



200209270115

Skagit County Auditor

9/27/2002 Page 1 of 24 12:02PM

Return Address:

MATTHEW B STRAIGHT
OSERAN HAHN SPRING & WATTS PS
10900 NE 4TH ST STE 850
BELLEVUE WA 98004

LAND TITLE COMPANY OF SKAGIT COUNTY

SKAGIT COUNTY AUDITOR/RECORDER'S INDEXING FORM

7-102457

| |
|--|
| DOCUMENT TITLE(S): 1. DEED OF TRUST, ASSIGNMENT OF RENTS AND LEASES, AND SECURITY AGREEMENT |
| REFERENCE NUMBER(S) OF DOCUMENTS ASSIGNED OR RELEASED: N/A Additional reference numbers are on page <u>N/A</u> of document. |
| GRANTOR(S): 1. NWCC INVESTMENTS, INC., a Washington corporation Additional names on page <u>N/A</u> of document. |
| GRANTEE(S): 1. NIEDER, MICHAEL A., a single man 2. ANN L. NIEDER IRA 3. LAWRENCE A. NIEDER RESIDUARY MARITAL DEDUCTION TRUST Additional names on page <u>N/A</u> of document. |
| LEGAL DESCRIPTION: (abbreviated i.e. lot, block, plat, section, township, and range) Ptn of Tr. 9, MV Acreage Full legal description is on page <u>24</u> of document. |
| ASSESSOR'S PROPERTY TAX PARCEL/ACCOUNT NUMBER: 3746-000-009-0202 |
| The Auditor/Recorder will rely on information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein. |

**DEED OF TRUST, ASSIGNMENT OF RENTS AND LEASES,
AND SECURITY AGREEMENT**

THIS DEED OF TRUST, ASSIGNMENT OF RENTS AND LEASES, AND SECURITY AGREEMENT (herein "Deed of Trust") is dated September 23, 2002, by NWCC INVESTMENTS, INC., a Washington corporation (herein "Trustor"), whose mailing address is 1420 Fifth Ave., Suite 2200, Seattle, WA 98101; OSERAN HAHN SPRING & WATTS, P.S., whose mailing address is 10900 NE 4th Street, Suite 850, Bellevue, WA 98004 ("Trustee"); and MICHAEL A. NIEDER, a single man, whose address is PO Box 578, Coupeville, WA 98239, ANN L. NIEDER IRA, whose address is c/o Commerce Bank, 601 Union Street, Suite 3600, Seattle, WA 98101, and THE LAWRENCE A. NIEDER RESIDUARY MARITAL DEDUCTION TRUST, whose address is 5363 S. Kenyon Street, Seattle, WA 98118 (collectively "Beneficiary").

In consideration of the Loan (described below), Trustor hereby irrevocably grants, transfers, conveys and assigns to Trustee, in trust, with power of sale, for the benefit and security of Beneficiary, all of Trustor's present and future estate, rights, title, claim, interest and demand, either in law or in equity, of, in and to the following property (the "Property"):

A. The real property and all rights to the alleys, streets and roads adjoining or abutting the real property described on Exhibit A attached hereto (the "Land").

B. All buildings, improvements and tenements now or hereafter located on the Land.

C. All easements, all access, air and development rights, all minerals and oil, gas and other hydrocarbon substances, all royalties, all water, water rights and water stock, and all other rights, hereditaments, privileges, permits, licenses, franchises and appurtenances now or hereafter belonging or in any way appertaining to the Land.

D. All the rents, leases, revenues, issues, profits and income of the Land and the Property, and all right, title and interest of Trustor in and to all present and future leases and other agreements for the occupancy or use of all or any part of the Land, and all right, title and interest of Trustor thereunder, including without limitation all cash or security deposits, advance rentals and deposits or payments of similar nature; subject, however, to the assignment of rents and other property to Beneficiary herein contained.

E. All of Trustor's right, title and interest in all tangible personal property used or useful in connection with the ownership, development, operation or maintenance of the buildings, improvements, and Land including without limitation all permits, licenses and franchises with respect to the Property, the exclusive right to use of any trade names, all contract rights (including but not limited to architectural, engineering and management agreements), all accounts receivable, insurance or condemnation proceeds, warranties, leases and rental agreements, escrow accounts, insurance policies, deposits (including but not limited to tenant deposits), instruments, documents of title, general intangibles and business records pertaining to the buildings, improvements and Land excluding only cash on hand and in bank accounts.

F. All of Trustor's right, title and interest in materials, supplies and other goods, collectively referred to as "materials," now owned or hereafter acquired, wherever located, whether in the possession of the Trustor, warehouseman, bailee or any other person, purchased for use in the construction or furnishing of improvements on the said Land together with any documents covering such materials, all contract rights and general intangibles relating to such materials, and proceeds of such materials, documents, contract rights and general intangibles.



G. All Trustor's right, title and interest in all site plans, plats, architectural plans, specifications, work drawings, surveys, engineering reports, test borings, market surveys, grading permits, building permits, government approvals and other work products relating to the development of the Property.

To secure the following (collectively the "Secured Obligations"):

1. Payment of the sum of ONE MILLION FIFTY THOUSAND DOLLARS (\$1,050,000), plus interest according to the terms and provisions of an Unconditional Guaranty ("Guaranty") of even date herewith, made by Trustor and payable to Beneficiary, given in connection with a Promissory Note from MARK S. McDONALD to Beneficiary, or order, together with any and all modifications, extensions, renewals and replacements thereof (collectively the "Note").

2. Payment of all sums advanced to protect the security of this Deed of Trust, together with interest thereon as herein provided.

As used herein, the term "Loan Documents" means the Note, Guaranty and this Deed of Trust, and any other instrument or document securing the Note or otherwise executed in connection therewith, together with all modifications, extensions, renewals and replacements thereof.

TRUSTOR HEREBY REPRESENTS, WARRANTS, COVENANTS AND AGREES AS FOLLOWS:

1. TITLE AND USE.

1.1 Warranty of Title. Trustor covenants that it is lawfully seized of the estate hereby conveyed and has the right to grant, convey and assign the Property. Trustor further covenants that the Property is free from liens, encumbrances, exceptions and other charges of any kind whatsoever other than non-delinquent installments of taxes and assessments and the exceptions approved by Beneficiary; that no other liens or encumbrances, whether superior or inferior to this Deed of Trust, will be created or suffered to be created by Trustor during the life of this Deed of Trust without the prior written consent of Beneficiary, which consent will not be unreasonably withheld; that no default on the part of Trustor exists under any of the permitted exceptions and, as applicable, all are in full force and effect and in good standing, without modification; and Trustor will forever warrant and defend the Property to Beneficiary against all claims and demands of any person whomsoever, subject only to the non-delinquent installments of taxes and assessments and permitted exceptions.



2. TRUSTOR'S COVENANTS.

2.1 Payment and Performance of Secured Obligations. Trustor will pay when due all sums which are now or which may become owing on the Note, and will pay and perform all other Secured Obligations in accordance with their terms.

2.2 Payment of Taxes, Utilities, Liens and Charges.

2.2.1 Taxes and Assessments. Except as the same may otherwise be paid under Section 3 relating to reserves, Trustor will pay prior to delinquency directly to the payee thereof all taxes and assessments (including without limitation non-governmental levies or assessments such as maintenance charges, owner association dues or charges, or fees, levies or charges resulting from covenants, conditions or restrictions) levied, assessed or charged against or with respect to the Property or this Deed of Trust. Upon request Trustor shall promptly furnish to Beneficiary all notices of amounts due under this subparagraph and all receipts evidencing such payments.

2.2.2 Utilities. Trustor will pay when due all utility charges and assessments for services furnished to the Property.

2.2.3 Liens and Charges. Trustor will pay when due the claims of all persons supplying labor or materials to or in connection with the Property. Without waiving the restrictions of Section 4.1, Trustor will promptly discharge any lien or other charge, whether superior or inferior to this Deed of Trust, which may be claimed against the Property.

2.3 Insurance.

2.3.1 Coverages Required. Trustor will keep the following insurance coverages in effect with respect to the Property:

(a) Insurance against loss by fire and the hazards now or hereafter embraced by the standard "extended coverage" form of insurance in an amount equal at all times to the full insurable value of the improvements then located on the Property. All such insurance coverage shall contain a "replacement cost endorsement" without reduction for depreciation, loss of rents and/or business interruption insurance coverage, an inflation coverage (referred to as a fluctuating value endorsement), and such other endorsements as Beneficiary may reasonably request. All such endorsements shall be in a form and substance satisfactory to Beneficiary. The policy shall not contain a co-insurance clause.



(b) Comprehensive public liability insurance, with coverage of Two Million Dollars (\$2,000,000) combined single limit, and naming Beneficiary as additional insured, against claims for bodily injury, death or property damage occurring on, in or about the Property in amounts and on terms acceptable to the Beneficiary.

(c) Flood insurance in an amount satisfactory to Beneficiary and on terms satisfactory to Beneficiary if the Property is located in a designated flood hazard area.

(d) Insurance against such similar or other hazards, casualties, liabilities and contingencies, in such forms and amounts as Beneficiary may from time to time reasonably require.

(e) Builder's All Risk Insurance for the construction of the Project naming Beneficiary as an additional insured party. Such coverage is to be provided prior to commencement of construction.

2.3.2 Policies. Each insurance policy will be in a company and form acceptable to Beneficiary. Each hazard insurance policy will include a Form 438BFU or equivalent mortgagee endorsement in favor of and in a form acceptable to Beneficiary. All required policies will provide for at least thirty (30) days written notice to Beneficiary prior to the effective date of any cancellation or material amendment, which term shall include any reduction in the scope or limits of coverage. Trustor shall furnish to Beneficiary the original of each required insurance policy, or a certified copy thereof, together with a certificate of insurance setting for the coverage, the limits of liability, the carrier, the policy number and the expiration date. As security for the Secured Obligations, Trustor hereby assigns to Beneficiary all required insurance policies, together with all proceeds thereof, rights thereto and all unearned premiums returnable upon cancellation.

2.3.3 Payment; Renewals. Trustor shall promptly furnish to Beneficiary all renewal notices relating to insurance policies. Except as the same may otherwise be paid under Section 3 relating to reserves, Trustor will pay all premiums on insurance policies directly to the carrier. At least thirty (30) days prior to the expiration date of each such policy, Trustor shall furnish to Beneficiary a renewal policy in a form acceptable to Beneficiary, together with evidence that the renewal premium has been paid.

2.3.4 Insurance Proceeds. In the event of any loss, Trustor will give prompt written notice thereof to the insurance carrier and Beneficiary. Trustor hereby authorizes Beneficiary as Trustor's attorney-in-fact to make proof of loss, to adjust and compromise any claim, to commence, appear in and prosecute, in lender's or Trustor's name, any action relating to any claim, and to



collect and receive insurance proceeds; provided, however, that Beneficiary shall have no obligation to do so. Beneficiary shall apply any insurance proceeds received by it hereunder first to the payment of the costs and expenses incurred in the collection of the proceeds, and then in its absolute discretion and without regard to the adequacy of its security to:

(a) The payment of indebtedness secured hereby, whether or not then due and payable. Any such application of proceeds to principal on the Note shall not extend or postpone the due dates of the installment payments under the Note, or change the amounts thereof; or

(b) The reimbursement of Trustor, under Beneficiary's prescribed disbursement control procedures, for the cost of restoration or repair of the Property. Beneficiary may at its option condition the reimbursement on Beneficiary's approval of the plans and specifications of the reconstruction, contractor's cost estimates, architect's certificates, waivers of liens, sworn statements of mechanics and materialmen, and such other evidence of costs, percentage completion of construction, application of payments and satisfaction of liens as Beneficiary may reasonably require. Except to the extent that insurance proceeds are applied to payment of the indebtedness secured hereby under Subsection (a) above, nothing herein contained shall be deemed to excuse Trustor from restoring, repairing or maintaining the Property as provided in Section 2.4, regardless of whether there are insurance proceeds available or whether any such proceeds are sufficient in amount.

(c) Transfer of Title. If all or any part of the Property is sold pursuant to Section 8 or if Beneficiary otherwise acquires title to the Property, Beneficiary shall have all of the right, title and interest of Trustor in and to any insurance policies and unearned premiums thereon and in and to the proceeds resulting from any damage to the Property prior to such sale or acquisition.

2.4 Preservation and Maintenance of Property; Right of Entry.

2.4.1 Preservation and Maintenance. Trustor (a) will not commit or suffer any waste or permit any impairment or deterioration of the Property, (b) will not abandon the Property, (c) will restore or repair promptly and in a good and workmanlike manner all or any part of the Property to the equivalent of its original condition, or such other condition as Beneficiary may approve in writing, in the event of any damage, injury or loss thereto, whether or not insurance proceeds are available to cover in whole or in part the costs of such restoration or repair, (d) will keep the Property, including improvements, fixtures, equipment, machinery and appliances thereon, in good condition and repair, and shall replace fixtures, equipment, machinery and appliances of the Property when



necessary to keep such items in good condition and repair, and (e) will generally operate and maintain the Property in a manner to ensure maximum revenue.

2.4.2 Alterations. Except in conformance with the Loan Agreement no newly constructed building or other improvement on the Land will be structurally altered, removed or demolished, in whole or in part, without Beneficiary's prior written consent, nor will any fixture or chattel covered by this Deed of Trust and adapted to the use and enjoyment of the Property be removed at any time without like consent unless actually replaced by an article of equal suitability owned by Trustor, free and clear of any lien or security interest except such as may be approved in writing by Beneficiary.

2.4.3 Right of Entry. Beneficiary is hereby authorized to enter the Property, including the interior of any structures, at reasonable times and after reasonable notice, for the purpose of inspecting the Property and for the purpose of performing any of the acts it is authorized to perform hereunder.

2.5 Use of Property. Trustor will comply with all laws, ordinances, regulations and requirements of any governmental body, and all other covenants, conditions and restrictions applicable to the Property, and pay all fees and charges in connection therewith. Unless required by applicable law or unless Beneficiary has otherwise agreed in writing, Trustor will not allow changes in the use for which all or any part of the Property was intended at the time this Deed of Trust was executed. Trustor will not initiate or acquiesce in a change in the zoning classification of the Property without Beneficiary's prior written consent.

2.6 Condemnation.

2.6.1 Proceedings. Trustor will promptly notify Beneficiary of any action or proceeding relating to any condemnation or other taking (including without limitation change of grade), whether direct or indirect, of the Property or part thereof or interest therein, and Trustor will appear in and prosecute any such action or proceeding unless otherwise directed by Beneficiary in writing. Trustor authorizes Beneficiary, at Beneficiary's option, as attorney-in-fact for Trustor, to commence, appear in and prosecute, in Beneficiary's or Trustor's name, any action or proceeding relating to any such condemnation or other taking, and to settle or compromise any claim in connection with such condemnation or other taking; provided, however, that Beneficiary shall have no obligation to do so. All awards, payments, damages, direct, consequential and otherwise, claims and proceeds thereof, in connection with any such condemnation or other taking, or for conveyances in lieu of condemnation, are hereby assigned to Beneficiary, and all proceeds of any such awards, payments, damages or claims shall be paid to Beneficiary.



2.6.2 Application of Proceeds. Beneficiary shall apply any such proceeds in the manner and upon the terms and conditions set forth in Section 2.3.4 relating to the application of insurance proceeds.

2.7 Protection of Beneficiary's Security. Trustor will give notice to Beneficiary of and will, at Trustor's sole expense, appear in and defend any action or proceeding that might affect the Property or title thereto or the interests of Beneficiary or Trustee therein or the rights or remedies of Beneficiary or Trustee. If any such action or proceeding is commenced or if Beneficiary or Trustee is made a party to any such action or proceeding by reason of this Deed of Trust, or if Trustor fails to perform any obligation on its part to be performed hereunder, then Beneficiary and/or Trustee, each in its own discretion, may make any appearances, disburse any sums, make any entries upon the Property and take any actions as may be necessary or desirable to protect or enforce the security of this Deed of Trust, to remedy Trustor's failure to perform its covenants (without, however, waiving any default by Trustor) or otherwise to protect Beneficiary's or Trustee's interest. Trustor agrees to pay all loss, damage, costs and expenses, including reasonable attorneys' fees and costs, of Beneficiary and Trustee thus incurred. This paragraph shall not be construed to require Beneficiary or Trustee to incur any expenses, make any appearances or take any actions.

2.8 Reimbursement of Beneficiary's and Trustee's Expenses. All amounts disbursed by Beneficiary and Trustee pursuant to Section 2.7 or any other provision of this Deed of Trust, with interest thereon at the rate then pertaining in the Note for interest, shall be additional indebtedness of Trustor secured by this Deed of Trust. All such amounts shall be immediately due and payable and shall bear interest from the date of disbursement at the interest rate in effect on the Note from time to time, or at the maximum rate which may be collected from Trustor on such amounts by the payee thereof under applicable law if that is less.

2.9 Books and Records; Financial Statements. Trustor will keep and maintain at Trustor's address stated above, or such other place as Beneficiary may approve in writing, books of accounts and records adequate to reflect correctly the results of the operation of the Property and copies of all written contracts, leases and other instruments which affect the Property. Such books and records, contracts, leases and other instruments shall be subject to examination, inspection and copying at any reasonable time by Beneficiary. Trustor will furnish to Beneficiary, from time to time but no more frequently than once a year, within sixty (60) days after the end of each fiscal year of Trustor or within sixty (60) days after written request by Beneficiary, whichever is sooner, a balance sheet, a statement of income and expenses of the Property and a statement of changes in financial position, each in reasonable detail and certified as correct by Trustor and, if Beneficiary shall require, by an independent certified public accountant. Trustor will furnish, together with the foregoing financial statement and at any other time upon Beneficiary's request, a rent schedule for the Property, certified by Trustor, showing the name of each tenant, and for each tenant, the space occupied, the



lease expiration date, the rent payable and the rent paid. In addition, Trustor and any guarantor of the Note will furnish to Beneficiary within twenty (20) days after Beneficiary's request therefor a complete and current financial statement, in reasonable detail and certified as correct by Trustor or guarantor.

2.10 Hazardous Substances.

2.10.1 Representations and Warranties. Trustor hereby represents and warrants to Beneficiary: (a) to the best of Trustor's knowledge, no Hazardous Substance (as hereinafter defined) is currently being generated, stored or disposed of on, under or in the Property; (b) neither Trustor nor, to the best of Trustor's knowledge, any other person or entity has ever caused or permitted any Hazardous Substance to be generated, placed, held, located or disposed of on, under or in the Property; and (c) neither Trustor nor, to the best of Trustor's knowledge, has any other person or entity ever used the Property as a dump site, permanent or temporary storage site, or transfer station for any Hazardous Substance. Trustor further represents and warrants to Beneficiary that Trustor has not received any notice of, nor is Trustor aware of, any actual or alleged violation with respect to the Property of any federal, state or local statute, ordinance, rule, regulation or other law pertaining to Hazardous Substances, and that there is no action or proceeding pending before or appealable from any court, quasi-judicial body or administrative agency relating to Hazardous Substances affecting or alleged to be affecting the Property. Notwithstanding the foregoing, Beneficiary acknowledges the presence of methane gas on the Property.

2.10.2 No Future Hazardous Substances. Trustor will not cause or permit the Property to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process any Hazardous Substance, except in compliance with all applicable federal, state and local statutes, ordinances, rules, regulations and other laws, nor shall Trustor cause or permit, as a result of any intentional or unintentional act or omission on the part of Trustor or any tenant, subtenant or other user or occupier of the Property, a release of any Hazardous Substance on the Property or onto any other property.

2.10.3 Compliance with Laws. Trustor will comply and will cause all tenants, subtenants and other users and occupants of the Property to comply with all federal, state and local laws, ordinances, rules and regulations and other laws and requirements pertaining to Hazardous Substances, and pay or cause such tenants, subtenants and other users and occupants to pay all fees and charges in connection therewith.

2.10.4 Notification of Beneficiary. Trustor will promptly notify Beneficiary of any violation of any federal, state or local statute, ordinance, rule, regulation or other law pertaining to Hazardous Substances, and will promptly



furnish Beneficiary with a copy of all notices, pleadings and other correspondence received by Trustor pertaining to any actual or alleged violation of any such statute, ordinance, rule, regulation or other law.

2.10.5 Right of Entry. Beneficiary is hereby authorized to enter the Property, including the interior of any structures, at reasonable time and after reasonable notice, for the purpose of inspecting the Property to ascertain the accuracy of all representations and warranties herein relating to Hazardous Substances, and the observance of all covenants herein relating thereto.

2.10.6 Definition. As used herein, the term "Hazardous Substance" shall be interpreted broadly to include but not be limited to any hazardous, toxic or dangerous substance, radioactive substance, infectious waste, biohazardous waste, pollutant, toxic pollutant, contaminant (as well as any formulation such as ignitable, corrosive, reactive, carcinogen or toxic), petroleum, natural gas, natural gas liquids, liquified natural gas, synthetic gas useable for fuel, and drilling fluids, asbestos in any form, urea formaldehyde foam insulation, polychlorinated biphenyls, or any other substance, waste or material which is or becomes regulated under any federal, state or local statute, ordinance, rule, regulation or other law now or hereafter in effect pertaining to environmental protection, contamination or clean-up, including, without limitation, any substance, waste or material which now or hereafter is designated as hazardous in (or for purposes of) the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601, et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901, et seq.), the Federal Water Pollution Control Act (33 U.S.C. § 1251, et seq.), the Clean Air Act (42 U.S.C. § 2001, et seq., and Sections 7401-7626), Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. § 136, et seq.), the Federal Toxic Substances Control Act (15 U.S.C. § 2601, et seq.), the Federal Safe Drinking Water Act (42 U.S.C. § 300(f), et seq.), and any similar statute or law. The term "Hazardous Substances" shall also include all those substances defined as "hazardous wastes" under the laws of the State of Washington, and in such rules and/or regulations promulgated pursuant to said laws or any replacement thereof; as well as all other substances, materials and wastes which are, or in the future, become regulated under applicable local, state or federal law, or local laws or regulations, or classified or identified as posing a threat to human health or the environment, including, without limitation, federal laws and regulations and Washington law and local statutes and codes set forth above.

2.10.7 Indemnification and Remedies of Beneficiary. Should Trustor at any time default in or fail to perform or observe any of its covenants or obligations under Section 2.10 herein, Beneficiary shall have the right, but not the duty without limitation upon any of Beneficiary's rights pursuant thereto to perform the same, and Trustor agrees to pay to Beneficiary, on demand, all costs



and expenses incurred by Beneficiary in connection therewith, including without limitation reasonable attorneys' fees, together with interest from the date of expenditure at the interest rate set forth in the Note applicable after an Event of Default. Trustor will defend, indemnify and protect Beneficiary and agrees to hold Beneficiary harmless from any claims, damages, demand, penalty, lien, expense or loss incurred by or liability imposed on Beneficiary, including but not limited to attorneys' fees and costs, by reason of the inaccuracy of any representation or warranty contained in this Section 2.10 or by reason of Trustor's failure to perform or observe any of its covenants, obligations or agreements under this Section 2.10.

3. RESERVES.

3.1 Deposits. Beneficiary may, following the occurrence of an Event of Default hereunder, require Trustor to deposit with Beneficiary in advance such sums for real estate taxes, assessments, insurance premiums, charges and impositions in connection with Trustor or the Property as Beneficiary reasonably deems necessary to protect Beneficiary's interest (herein "Other Impositions"). Such sums for Other Impositions shall be deposited in a lump sum or in periodic installments, at Beneficiary's option. If requested by Beneficiary, Trustor will promptly deliver to Beneficiary all bills and notices with respect to any rents, taxes, assessments, premiums and Other Impositions. Unless Trustor and Beneficiary otherwise agree in writing, Beneficiary shall not be required to pay Trustor any interest, earnings or profits on any sums deposited with Beneficiary. All sums deposited with Beneficiary under this Section 3.1 are hereby pledged as security for the Secured Obligations.

3.2 Application of Deposits. All such deposited sums shall be held by Beneficiary and applied in such order as Beneficiary elects to pay such rents, taxes, assessments, premiums and Other Impositions or, in the event of default hereunder, may be applied in whole or in part to indebtedness secured hereby. The arrangement provided for in this Section 3 is solely for the added protection of Beneficiary and entails no responsibility on Beneficiary's part beyond the allowing of due credit, without interest, for the sums actually received by it. Upon any assignment of this Deed of Trust by Lender, any funds on hand shall be turned over to the assignee and any responsibility of Beneficiary with respect thereto shall terminate. Each transfer of the Property shall automatically transfer to the grantee all rights of Trustor with respect to any funds accumulated hereunder. Upon payment in full of the Secured Obligations, Beneficiary shall promptly refund to Trustor the remaining balance of any deposits then held by Beneficiary.

3.3 Adjustments to Deposits. If the total deposits held by Beneficiary exceeds the amount deemed necessary by Beneficiary to provide for the payment of such rents, taxes, assessments, premiums and Other Impositions as the same fall due, then such excess shall, provided no Event of Default then exists hereunder, be credited



by Beneficiary on the next due installment or installments of such deposits. If at any time the total deposits held by Beneficiary is less than the amount deemed necessary by Beneficiary to provide for the payment thereof as the same fall due, then Trustor will deposit the deficiency with Beneficiary within thirty (30) days after written notice to Trustor stating the amount of the deficiency.

3.4 Conditional Waiver. Notwithstanding any other provision of this Deed of Trust, Beneficiary agrees that it will not require the payment of reserves as provided in this Section 3, so long as there is no delinquency in the payment of any taxes or assessments levied or assessed against the Property, nor any delinquency in the payment of the premiums for any insurance required under this Deed of Trust, and there is no other event of default under this Deed of Trust.

4. RESTRICTIONS ON TRANSFER OR ENCUMBRANCE.

4.1 Restrictions on Transfer or Encumbrance of the Property. Except as set forth in Section 4.2, neither the Property nor any part thereof or interest therein shall be encumbered, sold (including sale by contract or installment sale), conveyed or otherwise transferred either by Trustor or by operation of law (any of the foregoing acts shall be deemed a "Sale"), without Beneficiary's prior written consent, nor without Beneficiary's prior written consent shall there be any change in the Members of Trustor. Any such action without Beneficiary's prior written consent shall constitute an Event of Default hereunder and shall be deemed to increase the risk to Beneficiary, and Beneficiary may declare all sums secured hereby immediately due and payable or may in its sole and absolute discretion consent to such change in title, occupancy or ownership.

4.2 Reconveyances. If Trustor is not then in default hereunder or under any other Loan Document, Beneficiary will grant a reconveyance of this Deed of Trust in return for an additional payment of \$250,000, which will be applied as provided in the Note.

5. ASSIGNMENT OF RENTS AND LEASES; LEASES OF PROPERTY; APPOINTMENT OF RECEIVER; BENEFICIARY IN POSSESSION.

5.1 Assignment of Rents and Leases. As part of the consideration for the indebtedness evidenced by the Note, and not as additional security therefor, Trustor hereby absolutely and unconditionally assigns and transfers to Beneficiary all right, title and interest of Trustor in and to: (a) any and all present and future leases and other agreements for the occupancy or use of all or any part of the Property, and any and all extensions, renewals and replacements thereof (collectively "Leases"); (b) all cash or security deposits, advance rentals and deposits of a similar nature under the Leases; and (c) any and all guarantees of tenants' or occupants' performances under any and all Leases, and all rents, issues, profits and revenues (collectively "Rents") now due or which may become due or to which Trustor may now or shall hereafter become entitled



or may demand or claim (including Rents coming due during any redemption period), arising or issuing from or out of any and all Leases, including without limitation, minimum, additional, percentage and deficiency rents, and liquidated damages.

5.2 Collection of Rents. Prior to written notice given by Beneficiary to Trustor of an Event of Default hereunder, Trustor shall have a license to, and will collect and receive all Rents of the Property as Trustee for the benefit of Beneficiary and Trustor, to apply the Rents so collected first to payment of taxes, assessments and other charges on the Property prior to delinquency; second, to the cost of insurance, maintenance and repairs required by the terms of this Deed of Trust; third, to the costs of discharging any obligation or liability of Trustor under the Leases; and fourth, to the Secured Obligations secured hereby, with the balance, if any, so long as no such Event of Default has occurred, to the account of Trustor. Upon delivery of written notice by Beneficiary to Trustor of an Event of Default hereunder and stating that Beneficiary exercises its rights to the Rents, and without the necessity of Beneficiary entering upon and taking and maintaining full control of the Property in person, by agent or by a court appointed receiver, Beneficiary shall immediately be entitled to possession of all Rents from the Property as the same become due and payable, including without limitation Rents then due and unpaid, and all such Rents shall immediately upon delivery of such notice be held by Trustor as Trustee for the benefit of Beneficiary only. Upon delivery of such written notice by Beneficiary, Trustor hereby agrees to direct each tenant or occupant of the Property to pay all Rents to Beneficiary on Beneficiary's written demand therefor, without any liability on the part of said tenant or occupant to inquire further as to the existence of a default by Trustor; Trustor hereby authorizes Beneficiary as Trustor's attorney-in-fact to make such direction to tenants and occupants upon Trustor's failure to do so as required herein. Payments made to Beneficiary by tenants or occupants shall, as to such tenants and occupants, be in discharge of the payor's obligations to Trustor. Beneficiary may exercise, in Beneficiary's or Trustor's name, all rights and remedies available to Trustor with respect to collection of Rents. Nothing herein contained shall be construed as obligating Beneficiary to perform any of Trustor's obligations under any of the Leases.

5.3 Trustor's Representations and Warranties. Trustor hereby represents and warrants to Beneficiary that Trustor has not executed and will not execute any other assignment of said Leases or Rents, Trustor has not performed and will not perform any acts and has not executed and will not execute any instrument which would prevent Beneficiary from exercising its rights under this Section 5, and at the time of execution of the Deed of Trust there has been no anticipation or prepayment of any of the Rents of the Property for more than two (2) months prior to the due dates thereof. Trustor will execute and deliver to Beneficiary such further assignments of Rents and Leases of the Property as Beneficiary may from time to time request.

5.4 Leases of the Property. Trustor will comply with and observe Trustor's obligations as landlord under all Leases and will do all that is necessary to



preserve all Leases in force and free from any right of counterclaim, defense or setoff. At Beneficiary's request, Trustor will furnish Beneficiary with executed copies of all Leases hereafter made and all Leases hereafter entered into will be on a form and in substance satisfactory to Beneficiary. All Leases will specifically provide that the tenant attorns to any person succeeding to the interest of Trustor upon any foreclosure of this Deed of Trust or conveyance in lieu thereof; such attornment shall be in such form as Beneficiary may approve but shall provide that Tenant shall not have the right of set off or defense to payment of rents for any event or act that occurred prior to such successor obtaining title to Trustor's interest except to the extent such event or act is continuing at the time such successor obtains such title. Without Beneficiary's written consent, Trustor will not collect or accept payment of any Rents of the Property more than two (2) months prior to the due dates thereof; will not execute, modify, surrender or terminate any Lease now existing or hereafter made providing for a term (including any renewal term[s]) of two (2) years or more, will not in any manner waive, discharge, release or modify the obligations of any tenant or other occupant of the Property under any Lease, or request or consent to the subordination of any Lease to any lien subordinate to this Deed of Trust.

5.5 Beneficiary in Possession; Appointment of Receiver. Upon any Event of Default hereunder, Beneficiary may in person, by agent or by a court-appointed receiver, regardless of the adequacy of Beneficiary's security, enter upon and take and maintain full control of the Property in order to perform all acts necessary and appropriate for the operation and maintenance thereof in the same manner and to the same extent as Trustor could do the same, including without limitation the execution, enforcement and performance of Trustor's obligations under the Loan Documents, including but not limited to the following: (a) obtaining of a construction loan to construct the Project, including the encumbering of the Property to secure such loan, (b) the execution of construction and other related contracts as may be necessary to enable Beneficiary or receiver to cause the Project to be completed, (c) entering into listing and sales agreements to accomplish the sale of a portion(s) of the Land, and/or the Project, and (d) all other acts required to cause the Project to be completed as required and contemplated under the Loan Documents. The receiver may also collect all Rents of the Property, remove and evict tenants and other occupants, make alterations and repairs to the Property, and execute and terminate contracts providing for management or maintenance of the Property, all on such terms as are deemed best by Beneficiary (or receiver, as the case may be) to protect the security of this Deed of Trust. From and after the occurrence of any such Event of Default, if any owner shall pay to Beneficiary in advance on the first day of each month a reasonable rental for the space so occupied, and upon failure to do so Beneficiary shall be entitled to remove such owner from the Property by any appropriate action or proceedings. Following an Event of Default hereunder, Beneficiary shall be entitled (regardless of the adequacy of Beneficiary's security) to the appointment of a receiver, Trustor hereby consenting to the appointment of such receiver, and the receiver shall have, in addition to all the rights and powers customarily given to and exercised by such receivers, all the rights and

powers granted to Beneficiary in this Section 5. Beneficiary or the receiver shall be entitled to receive a reasonable fee for so managing the Property.

5.6 Application of Rents. All Rents collected subsequent to delivery of written notice by Beneficiary to Trustor of an Event of Default hereunder shall be applied first to the costs, if any, of taking control of and managing the Property and collecting the Rents, including without limitation attorneys' fees, receiver's fees, premiums on receiver's bonds, costs of maintenance and repairs to the Property, premiums on insurance policies, taxes, assessments and other charges on the Property, and the costs of discharging any obligation or liability of Trustor under the Leases, and then to the indebtedness secured hereby. Beneficiary or the receiver shall be liable to account only for those Rents actually received. Beneficiary shall not be liable to Trustor, anyone claiming under or through Trustor or anyone having an interest in the property by reason of anything done or left undone by Beneficiary under this Section 6.

5.7 Deficiencies. To the extent, if any, that the costs of taking control of and managing the Property, collecting the Rents and discharging obligations and liabilities of Trustor under the Leases, exceed the Rents of the Property, the excess sums expended for such purposes shall be indebtedness secured by this Deed of Trust. Such excess sums shall be payable upon demand by Beneficiary and shall bear interest from the date of disbursement at the default interest rate under the Note, or the maximum rate which may be collected from Trustor therefor under applicable law if that is less.

5.8 Beneficiary Not Mortgagee in Possession. Nothing herein shall constitute Beneficiary a "mortgagee in possession" prior to its actual entry upon and taking possession of the Property, it also being agreed that entry upon and taking possession by a receiver shall not constitute possession by Beneficiary.

5.9 Enforcement. Beneficiary may enforce this assignment without first resorting to or exhausting any security or collateral for the indebtedness. This assignment shall terminate at such time as this Deed of Trust ceases to secure payment of indebtedness held by Beneficiary.

6. EVENTS OF DEFAULT.

6.1 Events of Default. The occurrence of any one or more of the following shall be an event of default hereunder ("Event of Default"):

6.1.1 The failure of Trustor to make any payment promptly when due under this Deed of Trust or any of the Loan Documents executed in connection with this Loan.

6.1.2 The material and continuing failure of Borrower to perform all of its obligations under any of the Loan Documents.

6.1.3 The fraud or malfeasance of Borrower in the use or application of any proceeds of the Loan.

6.1.4 The falsity in any material respect of any representation or warranty by Borrower contained in the Loan Agreement or any other loan document.

6.1.5 The filing of a complaint for receivership against Borrower and/or any Guarantor, or the filing of a voluntary or involuntary petition for bankruptcy or for reorganization (unless such complaint or petition is released or discharged within forty-five [45] days of such filing), or Borrower and/or any Guarantor voluntarily suspends its usual business.

6.1.6 The failure of any Guarantor to perform all of its obligations under any Deed of Trust given by any Guarantor which is senior in priority to this Deed of Trust.

6.1.7 An unauthorized lien or encumbrance is filed and is not removed or for which adequate security is not promptly provided by Borrower.

7. REMEDIES.

7.1 Acceleration Upon Default; Additional Remedies. Upon an Event of Default hereunder, Beneficiary may at its option and without notice to or demand upon Trustor exercise any one (1) or more of the following actions, all of which are cumulative, not exclusive:

7.1.1 Declare any or all indebtedness secured by this Deed of Trust to be due and payable immediately.

7.1.2 Bring a court action to enforce the provisions of this Deed of Trust or any of the indebtedness or obligations, secured by this Deed of Trust.

7.1.3 Foreclose this Deed of Trust as a mortgage.

7.1.4 Cause any or all of the Property to be sold under the power of sale granted by this Deed of Trust in any manner permitted by applicable law, including but not limited to the following:

(a) Upon receipt of such notice from Beneficiary, Trustee shall cause to be recorded, published and delivered to Trustor such Notice of Default and Election to Sell as may then be required by law and by this Deed of Trust. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such Notice of Default and Election to Sell and after Notice of Sale having



been given as required by law, sell the Property at the time and place of sale fixed by it in said Notice of Sale, either in whole or in separate lots or parcels or items as Trustee shall deem expedient, and in such order as it may determine at public auction to the highest bidder for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including without limitation Trustor, Trustee or Beneficiary, may purchase at such sale, and Trustor hereby covenants to warrant and defend the title of such purchaser or purchasers.

(b) After deducting all costs, fees and expenses of Trustee and of this Deed of Trust, including costs of evidence of title and attorney's fees of trustee or beneficiary in connection with the sale, Trustee shall apply the proceeds of sale to payment of all sums expended under the terms hereof not then repaid, with interest at the rate then in effect under the Note, all other sums then secured hereby, in such manner and order as may be elected by Beneficiary, and the remainder, if any, to the person or persons legally entitled thereto.

(c) Trustee may postpone the sale of all or any portion of the Property by public announcement at the time and place of such sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement or subsequently noticed sale, and without further notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a new Notice of Sale.

(d) Trustor hereby expressly waives any right it may have to direct the order in which any of the Land or Property shall be sold in the event of any sale or sales pursuant thereto.

(e) Beneficiary, from time to time before any Trustee's sale as provided above, may rescind any Notice of Default and Election to Sell or Notice of Sale by executing and delivering to Trustee a written notice of such rescission, which notice when recorded shall also constitute a cancellation of any prior declaration of default and/or demand for sale. The exercise by Beneficiary of such right of rescission shall not constitute a waiver of any breach or default then existing or subsequently occurring, or impair the right of Beneficiary to execute and deliver to Trustee, as above provided, other declarations or Notices of Default and Demand for Sale of the Property to satisfy the obligations hereof, nor otherwise affect



any provision, covenant or condition of any Loan Document or any other rights, obligations or remedies of Trustee or Beneficiary hereunder or thereunder.

7.1.5 Elect to exercise its rights with respect to the Leases and the Rents (notice of exercising this right will be given by Beneficiary to Trustor).

7.1.6 Exercise any or all of the other rights and remedies provided for herein in the event of default hereunder.

7.1.7 Exercise any other right or remedy available under law or in equity.

7.2 Application of Sale Proceeds. The proceeds of any sale under this Deed of Trust will be applied in the following manner:

7.2.1 First, payment of the costs and expenses of the sale, including without limitation Trustee's fees, legal fees and disbursements, title charges and transfer taxes, and payment of all expenses, liabilities and advances of Trustee, together with interest on all advances made by Trustee from date of disbursement at the applicable interest rate under the Note from time to time.

7.2.2 Second, payment of all sums expended by Beneficiary under the terms of this Deed of Trust and not yet repaid, together with interest on such sums from date of disbursement at the applicable interest rate under the Note from time to time.

7.2.3 Third, payment of all other indebtedness secured by this Deed of Trust in any order that the Beneficiary chooses.

7.2.4 Fourth, the remainder, if any, to the person or persons legally entitled to it.

7.3 Waiver of Order of Sale and Marshalling. Beneficiary shall have the right to determine the order in which any or all portions of the Secured Obligations are satisfied from the proceeds realized upon the exercise of any remedies provided herein. Trustor, any party who consents to this Deed of Trust, and any party who now or hereafter acquires a security interest in the Property and who has actual or constructive notice hereof, hereby waives any and all right to require marshalling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided herein, or to direct the order in which any of the Property will be sold in the event of any sale under this Deed of Trust.

7.4 Non-Waiver of Defaults. The entering upon and taking possession of the Property, the collection of Rents or the proceeds of fire and other insurance



policies or compensation or awards for any taking or damage of the Property, and the application or release thereof as herein provided, shall not cure or waive any default or Notice of Default hereunder or invalidate any act done pursuant to such notice.

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

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

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

7.8 Beneficiary's and Trustee's Expenses. Trustor will pay all of Beneficiary's and Trustee's expenses incurred in any efforts to enforce any terms of this Deed of Trust, whether or not any suit is filed, including legal fees and disbursements, foreclosure costs and title charges. All such sums with interest thereon shall be additional indebtedness of Trustor secured by this Deed of Trust. Such sums shall be immediately due and payable and shall bear interest from the date of disbursement at the default rate of interest stated in the Note.

8. GENERAL.

8.1 Reconveyance. Upon payment of all sums secured by this Deed of Trust, Beneficiary shall request Trustee to reconvey the Property and shall surrender this Deed of Trust, but not the Note evidencing the indebtedness secured by this Deed of Trust (unless the Note is paid in full). Trustee shall reconvey the Property without warranty to the person or persons legally entitled thereto. The grantee in any reconveyance may be described as the "person or persons legally entitled thereto," and the recitals therein of any matters or facts shall be conclusive proof of the truthfulness thereof. Such person or persons shall pay Trustee's reasonable costs incurred in so reconveying the Property.

8.2 Substitution of Trustee. Beneficiary may from time to time by a written instrument executed and acknowledged by Beneficiary and recorded in the



county or counties where the Property is located, and by otherwise complying with the provisions of Washington law, or any successor section, substitute a successor or successors for the Trustee named herein or acting hereunder.

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

8.4 Subrogation. Beneficiary shall be subrogated for further security to the lien, although released of record, of any and all encumbrances discharged, in whole or in part, by the proceeds of the Note or any other indebtedness secured hereby.

8.5 No Violation of Usury Laws. Interest, fees and charges collected or to be collected in connection with the indebtedness secured hereby shall not exceed the maximum, if any, permitted by any applicable law. If any such law is interpreted so that said interest, fees and/or charges would exceed any such maximum and Trustor is entitled to the benefit of such law, then: (a) such interest, fees and/or charges shall be reduced by the amount necessary to reduce the same to the permitted maximum; and (b) any sums already paid to Beneficiary which exceeded the permitted maximum will be refunded. Beneficiary may choose to make the refund either by treating the payments to the extent of the excess as prepayments of principal, or by making a direct payment to the person[s] entitled thereto. The provisions of this Section shall control over any inconsistent provision of this Deed of Trust or the Note or any other Loan Documents.

8.6 Additional Documents; Power of Attorney. Trustor from time to time will execute, acknowledge and deliver to Beneficiary upon request and hereby irrevocably appoint Beneficiary its attorney-in-fact to execute, acknowledge, deliver and if appropriate file and record such security agreements, assignments for security purposes, assignments absolute, financing statements, affidavits, certificates and other documents, in form and substance satisfactory to Beneficiary as Beneficiary may request in order to perfect, preserve, continue, extend or maintain the assignments herein contained, the lien and security interest under this Deed of Trust and the priority



thereof. Trustor will pay to Beneficiary upon request therefor all costs and expenses incurred in connection with the preparation, execution, recording and filing of any such document.

8.7 Waiver of Statute of Limitations. To the full extent Trustor may do so, Trustor hereby waives the right to assert any statute of limitations as a defense to the enforcement of the lien of this Deed of Trust or to any action brought to enforce the Note or any other obligation secured by this Deed of Trust.

8.8 Forbearance by Beneficiary not a Waiver. Any forbearance by Beneficiary in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any right or remedy, and no waiver by Beneficiary of any particular default by Trustor shall constitute a waiver of any other default or of any similar default in the future. Without limiting the generality of the foregoing, the acceptance by Beneficiary of payment of any sums secured by this Deed of Trust after the due date thereof shall not be a waiver of Beneficiary's right to either require prompt payment when due of all other sums so secured or to declare a default for failure to make prompt payment. The procurement of insurance or the payment of taxes or other liens or charges by Beneficiary shall not be a waiver of Beneficiary's right to accelerate the maturity of the indebtedness secured by this Deed of Trust, nor shall Beneficiary's receipt of any awards, proceeds or damages under Sections 2.3 and 2.7 hereof operate to cure or waive Trustor's default in payment of sums secured by this Deed of Trust.

8.9 Modifications and Waivers. This Deed of Trust cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of any waiver, change, discharge or termination is sought.

8.10 Notice. Except as applicable law may otherwise require, all notices and other communications shall be in writing and shall be deemed given when delivered by personal service or three (3) days after delivery to the United States postal service when mailed, by certified or registered mail, postage prepaid, addressed to the address set forth at the beginning of this Deed of Trust. Any party may at any time change its address for such purposes by delivering or mailing to the other parties hereto as aforesaid a notice of such change.

8.11 Governing Law, Severability; Captions. This Deed of Trust shall be governed by the laws of the State of Washington. If any provision or clause of this Deed of Trust conflicts with applicable law, such conflicts shall not affect other provisions or Sections hereof which can be given effect without the conflicting provision, and to this end the provisions hereof are declared to be severable. The captions and headings of the Sections of this Deed of Trust are for convenience only and are not to be used to interpret or define the provisions hereof.



8.12 Definitions. As used herein the term "Trustor" means the Trustor herein named, together with any subsequent owner of the Property or any part thereof or interest therein; the term "Trustee" means the Trustee herein named, together with any successor trustee; and the term "Beneficiary" means the Beneficiary herein named, together with any subsequent owner or holder of the Note or any interest therein, including pledgees, assignees and participants.

8.13 Reimbursement of Attorneys' Fees and Expenses. If the Beneficiary becomes a party to any action wherein the Beneficiary must establish or defend the validity or priority of this Deed of Trust, or if the Beneficiary should incur expenses in connection with the collection or enforcement of this Deed of Trust, the Note or any other Loan Document, the Trustor shall reimburse the Beneficiary on demand for any and all such costs or expenses incurred by Beneficiary, including without limitation attorneys' fees and costs and all trial, bankruptcy and appellate proceedings, and whether or not limitation has been commenced, together with interest thereon at the default interest rate set forth in the Note from the date such costs and expenses are incurred, and all of said amounts, including interest, shall constitute indebtedness secured by this Deed of Trust to the extent permitted by law.

8.14 Successors and Assigns Bound; Agents. This Deed of Trust shall bind and inure to the benefit of the parties hereto and their respective heirs, devisees, legatees, administrators, executors, successors and assigns, subject to the provisions of Section 4 hereof. In exercising any rights hereunder or taking actions provided for herein, Beneficiary and Trustee may act through their respective employees, agents or independent contractors as authorized by Beneficiary and Trustee.

8.15 Number; Gender. This Deed of Trust shall be construed so that wherever applicable the use of the singular number shall include the plural number, and vice versa, and the use of any gender shall be applicable to all genders.

8.16 Time. Time is of the essence in connection with all obligations of Trustor herein.

8.17 Additional Security. In the event Beneficiary at any time holds additional security for any of the obligations secured hereby, all such additional security shall be taken, considered and held as cumulative, and Beneficiary may enforce the sale thereof or otherwise realize upon the same, at its option, either before or concurrently with the exercise of any of its rights or remedies hereunder or after a sale is made hereunder. The taking of additional security, execution of partial releases of the security, or any extension of the time of payment of the indebtedness secured hereby shall not diminish the force, effect or lien of this Deed of Trust and shall not affect or impair the liability of any maker, surety or endorser for the payment of such indebtedness.



IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the date first above written.

NWCC INVESTMENTS, INC.,
a Washington corporation

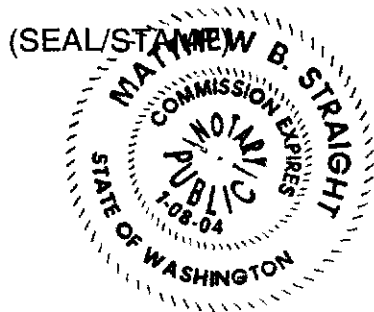
MARK S. McDONALD

1

SS.

(

Dated: September 23, 2002.



Matthew Ok Shenght

Residing at Belle

My appointment expires: 1-8-06



200209270115
Skagit County Auditor

EXHIBIT A

Legal Description

THE WEST 168 FEET OF TRACT 9 OF "PLAT OF MOUNT VERNON ACREAGE, SKAGIT COUNTY, WASH.", AS PER PLAT RECORDED IN VOLUME 3 OF PLATS, PAGE 102, RECORDS OF SKAGIT COUNTY, WASHINGTON, AND THE NORTH 29.5 FEET OF THE EAST 100 FEET OF THE WEST 268 FEET OF SAID TRACT 9 "PLAT OF MOUNT VERNON ACREAGE, SKAGIT COUNTY, WASH.";

TOGETHER WITH A NON-EXCLUSIVE EASEMENT FOR INGRESS AND EGRESS OVER AND ACROSS THE SOUTH 29.5 FEET OF THE WEST 268 FEET OF TRACT 8 OF SAID "PLAT OF MOUNT VERNON ACREAGE, SKAGIT COUNTY, WASH.".

SITUATE IN THE COUNTY OF SKAGIT, STATE OF WASHINGTON.

