor are collectively referred to as the "Trust Property")

TO HAVE AND TO HOLD the Trust Property and the rights and privileges hereby mortgaged unto Trustee, its successors and assigns for the uses and purposes set forth, until the Obligations are paid, satisfied and performed.



Terms and Conditions

Grantor further represents, warrants, covenants and agrees with Trustee and Beneficiary as follows:

1. Warranty of Title. Grantor warrants the leasehold title to the Real Estate subject only to liens permitted under Section 14.3 of the Credit Agreement and those matters otherwise permitted by the Credit Agreement (the "Permitted Exceptions"). This Deed of Trust, when duly recorded in the appropriate public records and when financing statements are duly filed in the appropriate public records, will create a valid, perfected and enforceable first priority Lien upon and security interest in all the Trust Property free and clear of all Liens other than Permitted Exceptions.

2. Performance of Obligations. Grantor shall pay, satisfy and perform the Obligations in the manner and as required by the Credit Agreement. Grantor shall (i) provide and maintain insurance with respect to the Trust Property as required by Section 13.5(b) of the Credit Agreement; (ii) pay any and all taxes of every kind and nature against the Trust Property; (iii) comply with all Requirements of Law with respect to the Trust Property; and (iv) keep the Trust Property in good working order and condition as required by Section 13.5(a) of the Credit Agreement.

3. Restrictions on Liens and Encumbrances. Except for the lien created by this Deed of Trust and the Permitted Exceptions, Grantor shall not further mortgage, nor otherwise encumber the Trust Property nor create or suffer to exist any lien, charge or encumbrance on the Trust Property, or any part thereof, whether superior or subordinate to the lien created by this Deed of Trust, provided that Beneficiary shall have thirty (30) days in which to cure such lien.

4. Transfer Restrictions. Except as expressly permitted under the Credit Agreement, Grantor shall not, sell, transfer, convey or assign all or any portion of, or any interest in, the Trust Property.

5. Events of Default. The following shall constitute an Event of Default hereunder:

(a) any Event of Default under the Credit Agreement past any applicable grace period or cure period pursuant to the Credit Agreement; and

(b) a failure of Grantor to duly perform and observe, or a violation or breach of any terms, covenants, provisions or conditions of Sections 3 or 4 of this Deed of Trust, which failure continues unremedied for a period of 30 days.

6. Remedies.

(a) Upon the occurrence, and during the continuation, of any Event of Default, in addition to any other rights and remedies Beneficiary may have pursuant to

the Credit Agreement, or as provided by law, Beneficiary may immediately take such action, without notice or demand, as it deems advisable to protect and enforce its rights against Grantor and in and to the Trust Property, including, but not limited to, the following actions, each of which may be pursued concurrently or otherwise, at such time and in such manner as Beneficiary may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of Beneficiary: Beneficiary may, to the extent permitted by applicable law, (i) institute and maintain an action of Deed of Trust foreclosure against all or any part of the Trust Property, (ii) sell all or part of the Trust Property at one or more public or private sales and at such times and places upon such terms as Beneficiary may specify in the notice of sale to be given to Grantor or as may be required by law (Grantor expressly granting to Beneficiary the power of sale, which power of sale shall not be exhausted by one or more such sales, but shall continue unimpaired until all of the Trust Property shall have been sold or the Obligations shall have been fully paid and performed), or (iii) take such other action at law or in equity for the enforcement of this Deed of Trust, or the Credit Agreement as the law may allow. Beneficiary may proceed in any such action to final judgment and execution thereon for all sums due hereunder, together with interest thereon and all costs of suit, including, without limitation, reasonable attorneys' fees and disbursements. Interest shall be due on any judgment obtained by Beneficiary from the date of judgment until actual payment is made of the full amount of the judgment.

(b) The holder of this Deed of Trust, in any action to foreclose it, shall be entitled to the appointment of a receiver. In case of a trustee's sale or foreclosure sale, the Real Estate may be sold, at Beneficiary's election, in one parcel or in more than one parcel and Beneficiary is specifically empowered, (without being required to do so. and in its sole and absolute discretion) to cause successive sales of portions of the Trust Property to be held.

(c) In the event of any Event of Default with respect to any of the covenants, agreements, terms or conditions contained in this Deed of Trust, Beneficiary or Trustee shall be entitled to enjoin such breach and obtain specific performance of any such covenant, agreement, term or condition and Beneficiary and Trustee shall have the right to invoke any equitable right or remedy as though other remedies were not provided for in this Deed of Trust.

(d) Beneficiary, at any time, at its election, may (i) exercise any or all or any combination of the remedies provided under the Credit Agreement; (ii) file a complaint or complaints based upon this Deed of Trust and proceed thereon to judgment, execution and sale for the collection of all sums unpaid and secured hereby, together with interest, costs, expenses and reasonable attorneys' fees; (iii) proceed, at law or in equity or otherwise, to foreclose the lien of this Deed of Trust as against all or any part of the Trust Property, either by foreclosure or such other method as may be authorized by applicable law at the time in effect; (iv) either with or without entry or taking possession of the Trust Property as provided in this Deed of Trust or otherwise, personally or by its agents or attorneys, and without prejudice to the right to bring an action of foreclosure of this Deed of Trust, sell the Trust Property or any part thereof pursuant to any procedures



provided by applicable law, and all estates, right, title, interest, claim and demand therein, and the right of redemption thereof, at one or more sales as an entity or in parcels, and at such time and place upon such notice thereof as may be required or permitted by applicable law; and (v) as to the personal property and fixtures, exercise any remedies or rights it may have as a secured party under the Uniform Commercial Code, including, without limitation, the option of proceeding as to both personal property and fixtures in accordance with Beneficiary's rights with respect to real property.

7. Successor Grantor. In the event ownership of the Trust Property or any portion thereof becomes vested in a person other than the Grantor herein named, Beneficiary may, without notice to the Grantor herein named, whether or not Beneficiary has given written consent to such change in ownership, deal with such successor or successors in interest with reference to this Deed of Trust and the Obligations, and in the same manner as with the Grantor herein named, without in any way vitiating or discharging Grantor's liability hereunder or under the Obligations.

8. Right of Beneficiary to Credit Sale. Upon the occurrence of any sale made under this Deed of Trust, whether made under the power of sale or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, Beneficiary may bid for and acquire the Trust Property or any part thereof. In lieu of paying cash therefor, Beneficiary may make settlement for the purchase price by crediting upon the Obligations or other sums secured by this Deed of Trust the net sales price after deducting therefrom the reasonable expenses of sale and the cost of the action and any other sums which Beneficiary is authorized to deduct under this Deed of Trust. In such event, this Deed of Trust, the Credit Agreement and the other Credit Documents evidencing expenditures secured hereby may be presented to the person or persons conducting the sale in order that the amount so used or applied may be credited upon the Obligations as having been paid.

9. Trustee's Powers and Liabilities.

(a) Powers of Trustee. At any time or from time to time, without liability therefor and without notice, upon the written request of Beneficiary and presentation of the Notes and this Deed of Trust for endorsement, without affecting the personal liability of any person for the payment of the indebtedness secured hereby and without affecting the lien of this Deed of Trust upon the Trust Property for the full amount of all amounts secured hereby, Trustee may (i) reconvey all or any part of the Trust Property, (ii) consent to the making of any map or plat thereof, (iii) join in granting any easement thereon or in creating any covenants or conditions restricting use or occupancy thereof, or (iv) join in any extension agreement or in any agreement subordinating the lien or charge hereof.

(b) Reconveyance. Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and the Notes to Trustee for cancellation and retention, and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in any



such reconveyance of any matters or facts shall be conclusive proof of the truth thereof. The grantee in such reconveyance may be described as the person or persons legally entitled thereto."

(c) Trustee Notice. Trustee is not obligated to notify any party hereto of any pending sale under any other deed of trust or of any action or proceeding in which Grantor. Beneficiary or Trustee shall be a party, unless brought by Trustee.

(d) Compensation and Indemnification of Trustee. Trustee shall be entitled to reasonable compensation for all services rendered or expenses incurred in the administration or execution of the trusts hereby created and Grantor hereby agrees to pay the same. Trustee shall be indemnified, held harmless and reimbursed by Grantor for any liability, damage or expense, including reasonable attorneys fees and amounts paid in settlement, which Trustee may incur or sustain in connection with this Deed of Trust or in the doing of any act which Trustee is required or permitted to do by the terms hereof or by law.

(e) Substitute Trustees. In case of the resignation of the Trustee, or the inability (through death or otherwise), refusal or failure of the Trustee to act, or at the option of Beneficiary or the holder(s) of a majority of the Indebtedness for any other reason (which reason need not be stated), a Substitute Trustee may be named, constituted and appointed by Beneficiary or the holder(s) of a majority of the Indebtedness, without other formality than an appointment and designation in writing, which appointment and designation shall be full evidence of the right and authority to make the same and of all facts therein recited, and this conveyance shall vest in the Substitute Trustee the title, powers and duties herein conferred on the Trustee originally named herein, and the conveyance of the Substitute Trustee to the purchaser(s) at any sale of the Trust Property of any part thereof shall be equally valid and effective. The right to appoint a Substitute Trustee shall exist as often and whenever from any of said causes, the Trustee, original or Substitute, resigns or cannot, will not or does not act, or Beneficiary or the holder(s) of a majority of the Indebtedness desires to appoint a new Trustee. No bond shall ever be required of the Trustee, original or Substitute. The recitals in any conveyance made by the Trustee, original or Substitute, shall be accepted and construed in court and elsewhere as prima facie evidence and proof of the facts recited, and no other proof shall be required as to the request by Beneficiary or the Holder(s) of a majority of the Indebtedness to the Trustee to enforce this Deed of Trust, or as to the notice of or holding of the sale, or as to any particulars thereof, or as to the resignation of the Trustee, original or Substitute, or as to the inability, refusal or failure of the Trustee, original or Substitute, to act, or as to the election of Beneficiary or the holder(s) of a majority of the Indebtedness to appoint a new Trustee, or as to appointment of a Substitute Trustee, and all prerequisites of said sale shall be presumed to have been performed; and each sale made under the powers herein granted shall be a perpetual bar against Grantor and the heirs, personal representatives, successors and assigns of Grantor. Trustee, original or substitute, is hereby authorized and empowered to appoint any one or more persons as attorney-in-fact to act as Trustee under him and in his name, place and stead in order to take any actions that Trustee is authorized and empowered to do hereunder, such



appointment to be evidenced by an instrument signed and acknowledged by said Trustee, original or substitute; and all acts done by said attorney-in-fact shall be valid, lawful and binding as if done by said Trustee, original or substitute, in person.

(f) Acceptance by Trustee. The acceptance by Trustee of this trust shall be evidenced when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law.

(g) Trust Irrevocable: No Offset. The trust created hereby is irrevocable by Grantor. No offset or claim that Grantor now or may in the future have against Beneficiary shall relieve Grantor from paying installments or performing any other obligation herein or secured hereby.

(h) Further Assurances. To further assure Beneficiary and Trustee's rights under this Deed of Trust, Grantor agrees upon demand to execute, acknowledge and deliver such further instruments and do such further acts as may be necessary or as may be reasonably requested by Beneficiary or Trustee to carry out more effectively the purposes of this Deed of Trust, to subject to the lien and security interests hereby created any of Grantor's properties, rights or interest covered or intended to be covered hereby, and to perfect and maintain such lien and security interest.

10. Appointment of Receiver. If an Event of Default shall have occurred and be continuing, Beneficiary as a matter of right and without notice to Grantor, unless otherwise required by applicable law, and without regard to the adequacy or inadequacy of the Trust Property or any other collateral as security for the Obligations or the interest of Grantor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers or other manager of the Trust Property, without requiring the posting of a surety bond and without reference to the adequacy or inadequacy of the value of the Trust Property or the solvency or insolvency of Grantor or any other party obligated for payment of all or any part of the Obligations, and whether or not waste has occurred with respect to the Trust Property. Grantor hereby irrevocably consents to such appointment and waives notice of any application therefor (except as may be required by law). Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases and all the powers and duties of Beneficiary in case of entry as provided in this Deed of Trust, including, without limitation and to the extent permitted by law, the right to enter into leases of all or any part of the Trust Property, or completion of the trustee's sale, if this Deed of Trust is foreclosed by power or sale, and shall continue as such and exercise all such powers until the date of confirmation of sale of the Trust Property unless such receivership is sooner terminated.

11. Extension, Release, etc. (a) Without affecting the lien or charge of this Deed of Trust upon any portion of the Trust Property not then or theretofore released as security for the full amount of the Obligations, Beneficiary may, from time to time and without notice, agree to (i) release any person liable for the Obligations, (ii) extend the maturity or alter any of the terms of the Obligations or any guaranty thereof, (iii) grant



other indulgences, (iv) release or reconvey, or cause to be released or reconveyed at any time at Beneficiary's option any parcel, portion or all of the Trust Property, (v) take or release any other or additional security for any obligation herein mentioned, or (vi) make concessions or other arrangements with debtors in relation thereto. If at any time this Deed of Trust shall secure less than all of the principal amount of the Obligations, it is expressly agreed that any repayments of the principal amount of the Obligations shall not reduce the amount of the lien created by this Deed of Trust until the lien amount shall equal the principal amount of the Obligations outstanding.

(a) No recovery of any judgment by Beneficiary and no levy of an execution under any judgment upon the Trust Property or upon any other property of Grantor shall affect the lien created by this Deed of Trust or any liens, rights, powers or remedies of Beneficiary or Trustee hereunder, and such liens, rights, powers and remedies shall continue unimpaired.

(b) If Beneficiary shall have the right to foreclose this Deed of Trust or to direct the Trustee to exercise its power of sale, Grantor authorizes Beneficiary at its option to foreclose the lien of this Deed of Trust (or direct the Trustee to sell the Trust Property, as the case may be) subject to the rights of any tenants of the Trust Property. The failure to make any such tenants parties defendant to any such foreclosure proceeding and to foreclose their rights, or to provide notice to such tenants as required in any statutory procedure governing a sale of the Trust Property by Trustee, or to terminate such tenant's rights in such sale will not be asserted by Grantor as a defense to any proceeding instituted by Beneficiary to collect the Obligations or to foreclose the lien created by this Deed of Trust.

(c) Unless expressly provided otherwise, in the event that Beneficiary's interest in this Deed of Trust and title to the Trust Property or any estate therein shall become vested in the same person or entity, this Deed of Trust shall not merge in such title but shall continue as a valid lien on the Trust Property for the amount secured hereby.

12. Security Agreement under Uniform Commercial Code. (a) Grantor, as debtor, hereby grants to Trustee, for the benefit of Beneficiary, as secured party, a security interest in and to all of Grantor's right, title and interest in and to the Trust Property. It is the intention of the parties hereto that this Deed of Trust shall constitute a Security Agreement within the meaning of the Uniform Commercial Code (the "Code") of the State of Washington. If an Event of Default shall occur, then in addition to having any other right or remedy available at law or in equity, Beneficiary shall have the option of either (i) proceeding under the Code and exercising such rights and remedies as may be provided to a secured party by the Code with respect to all or any portion of the Trust Property which is personal property (including, without limitation, taking possession of and selling such property) or (ii) treating such property as real property and proceeding with respect to both the real and personal property constituting the Trust Property in accordance with Beneficiary's rights, powers and remedies with respect to the real property (in which event the default provisions of the Code shall not



apply). If Beneficiary shall elect to proceed under the Code, then five business days notice of sale of the personal property shall be deemed reasonable notice and the reasonable expenses of retaking, holding, preparing for sale, selling and the like incurred by Beneficiary shall include, but not be limited to, reasonable attorneys' fees and legal expenses. At Beneficiary's request, Grantor shall assemble the personal property and make it available to Beneficiary at a place designated by Beneficiary which is reasonably convenient to both parties.

(a) Grantor and Beneficiary agree, to the extent permitted by law, that: (i) all of the goods described within the definition of the word "Equipment" are or are to become fixtures on the Real Estate; (ii) this Deed of Trust upon recording or registration in the real estate records of the proper office shall constitute a financing statement filed as a "fixture filing" within the meaning of Sections 9-334 and 9-502 of the Code; (iii) Grantor is the record owner of the Real Estate; and (iv) the addresses of Grantor and Beneficiary are as set forth on the first page of this Deed of Trust.

(b) Grantor, upon request by Beneficiary from time to time, shall execute, acknowledge and deliver to Beneficiary one or more separate security agreements, in form reasonably satisfactory to Beneficiary, covering all or any part of the Trust Property and will further execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, any financing statement, affidavit, continuation statement or certificate or other document as Beneficiary may reasonably request in order to perfect, preserve, maintain, continue or extend the security interest under and the priority of this Deed of Trust and such security instrument. Grantor further agrees to pay to Beneficiary on demand all reasonable costs and expenses incurred by Beneficiary in connection with the preparation, execution, recording, filing and re-filing of any such document and all reasonable costs and expenses of any record searches for financing statements Beneficiary shall reasonably require. If Grantor shall fail to furnish any financing or continuation statement within 10 business days after request by Beneficiary, then pursuant to the provisions of the Code, Grantor hereby authorizes Beneficiary, without the signature of Grantor, to execute and file any such financing and continuation statements. The filing of any financing or continuation statements in the records relating to personal property or chattels shall not be construed as in any way impairing the right of Beneficiary to proceed against any personal property encumbered by this Deed of Trust as real property, as set forth above.

(c) Grantor agrees that this Deed of Trust covers certain goods and materials which are or are to become related to or affixed on the Real Estate, and therefore constitutes a "fixture filing" with respect to such goods and materials. To the extent permitted by applicable law, Grantor agrees that the filing of this Deed of Trust in the relevant real estate records in which the Trust Property is located shall operate as a fixture filing with respect to all goods and materials constituting a part of the Trust Property. For such purpose, the names and addresses of Grantor and Beneficiary are respectively set forth in the first paragraph above.



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Skagit County Auditor

13. Assignment of Leases and Rents. Grantor hereby absolutely and unconditionally assigns, transfers, conveys and sets over to Trustee, for the benefit of Beneficiary, all Leases and the Rents as further security for the payment of the Obligations, and Grantor grants to Trustee and Beneficiary the right to enter the Trust Property for the purpose of collecting the same and to let the Trust Property or any part thereof and to apply the Rents on account of the Obligations. The foregoing assignment and grant is present and absolute and shall continue in effect until the Obligations are paid in full, but Beneficiary and Trustee hereby waive the right to enter the Trust Property for the purpose of collecting the Rents and Grantor shall be entitled to collect, receive, use, apply and retain the Rents until the occurrence of an Event of Default under this Deed of Trust; such right of Grantor to collect, receive, use, apply and retain the Rents may be revoked by Beneficiary upon the occurrence of any Event of Default under this Deed of Trust by giving not less than five business days written notice of such revocation to Grantor; in the event such notice is given, Grantor shall pay over to Beneficiary, or to any receiver appointed to collect the Rents, any lease security deposits, and shall pay monthly in advance to Beneficiary, or to any such receiver, the fair and reasonable rental value as determined by Beneficiary for the use and occupancy of the Trust Property or of such part thereof as may be in the possession of Grantor or any affiliate of Grantor, and upon default in any such payment Grantor and any such affiliate will vacate and surrender the possession of the Trust Property to Beneficiary or to such receiver, and in default thereof may be evicted by summary proceedings or otherwise. Grantor shall not accept prepayments of installments of Rent to become due for a period of more than one month in advance (except for security deposits and estimated payments of percentage rent, if any) or other prepayments customarily paid in connection with concession or license arrangements).

14. Trust Funds. All lease security deposits of the Real Estate shall be treated as trust funds not to be commingled with any other funds of Grantor. Within 10 days after request by Beneficiary, Grantor shall furnish Beneficiary satisfactory evidence of compliance with this subsection, together with a statement of all lease security deposits by lessees and copies of all Leases not previously delivered to Beneficiary, which statement shall be certified by Grantor.

15. Additional Rights. The holder of any subordinate lien or subordinate deed of trust on the Trust Property shall have no right to terminate any Lease, whether or not such Lease is subordinate to this Deed of Trust, nor shall any holder of any subordinate lien or subordinate deed of trust join any tenant under any Lease in any trustee's sale or action to foreclose the lien or modify, interfere with, disturb or terminate the rights of any tenant under any Lease. By recordation of this Deed of Trust all subordinate lienholders and the trustees and beneficiaries under subordinate deeds of trust are subject to and notified of this provision, and any action taken by any such lienholder or trustee or Beneficiary contrary to this provision shall be null and void. Upon the occurrence of any Event of Default, Beneficiary may, in its sole discretion and without regard to the adequacy of its security under this Deed of Trust, apply all or any part of any amounts on deposit with Beneficiary under this Deed of Trust against all or any part



of the Obligations. Any such application shall not be construed to cure or waive any Default or Event of Default or invalidate any act taken by Beneficiary on account of such Default or Event of Default.

16. Notices. All notices, requests, demands and other communications hereunder shall be given in accordance with the provisions of Section 17.3 of the Credit Agreement.

17. No Oral Modification. This Deed of Trust may not be amended, supplemented or otherwise modified except in accordance with the provisions of the Credit Agreement. Any agreement made by Grantor and Beneficiary after the date of this Deed of Trust relating to this Deed of Trust shall be superior to the rights of the holder of any intervening or subordinate deed of trust, lien or encumbrance. Trustee's execution of any written agreement between Grantor and Beneficiary shall not be required for the effectiveness thereof between Grantor and Beneficiary.

18. Partial Invalidity. In the event any one or more of the provisions contained in this Deed of Trust shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, but each shall be construed as if such invalid, illegal or unenforceable provision had never been included. Notwithstanding to the contrary anything contained in this Deed of Trust or in any provisions of the Credit Documents, the obligations of Grantor and of any other obligor under the Credit Agreement shall be subject to the limitation that Beneficiary shall not charge, take or receive, nor shall Grantor or any other obligor be obligated to pay to Beneficiary, any amounts constituting interest in excess of the maximum rate permitted by law to be charged by Beneficiary.

19. Grantor's Waiver of Rights. To the fullest extent permitted by law, after an Event of Default Grantor waives the benefit of all laws now existing or that may subsequently be enacted providing for (i) any appraisalment before sale of any portion of the Trust Property, (ii) any extension of the time for the enforcement of the collection of the Obligations or the creation or extension of a period of redemption from any sale made in collecting such debt and (iii) exemption of the Trust Property from attachment, levy or sale under execution. To the full extent Grantor may do so, Grantor agrees that Grantor will not at any time after an Event of Default insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force providing for any appraisalment, valuation, stay, exemption, extension or redemption, or requiring foreclosure of this Deed of Trust before exercising any other remedy granted hereunder after an Event of Default and Grantor, for Grantor and its successors and assigns, and for any and all persons ever claiming any interest in the Trust Property, to the extent permitted by law, hereby waives and releases all rights of redemption, valuation, appraisalment, stay of execution, notice of election to mature or declare due the whole of the secured indebtedness and marshalling in the event of exercise by Trustee or Beneficiary of the power of sale or other rights hereby created.



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20. Remedies Not Exclusive. Beneficiary and Trustee shall be entitled to enforce payment of the Obligations and to exercise all rights and powers under this Deed of Trust, the Credit Agreement or under any of the other Credit Documents or other agreement or any laws now or hereafter in force, notwithstanding some or all of the Obligations may now or hereafter be otherwise secured, whether by deed of trust, mortgage, security agreement, pledge, lien, assignment or otherwise. Neither the acceptance of this Deed of Trust nor its enforcement, shall prejudice or in any manner affect Beneficiary's or Trustee's right to realize upon or enforce any other security now or hereafter held by Beneficiary and Trustee, it being agreed that Beneficiary and Trustee shall be entitled to enforce this Deed of Trust and any other security now or hereafter held by Beneficiary or Trustee in such order and manner as Beneficiary may determine in its absolute discretion. No remedy herein conferred upon or reserved to Trustee or Beneficiary is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given by any of the Credit Documents to Beneficiary or Trustee after an Event of Default or to which either may otherwise be entitled after an Event of Default, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by Beneficiary or Trustee, as the case may be. In no event shall Beneficiary or Trustee, in the exercise of the remedies provided in this Deed of Trust (including, without limitation, in connection with the assignment of Leases and Rents, or the appointment of a receiver and the entry of such receiver on to all or any part of the Trust Property), be deemed a "Beneficiary in possession." and neither Beneficiary nor Trustee shall in any way be made liable for any act, either of commission or omission, in connection with the exercise of such remedies after an Event of Default.

21. Multiple Security. If (a) the Real Estate shall consist of one or more parcels, whether or not contiguous and whether or not located in the same county, or (b) in addition to this Deed of Trust, Beneficiary shall now or hereafter hold or be the beneficiary of one or more additional mortgages, liens, deeds of trust or other security (directly or indirectly) for the Obligations upon other property in the State of Washington (whether or not such property is owned by Grantor or by others) or (c) both the circumstances described in clauses (a) and (b) shall be true, then to the fullest extent permitted by law, Beneficiary may, at its election, commence or consolidate in a single trustee's sale or foreclosure action all trustee's sale or foreclosure proceedings against all such collateral securing the Obligations (including the Trust Property), which action may be brought or consolidated in the courts of, or sale conducted in, any county in which any of such collateral is located. Grantor acknowledges that the right to maintain a consolidated trustee's sale or foreclosure action is a specific inducement to Beneficiary to extend the Obligations, and Grantor expressly and irrevocably waives any objections to the commencement or consolidation of the foreclosure proceedings in a single action and any objections to the laying of venue or based on the grounds of forum non conveniens which it may now or hereafter have. Grantor further agrees that if Trustee or Beneficiary shall be prosecuting one or more foreclosure or other proceedings against a portion of the Trust Property or against any collateral other than the Trust Property, which collateral



directly or indirectly secures the Obligations, or if Beneficiary shall have obtained a judgment of foreclosure and sale or similar judgment against such collateral (or, in the case of a trustee's sale, shall have met the statutory requirements therefor with respect to such collateral), then, whether or not such proceedings are being maintained or judgments were obtained in or outside the state in which the Real Estate is located, Beneficiary may commence or continue any trustee's sale or foreclosure proceedings and exercise its other remedies granted in this Deed of Trust against all or any part of the Trust Property and Grantor waives any objections to the commencement or continuation of a foreclosure of this Deed of Trust or exercise of any other remedies hereunder based on such other proceedings or judgments, and waives any right to seek to dismiss, stay, remove, transfer or consolidate either any action under this Deed of Trust or such other proceedings on such basis. The commencement or continuation of proceedings to sell the Trust Property in a trustee's sale, to foreclose this Deed of Trust or the exercise of any other rights hereunder or the recovery of any judgment by Beneficiary or the occurrence of any sale by the Trustee in any such proceedings shall not prejudice, limit or preclude Beneficiary's right to commence or continue one or more trustee's sales, foreclosure or other proceedings or obtain a judgment against (or, in the case of a trustee's sale, to meet the statutory requirements for, any such sale of) any other collateral (either in or outside the state of Washington) which directly or indirectly secures the Obligations, and Grantor expressly waives any objections to the commencement of, continuation of, or entry of a judgment in such other sales or proceedings or exercise of any remedies in such sales or proceedings based upon any action or judgment connected to this Deed of Trust, and Grantor also waives any right to seek to dismiss, stay, remove, transfer or consolidate either such other sales or proceedings or any sale or action under this Deed of Trust on such basis. It is expressly understood and agreed that the foreclosure and realization statutes of Washington (including, without limitation, RCW Chapters 61.12 and 61.24) shall apply only to the Collateral that is located in the State of Washington and shall not be understood to have application to any actions or proceedings in other jurisdictions, nor shall such extraterritorial actions or proceedings limit, bar or prejudice Beneficiary's right to realize upon the Collateral in the State of Washington. As an example, and without in any way limiting the rights granted in this Section, RCW 61.12.120 and 61.24.030(4) do not bar foreclosure in Washington because of the pendency of any actions or proceedings in other states, and RCW 61.24.100 shall not in any way limit Beneficiary's rights with respect to the collection of the Indebtedness or the realization upon the Collateral that is located in other states. It is expressly understood and agreed that to the fullest extent permitted by law, Beneficiary may, at its election, after an Event of Default, cause the sale of all collateral which is the subject of a single trustee's sale or foreclosure action at either a single sale or at multiple sales conducted simultaneously and take such other measures as are appropriate in order to effect the agreement of the parties to dispose of and administer all collateral securing the Obligations (directly or indirectly) in the most economical and least time-consuming manner.

22. Successors and Assigns. All covenants of Grantor contained in this Deed of Trust are imposed solely and exclusively for the benefit of Beneficiary and Trustee and their respective successors and assigns, and no other person or entity shall



have standing to require compliance with such covenants or be deemed, under any circumstances, to be a beneficiary of such covenants, any or all of which may be freely waived in whole or in part by Beneficiary or Trustee at any time if in the sole discretion of either of them such waiver is deemed advisable. All such covenants of Grantor shall run with the land and bind Grantor, the successors and assigns of Grantor (and each of them) and all subsequent owners, encumbrances and tenants of the Trust Property, and shall inure to the benefit of Beneficiary, Trustee and their respective successors and assigns. Without limiting the generality of the foregoing, any successor to Trustee appointed by Beneficiary shall succeed to all rights of Trustee as if such successor had been originally named as Trustee hereunder. The word "Grantor" shall be construed as if it read "Grantors" whenever the sense of this Deed of Trust so requires and if there shall be more than one Grantor, the obligations of the Grantors shall be joint and several.

23. No Waivers, etc. Any failure by Beneficiary to insist upon the strict performance by Grantor of any of the terms and provisions of this Deed of Trust shall not be deemed to be a waiver of any of the terms and provisions hereof, and Beneficiary or Trustee, notwithstanding any such failure, shall have the right thereafter to insist upon the strict performance by Grantor of any and all of the terms and provisions of this Deed of Trust to be performed by Grantor. Beneficiary may release, regardless of consideration and without the necessity for any notice to or consent by the beneficiary of any subordinate deed of trust or the holder of any subordinate lien on the Trust Property, any part of the security held for the obligations secured by this Deed of Trust without, as to the remainder of the security, in anywise impairing or affecting this Deed of Trust or the priority of this Deed of Trust over any subordinate lien or deed of trust.

24. Governing Law, etc. THE CREATION, PERFECTION AND ENFORCEMENT OF ANY LIEN OR SECURITY INTEREST CREATED BY THIS DEED OF TRUST SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF WASHINGTON, EXCEPT THAT GRANTOR EXPRESSLY ACKNOWLEDGES THAT BY THEIR TERMS THE CREDIT AGREEMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAW, AND FOR PURPOSES OF CONSISTENCY, GRANTOR AGREES THAT IN ANY IN PERSONAM PROCEEDING RELATED TO THIS DEED OF TRUST THE RIGHTS OF THE PARTIES TO THIS DEED OF TRUST SHALL ALSO BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK GOVERNING CONTRACTS MADE AND TO BE PERFORMED IN THAT STATE, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAW.

25. Certain Definitions. Unless the context clearly indicates a contrary intent or unless otherwise specifically provided herein, words used in this Deed of Trust shall be used interchangeably in singular or plural form and the word "Grantor" shall mean "each Grantor or any subsequent owner or owners of the Trust Property or any part thereof or interest therein," the word "Beneficiary" shall mean "Beneficiary or any successor agent for the Lenders," the word "Trustee" shall mean "Trustee and any



successor trustee hereunder," the word "person" shall include any individual, corporation, partnership, unincorporated association, government, governmental authority, or other entity, and the words "Trust Property" shall include any portion of the Trust Property or interest therein. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa. The captions in this Deed of Trust are for convenience or reference only and in no way limit or amplify the provisions hereof.

26. Mechanic's Liens. Except as provided in the Credit Agreement, Grantor shall not permit any mechanic's or other liens to be filed or to exist against the Trust Property by reason of work, labor, services or materials supplied or claimed to have been supplied to, for or in connection with the Trust Property or to Grantor or anyone holding the Trust Property or any part thereof through or under Grantor; provided, however, that if any such lien shall at any time be filed, Grantor shall, within 30 days after Grantor receives notice of the filing thereof but subject to the right of contest as set forth herein, cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise. Notwithstanding anything to the contrary contained herein, Grantor shall have the right, at its own expense and after prior written notice to Beneficiary, by appropriate proceedings duly instituted and diligently prosecuted, to contest in good faith the validity, applicability or amount of any such lien if Grantor establishes an escrow or other security acceptable to Beneficiary in an amount (or, at its option, Beneficiary may establish a reserve against loans otherwise available to Grantor or its affiliates) reasonably estimated by Beneficiary to be adequate to cover the payment of the amount being contested with interest, costs and penalties and shall thereafter cause such lien to be removed and discharged prior to the date the Trust Property is subject to any foreclosure proceeding or sale procedure; and, if the amount of such escrow or other security (or reserve) is insufficient to pay any amount adjudged by a court of competent jurisdiction to be due, with all interest, costs and penalties thereon. Grantor shall pay such deficiency no later than the date such judgment becomes final.

27. Eminent Domain. Grantor, promptly upon obtaining knowledge of the institution of any eminent domain or other condemnation proceedings of the Trust Property, or any portion thereof, will notify the Beneficiary in writing of the pendency of such proceedings, compensation awards, damages, claims, rights of action and so long as no Event of Default is continuing Grantor may settle eminent domain claims with Beneficiary's reasonable approval. During the continuance of an Event of Default, Beneficiary is hereby authorized, at its option, to commence, appear in and prosecute in its own or Grantor's name any action or proceeding relating to eminent domain and to settle or compromise any claim in connection therewith. If all or a material portion of the Real Estate is affected, then all condemnation proceeds shall be paid to Beneficiary, which may, at its option, either apply such proceeds to the Obligations or hold such proceeds and disburse them to Grantor for the replacement or restoration of the condemned property on such terms as Beneficiary shall determine. If less than a material portion of the Real Estate is affected, the condemnation proceeds shall be paid to and



held by Beneficiary, and shall, at the election of Grantor, either (i) be applied to the Obligations, or (ii) provided no Event of Default has occurred and is continuing, be disbursed by Beneficiary to Grantor for the replacement or restoration of the condemned property on such terms as Beneficiary shall determine. Beneficiary shall be entitled to reimbursement for all reasonable costs and expenses incurred in connection with the condemnation proceedings before applying or disbursing the condemnation proceeds.

28. WAIVER OF JURY TRIAL. GRANTOR HEREBY WAIVES TRIAL BY JURY IN ANY LITIGATION IN ANY COURT WITH RESPECT TO, IN CONNECTION WITH, OR ARISING OUT OF THIS DEED OF TRUST OR THE CREDIT AGREEMENT, TO THE EXTENT PERMITTED BY APPLICABLE LAW, GRANTOR ALSO WAIVES ANY RIGHT IT MAY HAVE TO REDEMPTION OF THE TRUST PROPERTY AFTER A FORECLOSURE SALE, OR TO HAVE THE TRUST PROPERTY MARSHALLED UPON FORECLOSURE OF THE LIEN HEREOF.

29. WAIVER OF COUNTERCLAIMS. GRANTOR WAIVES ALL RIGHTS TO INTERPOSE ANY CLAIMS, DEDUCTIONS, SET-OFFS OR COUNTERCLAIMS OR ANY NATURE (OTHER THAN COMPULSORY COUNTERCLAIMS) IN ANY ACTION OR PROCEEDING WITH RESPECT TO THIS DEED OF TRUST, THE OBLIGATIONS, THE TRUST PROPERTY OR ANY MATTER ARISING THEREFROM OR RELATING HERETO OR THERETO.

30. Conflicts. In case of any conflict between the provisions of this Deed of Trust and the provisions of the Credit Agreement, the provisions of this Deed of Trust shall control. Consistent additional provisions shall not be considered conflicting provisions for purposes of this Section.

31. Agricultural Property. This Deed of Trust does not cover real property used principally for agricultural purposes.

32. Commercial Loan. Grantor warrants that the credit facilities available to Borrower pursuant to the Credit Agreement are "Commercial Loans" as defined in RCW 61.24.005 (7) and that the loan is not made primarily for personal, family or household purposes, but is instead for business or commercial purposes.

33. Defeasance. This Deed of Trust shall cease, terminate, and thereafter be of no further force and effect in the event that all of the Obligations shall have been paid, performed, and satisfied in full. Upon such termination, and at Grantor's request and expense, Trustee shall execute, acknowledge, and deliver to Grantor an instrument, in proper form for recording, without warranty, releasing the lien and security interest of this Deed of Trust and reconvening to Grantor the Trust Property.

34. Enforceability; Usury. In no event shall any provision of this Deed of Trust or any Collateral Document ever obligate Grantor to pay or allow Trustee, for the benefit of Beneficiary, to collect interest on the Obligations or any other indebtedness



secured hereby at a rate greater than the maximum non-usurious rate permitted by applicable law (herein referred to as the "**Highest Lawful Rate**"), or obligate Grantor to pay any taxes, assessments, charges, insurance premiums or other amounts to the extent that such payments, when added to the interest payable on the Obligations or any other indebtedness secured hereby, would be held to constitute the payment by Grantor of interest at a rate greater than the Highest Lawful Rate; and this provision shall control over any provision to the contrary.

Without limiting the generality of the foregoing, in the event the maturity of all or any part of the principal amount of the Obligations shall be accelerated for any reason, then such principal amount so accelerated shall be credited with any interest theretofore paid thereon in advance and remaining unearned at the time of such acceleration. If, pursuant to the terms of this instrument, the Credit Agreement or any Collateral Document any funds are applied to the payment of any part of the principal amount of the Obligations prior to the maturity thereof, then (a) any interest which would otherwise thereafter accrue on the principal amount so paid by such application shall be canceled, and (b) the Obligations remaining unpaid after such application shall be credited with the amount of all interest, if any, theretofore collected on the principal amount so paid by such application and remaining unearned at the date of said application; and if the funds so applied shall be sufficient to pay in full all the Obligations, then Trustee, for the benefit of Beneficiary, shall promptly refund to Grantor all interest theretofore paid thereon in advance and remaining unearned at the time of such acceleration. Regardless of any other provision in this instrument, or in any of the written evidences of the Obligations, Grantor shall never be required to pay any unearned interest on the Obligations or any portion thereof, and shall never be required to pay interest thereon at a rate in excess of the Highest Lawful Rate construed by courts having competent jurisdiction thereof.

35. Revolving Credit. (a) Without limiting the generality of any other provision hereof, the Obligations shall include all additional advances that may be made by the Lenders to Grantor after the date hereof and all modifications, extensions and renewals of any of the Loan Documents.

(b) Grantor acknowledges and agrees that the Obligations include a revolving line of credit and, therefore, that the Obligations may increase and decrease from time to time during the term of this Deed of Trust. Grantor and each Person at any time claiming an interest in or Lien or encumbrance against the Property agrees that the full amount of the Obligations, regardless of the date or dates on which Loans or other advances or extensions of credit are made, which constitute a part of the Obligations, shall have the same priority as if all of the same had been advanced, had arisen or had become owing and performable on the date of this Deed of Trust, and no reduction of the outstanding principal balance of the Obligations shall extinguish, release or subordinate any rights, titles, interests, Liens, powers or privileges, created or arising hereunder or under any other Loan Documents until all of the Obligations are fully and finally paid and performed, or otherwise discharged and all of the Revolving Credit Commitments,



Letters of Credit and any other commitments under the Credit Agreement have expired or have otherwise been terminated.

(c) This Deed of Trust shall continue to secure the Obligations up to a maximum of \$338,600,000 until all of the obligations are paid in full and performed.

36. VARIABLE INTEREST RATE. (a) THE LOANS AND OTHER OBLIGATIONS SECURED BY THIS DEED OF TRUST ARE SUBJECT TO VARIABLE RATES OF INTEREST AS SET FORTH IN THE CREDIT AGREEMENT, NOT TO EXCEED THE HIGHEST LAWFUL RATE.

(b) Notwithstanding the provisions of the foregoing Section 32(a), any and all rates of interest shall, in all respects, be determined pursuant to the terms of the Credit Agreement, and Base Rate Loans, Eurodollar Rate Loans, and all other Obligations are subject to additional interest rate and other charges, including, without limitation, the Applicable Margin over and above the variable portion of the interest rate and a default interest rate over and above any other applicable interest rate.

37. Encumbered Lease Provisions. Grantor shall comply with the Leasehold Deed of Trust provisions attached hereto as Schedule C.



This Deed of Trust has been duly executed by Grantor on the date first
above written.

HEXCEL CORPORATION

By: *Seth L. Kaplan*

Name: Seth L. Kaplan

Title: Asst. Secretary



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Skagit County Auditor

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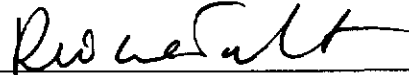
State of Connecticut)

)

Ss: Stamford

County of Fairfield)

On the 21st day of March, 2002 before me, the undersigned, a Notary Public in and for said state, personally appeared Seth L. Kaplan, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in this capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.



Notary Public

ELINA TONVERT
NOTARY PUBLIC
MY COMMISSION EXPIRES DEC. 31, 2002



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Skagit County Auditor

Schedule A

Description of the Leased Land

Lot 52, 53, 54, 76, 77, 78, 79 and 80, Skagit Regional Airport Binding Site Plan - Phase 1, recorded August 26, 1986 under Auditor's File No. 860825002 and depicted on Exhibit "A" attached hereto, in premises known as 15062 Steele Road, Burlington, Washington 98233-3600.

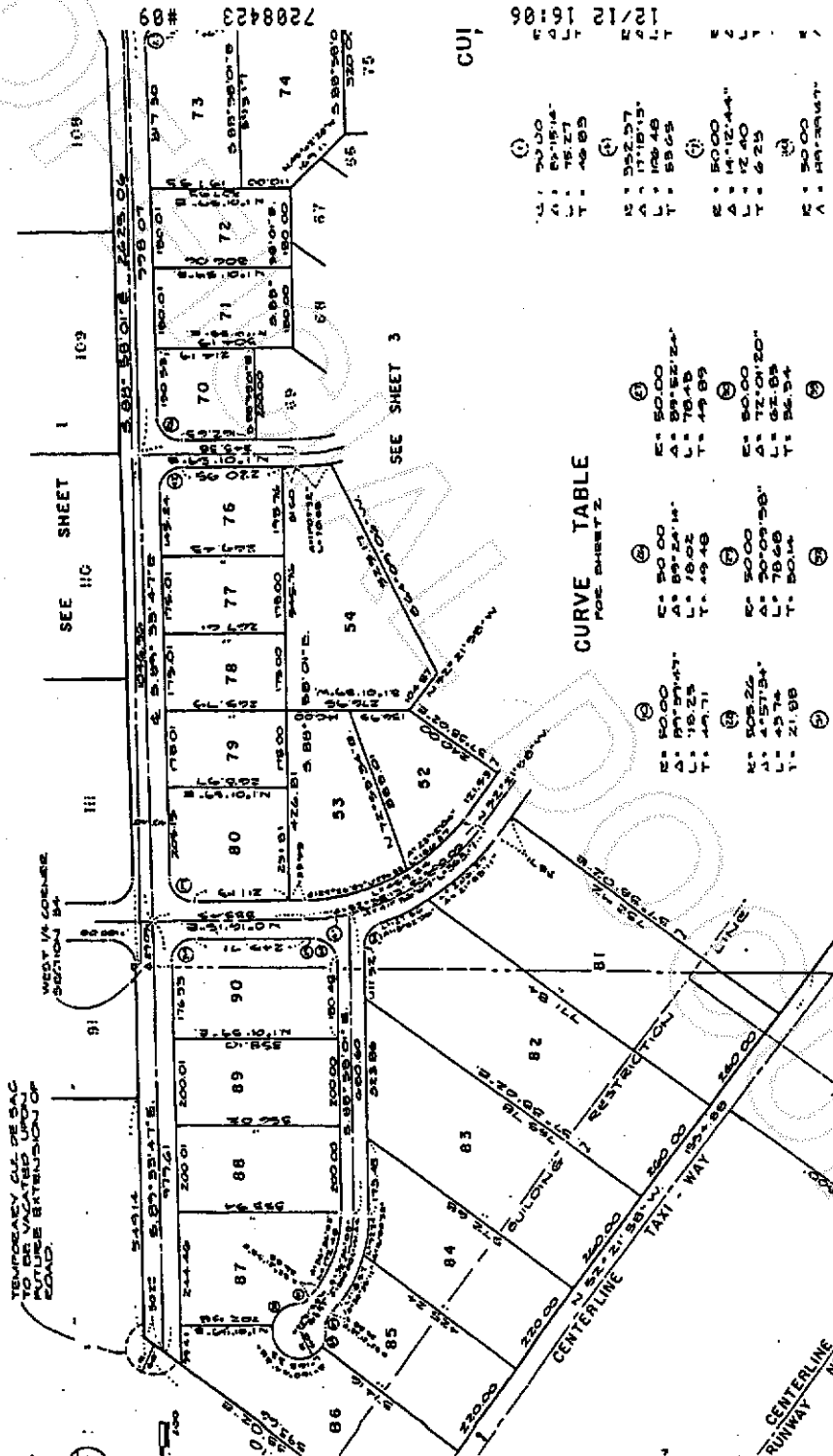


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SKAGIT REGIONAL AIRPORT BINDING SITE PLAN PHASE 1



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Schedule A-2

Description of the Encumbered Lease(s)

Leasehold Estate as created in that certain Lease Agreement executed by the Port of Skagit County and Oran N. Jones and Patricia C. Jones d/b/a WEST DIVERSIFIED INVESTMENTS, dated September 5, 1989, as assigned by that certain Assignment of Lease, dated December 11, 1989 to Hexcel Corporation, notice of which is given by memorandum filed for record on March 28, 2002, recorded in

Skagit County Auditor # 200203280077.



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Skagit County Auditor

Schedule B

Leasehold Deed of Trust Provisions

1. The Encumbered Lease. (a) With respect to each Encumbered Lease, Grantor hereby warrants and represents as follows: (i) the Encumbered Lease is in full force and effect, unmodified and not supplemented by any writing or otherwise, except for that certain Letter Agreement, dated September 6, 1995, from Port of Skagit County to Grantor (the "Letter Agreement") and is not currently pledged or assigned to any Person other than Beneficiary under this Deed of Trust; (ii) all rent, additional rent and other charges and impositions reserved in the Encumbered Lease have been paid to the extent they are payable to the date hereof; (iii) Grantor enjoys the quiet and peaceful possession of the property demised by the Encumbered Lease; (iv) Grantor is not in material default under any of the material terms thereof and there are not circumstances which, with the passage of time or the giving of notice or both would constitute a default by Grantor thereunder other than any such defaults that, in the aggregate, would not have a Material Adverse Effect (as defined in the Credit Agreement); (v) Grantor has not received notice from the lessor under the Encumbered Lease of a default thereunder, which default has not been timely cured, other than any such defaults that, in the aggregate, would not have a Material Adverse Effect; (vi) to the best of Grantor's knowledge, the lessor under the Encumbered Lease is not in default under any of the terms or provisions thereof on the part of the lessor to be observed or performed; (vii) the lessor under the Encumbered Lease has satisfied all of its repair obligations, if any, to date pursuant to the terms of the Encumbered Lease; (viii) the execution, delivery and performance of this Deed of Trust do not require any consent (other than those consents which have been obtained and are in full force and effect) under, and will not contravene any provisions of or cause a default under the Encumbered Lease; (ix) the use of the proceeds of any Loan by Grantor complies with all the requirements of the Encumbered Lease; (x) Grantor has delivered to Beneficiary a true, accurate and complete copy of the Encumbered Lease and the Letter Agreement; and (xi) the Encumbered Lease or a memorandum thereof has been or will be duly recorded prior to the recordation of this Deed of Trust and there have been no changes to the Encumbered Lease since said recordation.

(b) Further, with respect to the Encumbered Lease, Grantor covenants and agrees as follows: (i) to promptly and faithfully observe, perform and comply with all the terms, covenants and provisions thereof on its part to be observed, performed and complied with, at the times set forth therein, and to do all things reasonably necessary to preserve unimpaired its rights thereunder; (ii) not to do, permit, or suffer any event or omission as a result of which there could be a default under or breach of any of the terms thereof that, other than any such defaults or breaches that, in the aggregate, would not have a Material Adverse Effect; (iii) not to terminate (pursuant to the terms thereof or otherwise), cancel, surrender, modify, amend or in any way alter or permit the alteration of any of the material terms thereof (including, but not limited to, Sections 4, "Rental"; 5, "Expansion Area"; 6, "Option Area"; 7, "Periodic Adjustments"; 8, "Procedure to Determine Rental" and 9, "Security for Rent" of the Encumbered Lease) and not to



release the lessor under the Encumbered Lease from any obligations imposed upon it thereby without Beneficiary's prior written consent, which consent shall not be unreasonably withheld or delayed; (iv) not to assign the Encumbered Lease in whole or in part nor sublet all or substantially all of the premises demised under the Encumbered Lease without the prior written consent of Beneficiary, which consent shall not be unreasonably withheld or delayed; (v) to give Beneficiary immediate written notice of any default by Grantor or the lessor under the Encumbered Lease and to immediately deliver to Beneficiary copies of each notice of default and all other material notices, communications, plans, specifications and other similar instruments received or delivered by Grantor in connection therewith; (vi) to furnish to Beneficiary such information and evidence as Beneficiary may reasonably require concerning Grantor's due observance, performance and compliance with the terms, covenants and provisions thereof, including proof of payment of all rent, additional rent and other charges and impositions required to be paid under the Encumbered Lease; and (vii) Grantor shall not consent to the subordination of the Encumbered Lease to any deed of trust of the fee interest in the Trust Property or any lien, encumbrance or matter whatsoever.

(c) With respect to the Encumbered Lease, in the event of any default by Grantor in the performance of any of its obligations under such Encumbered Lease, including, without limitation, any default in the payment of rent, additional rent or other charges and impositions made payable by the tenant thereunder, then, in each and every case, Beneficiary may, at Beneficiary's option and without notice, cause the default or defaults to be remedied and otherwise exercise any and all of the rights of Grantor thereunder in the name of and on behalf of the Grantor but no such action by Beneficiary shall release Grantor from any default under this Deed of Trust. Grantor shall on demand, reimburse Beneficiary for all advances made and expenses incurred by Beneficiary in curing any such default (including, without limitation, reasonable attorneys' fees and disbursements), together with interest thereon from the date that an advance is made or expense is incurred, to and including the date the same is paid and such monies so expended by Beneficiary with interest thereon shall be secured by this Deed of Trust. Grantor, at Grantor's sole cost and expense, shall execute and deliver to Beneficiary, within five (5) days after request, such documents, instruments or agreements as may be reasonably required to permit Beneficiary to cure any default under the Encumbered Lease.

(d) With respect to the Encumbered Lease, it is hereby agreed that the fee estate in the property subject to such Encumbered Lease (hereinafter, the "**Fee Estate**") and the leasehold estate created by such Encumbered Lease shall not merge but shall always be kept separate and distinct, notwithstanding the union of said estates in a common owner, whether by purchase or otherwise, unless Beneficiary shall consent, acting reasonably, in writing to such merger, and Beneficiary shall continue to have and enjoy all of the rights and privileges of the Beneficiary as to the separate estate. If Grantor acquires the fee title to the property demised under such Encumbered Lease, or any other estate, title or interest in the property demised under the Encumbered Lease, the lien of this Deed of Trust shall attach to, cover and be a lien upon such acquired estate,



title or interest and same shall thereupon be and become a part of the Trust Property with the same force and effect as if specifically encumbered herein. It is the intention of Grantor and Beneficiary that no documents, instruments or agreements shall be necessary to confirm the foregoing spread of this Deed of Trust to cover Grantor's interest in such acquired property, as aforesaid, and that such spreader shall occur automatically upon the consummation of Grantor's acquisition of such estate, title or interest to such acquired property. Notwithstanding the foregoing, Grantor agrees to execute all instruments and documents, which Beneficiary may reasonably require to ratify, confirm and further evidence Beneficiary's lien on the acquired estate, title or interest. Grantor shall not purchase any or all of the Fee Estate without prior notice to Beneficiary. Grantor shall pay all reasonable expenses incurred by Beneficiary in connection with the preparation, execution, acknowledgement, delivery and/or recording of any such documents, including but without limiting the generality of the foregoing, all filing, registration and recording fees and charges, documentary stamps, mortgage taxes, intangible taxes, and search charges, and reasonable attorneys' fees, costs and disbursements.

(e) If the Encumbered Lease is canceled or terminated, and if Beneficiary or its nominee shall acquire an interest in any new lease of all or any part of the applicable Fee Estate, Grantor shall have no right, title or interest in or to the new lease or the leasehold estate created by such new lease.

(f) With respect to each Encumbered Lease, Grantor shall use reasonable efforts to obtain and deliver to Beneficiary within thirty (30) days after written demand by Beneficiary, an estoppel certificate from the applicable lessor under such Encumbered Lease and addressed to Beneficiary, its successors and assigns, and such other persons as Beneficiary shall reasonably request, setting forth (i) the name of the tenant thereunder; (ii) that the Encumbered Lease to which such lessor is a party is in full force and effect and has not been modified or, if it has been modified, the date of each modification (together with copies of each such modification); (iii) the rent, additional rent and other charges and impositions payable under such Encumbered Lease; (iv) the date to which all rent, additional rent and other charges and impositions have been paid by the tenant under the Encumbered Lease; (v) whether a notice of default has been received by the lessor which has not been cured, and if such notice has been received, the date it was received and the nature of the default; (vi) whether there are any defaults or alleged defaults of the tenant under the Encumbered Lease or if there are any events which have occurred which with notice, the passage of time or both, would constitute a default under the Encumbered Lease, and, if there are, setting forth the nature thereof in reasonable detail; and (vii) the date upon which the term of the Encumbered Lease expires.

(g) Notwithstanding anything to the contrary contained herein, this Deed of Trust shall not constitute an assignment of any Encumbered Lease within the meaning of any provision thereof prohibiting its assignment and Beneficiary shall have no liability or obligation thereunder by reason of its acceptance of this Deed of Trust. Beneficiary shall be liable for the obligations of the tenant arising under the Encumbered Lease for only that period of time which Beneficiary is in possession of the Trust



Property or has acquired, by foreclosure or otherwise, and is holding all of the Grantor's right, title and interest therein.

(h) No release or forbearance of any of Grantor's obligations under the Encumbered Lease, pursuant to the Encumbered Lease, shall release Grantor from any of its obligations under this Deed of Trust or the other Loan Documents.

(i) With respect to the Encumbered Lease, Grantor shall enforce the obligations of the lessor under the Encumbered Lease to the end that Grantor may enjoy all of the rights granted to it under the Encumbered Lease, and will immediately notify Beneficiary of any material default by the lessor, or by Grantor as lessee, in the performance or observance of any of the terms, covenants and conditions on the part of the lessor or Grantor, as the case may be, to be performed or observed under the Encumbered Lease and Grantor will immediately advise Beneficiary of the occurrence of any of the defaults enumerated in the Encumbered Lease and of the giving of any notice by the lessor under the Encumbered Lease to Grantor of any default by Grantor, as lessee thereunder, in the performance or observance of any of the terms, covenants or conditions of the Encumbered Lease on the part of Grantor to be performed or observed and will immediately deliver to Beneficiary a true copy of each such notice. If, pursuant to the Encumbered Lease, the lessor under the Encumbered Lease shall deliver to Beneficiary a copy of any notice of default given to Grantor, as lessee under the Encumbered Lease, such notice shall constitute full authority and protection to Beneficiary for any action taken or omitted to be taken by Beneficiary, in good faith and in reliance thereon. The foregoing notification obligations on the part of Grantor shall apply only in the event that any such default under the Encumbered Lease would have a Material Adverse Effect.

(j) With respect to the Encumbered Lease, Grantor shall give Beneficiary immediate notice of the commencement of any arbitration or appraisal proceeding under and pursuant to the provisions of such Encumbered Lease. Except as provided in the Encumbered Lease, Grantor will not agree to arbitrate any disputes arising under the Encumbered Lease without the written consent of Beneficiary, which consent shall not be unreasonably withheld or delayed. Beneficiary shall have the right to intervene and participate in any such proceeding and Grantor shall confer with Beneficiary and its attorneys and experts and cooperate with them to the extent, which Beneficiary deems reasonably necessary for the protection of Beneficiary. Upon the request of the Beneficiary, Grantor will exercise all rights of arbitration conferred upon it by the Encumbered Lease. If at any time such proceeding shall be commenced, Grantor shall be in material default in the performance or observance of any covenant, condition or other requirement of the Encumbered Lease or of this Deed of Trust, on the part of Grantor to be performed or observed, Beneficiary shall have, and is hereby granted the sole and exclusive right to designate and appoint on behalf of Grantor, the arbitrator or arbitrators, or appraiser, in such proceeding. Nothing contained herein shall obligate Beneficiary to participate in such arbitration or appraisal proceeding.

(k) With respect to the Encumbered Lease, if any action or proceeding shall be instituted to evict Grantor or to recover possession of the Trust Property or any



part thereof or interest therein or any action or proceeding otherwise affecting the Encumbered Lease or this Deed of Trust shall be instituted, then Grantor will, immediately upon service thereof on or to Grantor, or by Grantor, deliver to Beneficiary a true and complete copy of each petition, summons, complaint, notice of motion, order to show cause and of all other provisions, pleadings, and papers, however designated, served in any such action or proceeding.

(l) With respect to the Encumbered Lease, Grantor acknowledges that the Encumbered Lease permits the proceeds of insurance required to be carried by Grantor hereunder on any part of the Trust Property to be determined, paid over and applied as stated in this Deed of Trust.

(m) With respect to the Encumbered Lease, if the Encumbered Lease is rejected in any case, proceeding or other action commenced by or against the lessor under the Encumbered Lease (or any person or party constituting or having an interest in the Encumbered Lease) under the Bankruptcy Code or any comparable federal or state statute or law, (i) Grantor, immediately after obtaining notice thereof, shall give notice thereof to Beneficiary, (ii) Grantor, without the prior written consent of Beneficiary, shall not elect to treat the Encumbered Lease as terminated pursuant to Section 365(h)(i) of the Bankruptcy Code or any comparable federal or state statute or law, and any election by Grantor made without such consent shall be void, and (iii) this Deed of Trust and all the liens, terms, covenants and conditions of this Deed of Trust shall extend to and cover Grantor's possessory rights under Section 365(h) of the Bankruptcy Code and to any claim for damages due to the lessor's rejection of the Encumbered Lease. In addition, Grantor hereby assigns to Beneficiary Grantor's rights to accept disaffirmance of the Encumbered Lease and to remain in possession of the premises demised under the Encumbered Lease and to offset rents under the Encumbered Lease in the event any case, proceeding or other action is commenced by or against the lessor under the Encumbered Lease (or any person or party constituting or having an interest in the Encumbered Lease) under the Bankruptcy Code or any comparable federal or state statute or law.

(n) With respect to the Encumbered Lease, Grantor hereby assigns to Beneficiary Grantor's right to seek an extension of the 60-day period within which Grantor must assume or reject the Encumbered Lease under Section 365 of the Bankruptcy Code or any comparable federal or state statute or law with respect to any case, proceeding or other action commenced by or against Grantor under the Bankruptcy Code or comparable federal or state statute or law. In the event of any such case, proceeding or other action, Grantor covenants that (i) it shall not reject or disaffirm the Encumbered Lease without the prior consent of Beneficiary, and (ii) at the direction of Beneficiary it shall, in a timely fashion, (A) take all actions (including curing all existing defaults and providing assurance of future performance) as may be required to permit Grantor to assume the Encumbered Lease and (B) assume the Encumbered Lease, and (iii) at Beneficiary's request, Grantor shall assign its interest in the Encumbered Lease to Beneficiary in lieu of rejecting the Encumbered Lease as described above, upon receipt by Grantor of written notice from Beneficiary of such request together with the



agreement of Beneficiary to cure any existing defaults of Grantor under the Encumbered Lease.

(o) With respect to each Encumbered Lease, Grantor hereby unconditionally and irrevocably assigns to Beneficiary (i) any right which Grantor has pursuant to the terms of the Encumbered Lease to renew and/or extend the term thereof, (ii) any right which Grantor has pursuant to the terms of the Encumbered Lease to cancel or terminate the Encumbered Lease, and (iii) any option or right that Grantor has pursuant to the Encumbered Lease to purchase any or all of the premises demised thereunder, provided that Beneficiary shall not exercise any such rights or options prior to the occurrence of any Event of Default.



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Skagit County Auditor

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