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Return Address

Silicon Valley Bank
3003 Tasman Drive
Santa Clara, CA 95054
Attention: Real Estate Department

CHICAGO TITLE CO. C20582 ✓

Document Title(s) (or transactions contained therein):

1. DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF RENTS, AND FIXTURE FILING
- 2.

Reference Number(s) of Documents assigned or released:
(on page _ of documents(s))

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

1. Vendovi Island L.L.C.
- 2.
- 3.
4. ☐ Additional names on page _ of document.

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

1. Silicon Valley Bank (Beneficiary)
2. Chicago Title Insurance Company (Trustee)

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

All of Section 7 and 18, Township 36, Range 2, and all of Section 13, Township 36, Range 1

☐ Full legal is on Exhibit A of document.

Assessor's Property Tax Parcel/Account Number

360207-0-001-0008 (P46940); 360218-0-001-0300 (P118675); 360218-0-002-0004 (P46943);
360218-0-001-0100 (P118670); 360218-0-001-0013 (P46942); 360218-0-001-0200 (P118672);
360113-0-001-0100 (P46404); 360113-0-001-0200 (P118668); 360113-0-001-0400 (P118671);
360218-0-002-0300 (P118669); 360218-0-008-0008 (P46949); 360218-0-002-0200 (P118667);
360218-0-002-0100 (P118664); 360218-0-002-0400 (P118674); 360113-0-001-0001 (P46403);
360113-0-002-0300 (P118673)

**DEED OF TRUST, SECURITY AGREEMENT,
ASSIGNMENT OF RENTS, AND FIXTURE FILING**

THIS DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF RENTS, AND FIXTURE FILING ("Deed of Trust") is made this 22nd date of August, 2003, by VENDOVI ISLAND L.L.C., a Washington limited liability company, whose mailing address is 11400 SE 6th Street, Suite 230, Bellevue, WA 98004-6469 (individually and collectively, the "Grantor") to Chicago Title Insurance Company ("Trustee"), whose mailing address is 839 S. Burlington Boulevard, P.O. Box 670, Burlington, WA, 98233, in favor of Silicon Valley Bank ("Beneficiary"), whose mailing address is 4110 Carillon Point, Kirkland, WA 98033.

For purposes of Article 9 of the Uniform Commercial Code (RCW 62A.9A), this Deed of Trust constitutes a Security Agreement with Grantor being the Debtor and Beneficiary being the Secured Party. This Deed of Trust also constitutes a Financing Statement filed as a fixture filing pursuant to Article 9 of the Uniform Commercial Code, RCW 62A.9A-502(c).

Beneficiary has made a loan to Fluke Capital & Management Services Company, a Limited Partnership ("Borrower") in the amount of \$8,000,000 (the "Loan") pursuant to the terms and conditions of that certain Loan and Security Agreement entered into between Beneficiary and Borrower (the "Loan Agreement"). It is a condition of the Loan Agreement that Grantor enter into this Deed of Trust.

In consideration of the Loan, Grantor hereby irrevocably grants, conveys, transfers and assigns to Trustee, its successors and assigns, in trust, with power of sale and right of entry and possession as provided below, all of its present and future estate, right, title and interest in and to the following described property now or hereafter acquired (the "Property"):

A. The real property (the "Real Property") described in the attached Exhibit A, which is incorporated into this Deed of Trust by reference, and all minerals, oil, gas and other hydrocarbon substances on or under the surface of the Real Property, as well as all development rights, permits, licenses, air rights, water, water rights, and water stock relating to the Real Property.

B. All present and future structures, buildings, improvements, appurtenances and fixtures of any kind on the Real Property, all apparatus, equipment and appliances used in connection with the operation or occupancy of the Real Property, such as heating and air-conditioning systems and facilities used to provide any utility services, refrigeration, ventilation, laundry, drying, dishwashing, garbage disposal, recreation or other services on the Real Property, and all window coverings, drapes and rods, carpeting and floor coverings, it being intended and agreed that all such items will be conclusively considered to be part of



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the Real Property conveyed by this Deed of Trust, whether or not attached or affixed to the Real Property ("Improvements").

C. All personal property, goods, fixtures, equipment, inventory, appliances, furniture and furnishings, building service equipment, building materials, supplies, and all replacements thereof, and equipment; all general intangibles, accounts, cash, instruments, deposit accounts, chattel paper, letter of credit, all governmental permits relating to any construction by Grantor, and all rights to carry on business under any such names or all variants thereof, and all trademarks and goodwill; and all proceeds, including insurance proceeds, sales proceeds (whether resulting as a consequence of sales of single or multiple units constructed on the Property or a bulk or liquidation sale of the Property or any portion thereof), or damages or settlement proceeds arising from a breach or alleged breach of any agreement relating to the foregoing, of all or any portion of the Property ("Personal Property").

D. All appurtenances of the Real Property and all rights of Grantor in and to any streets, roads or public places, easements or rights of way, relating to the Real Property.

E. All of the rents, royalties, profits and income of the Real Property, and all rights of Grantor under all present and future leases affecting the Real Property, including but not limited to any security deposits.

F. All proceeds and claims arising on account of any damage to or taking of the Real Property or any Improvements thereon or any part thereof, and all causes of action and recoveries for any loss or diminution in the value of the Real Property or any Improvements.

This instrument secures the following obligations ("Obligations"):

(1) Payment and performance of Borrower's indebtedness and obligations under the Loan Agreement, including all extensions, renewals and modifications of the Loan Agreement.

(2) The payment and performance of Grantor's obligations under this Deed of Trust.

(3) The payment of all sums advanced or paid out by Beneficiary or Trustee under or pursuant to any provision of this Deed of Trust or to protect the security of this Deed of Trust, together with interest thereon as provided herein.

(4) The payment of the principal and interest on all other future loans or advances made by Beneficiary to Borrower or Grantor (or any successor in interest to Grantor as the owner of all or any part of the Property) when the loan agreement or promissory note evidencing such loan or advance specifically states that it is secured by this Deed of Trust ("Future Advances"), including all extensions, renewals and modifications of any Future Advances.



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(5) The payment and performance of Borrower or Grantor's obligations under all other present and future agreements executed by Borrower or Grantor in favor of Beneficiary and relating to the Loan Agreement, any guaranty, and any and all other documents or agreements executed by Borrower or Grantor in connection with the Loan, and all documents and agreements referenced in any of the foregoing (except the "Indemnity Agreement" dated the same as this Deed of Trust and executed by Grantor in favor of Beneficiary) (collectively, the "Loan Documents"). Grantor's obligations under the Indemnity Agreement are not secured by this Deed of Trust.

Grantor warrants that, except as disclosed to Beneficiary in a writing that refers to this warranty, Grantor lawfully possesses and holds fee simple title to the Property without limitation on the right to encumber, and that this Deed of Trust is a valid first and prior lien on the Property subject only to the encumbrances set forth in Schedule B, Part I of the title insurance policy issued in favor of Beneficiary that ensures the priority of this Deed of Trust. Grantor, at its sole cost and expense, shall at all times keep, protect, defend, and maintain title to the Property free and clear of any liens or encumbrances that would or could impair the validity or priority of this Deed of Trust.

ARTICLE 1 COVENANTS OF GRANTOR

To protect the security of this Deed of Trust, Grantor agrees:

1.1 Performance

To pay all indebtedness and perform all obligations that are secured by this Deed of Trust in accordance with their terms.

1.2 Insurance

To maintain in force on the Property hazard insurance, public liability insurance and any other insurance containing such deductibles and terms as requested from time to time by Beneficiary, or required by law or this Deed of Trust. Approval of any insurance by Beneficiary will not be a representation of the solvency of any insurer or the sufficiency of any amount or form of insurance.

1.3 Assignment of Proceeds

All insurance proceeds on the Property, all proceeds of a sale of all or any portion of the Property, and all causes of action, claims, compensation, awards and recoveries for any damage, condemnation or taking of all or any part of the Property or for any damage or injury to it or for any loss or diminution in value of the Property, are hereby assigned to and shall be paid to Beneficiary. At Beneficiary's option, Beneficiary may appear in and prosecute (either in its own name or in the name of Grantor) or participate in any suits or proceedings relating to any such proceeds, causes of actions, claims, compensation, awards



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or recoveries and may adjust, compromise or settle any claim in connection therewith. Beneficiary shall apply any sums received by it under this Section 1.3 first to the payment of all of its reasonable costs and expenses (including but not limited to legal fees and disbursements) incurred in obtaining those sums, and then, in its absolute discretion and without regard to the adequacy of its security, to the payment of the indebtedness and obligations secured by this Deed of Trust, except as provided in Section 1.11 below. Any application of such funds to the indebtedness secured hereby shall not be construed to cure or waive any Event of Default or invalidate any acts of Beneficiary or Trustee arising out of such Event of Default.

1.4 Taxes and Assessments

Grantor agrees to pay when due all taxes, fees, impositions, and assessments which are or may become a lien on all or any portion of or interest in the Property or which are assessed against the Property or its rents, royalties, profits and income. Grantor also agrees to pay when due all lawful claims and demands of mechanics, materialmen, laborers and others for any work performed or materials delivered with respect to the Property.

1.5 Perfection of Security

Grantor agrees to execute and deliver to Beneficiary, from time to time on demand and at Grantor's cost and expense, any documents required to perfect and continue the perfection of Beneficiary's interest in the Property.

1.6 Rents and Income

1.6.1 All of the existing and future rents, royalties, income, revenue, and profits of the Property (collectively, the "Rents") that arise from its use or occupancy are hereby absolutely and presently assigned to Beneficiary. However, until an Event of Default, Grantor will have a license to collect and receive the Rents. At any time following an Event of Default, Beneficiary may terminate Grantor's license in its discretion at any time without notice to Grantor and may thereafter collect the Rents itself or by an agent or receiver. Neither the foregoing assignment nor the exercise by Beneficiary of any of its rights or remedies under this Deed of Trust shall be deemed to make Beneficiary a "mortgagee-in-possession" or otherwise responsible or liable in any manner with respect to the Property or the use, occupancy, enjoyment, or operation of all or any portion thereof, unless and until Beneficiary, in person or by agent, assumes actual possession thereof. Possession by a court-appointed receiver will not be considered possession by Beneficiary. All Rents collected by Beneficiary or a receiver will be applied first to pay all expenses of collection, and then to the payment of all costs of operation and management of the Property, and then to the payment of the indebtedness and obligations secured by this Deed of Trust. Neither Beneficiary nor a receiver shall have an obligation to pay the costs of operation and management of the Property unless the Rents actually collected by Beneficiary or the receiver are sufficient to pay such costs.



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1.6.2 Grantor shall obtain Beneficiary's prior written consent to the terms and tenants of all occupancy agreements and leases of all or any portion of the Property prior to Grantor's execution of any such lease or occupancy agreement. In addition, Grantor shall obtain Beneficiary's prior written consent to any standard form, and to any material deviation from such form, prior to the execution of any lease or occupancy agreement by Grantor.

1.6.3 Without the prior written consent of Beneficiary, Grantor shall not accept prepayments of rent exceeding one month under any leases or occupancy agreements affecting any of the Property, nor modify or amend any such leases or occupancy agreements, nor in any manner impair Beneficiary's interest in the Rents of the Property. Grantor shall fully and timely perform all covenants of the lessor under any such leases or occupancy agreements. Upon Beneficiary's request, Grantor shall execute and deliver to Beneficiary for recordation an assignment of leases on Beneficiary's form. Grantor represents and warrants that Grantor has good title to the leases and the full right and power to assign the same; and that no other person has any right, title, or interest therein; that Grantor has duly and punctually performed all the terms, covenants, conditions, and warranties of the leases on Grantor's part to be performed; that the leases are valid and unmodified and in full force and effect; that Grantor has not previously sold, assigned, transferred, hypothecated, or pledged the Rents, whether now due or hereafter to become due; that any Rents due and issuing from the Property or any portion thereof for any period after the date hereof have not been collected; and that payment of any of the Rents has not otherwise been anticipated, waived, released, discounted, set-off, or otherwise discharged or compromised; that Grantor has not received any funds or deposits from tenants other than as previously disclosed in a Tenant Estoppel; and that the tenants under the leases are not in default with respect to any of the terms of the leases. If any of the foregoing representations or warranties of Grantor shall be found to be untrue, or Grantor shall default in the observance or performance of any obligation, term, covenant, condition, representation, or warranty contained in this Section 1.6, then, in each such instance, upon Beneficiary's delivery of 5 (five) days written notice to Grantor of such occurrence, the same shall constitute and be deemed to be a default under the Loan Agreement, this Deed of Trust, and the other Loan Documents, entitling Beneficiary to declare all sums secured by this Deed of Trust immediately due and payable, and to exercise any and all of the rights and remedies provided under this Deed of Trust, the Loan Agreement, and the other Loan Documents, in addition to any other rights or remedies it may have at law or in equity.

1.6.4 Each lease or occupancy agreement affecting any of the Property must provide, in a manner approved by Beneficiary, that the tenant shall recognize as its lessor any person succeeding to the interest of Grantor upon any foreclosure of this Deed of Trust or transfer in lieu of foreclosure.

1.7 Acceleration

Without the prior written consent of Beneficiary (which consent may be withheld in Beneficiary's sole and absolute discretion), Grantor shall not sell, encumber, assign, contract



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to sell, grant an option to sell, lease, or otherwise transfer or convey the Property or any portion thereof or interest therein or suffer its title therein to be divested whether voluntarily, by operation of law or otherwise, and Grantor shall not dissolve, cease doing business or terminate its existence. If such an event occurs without Beneficiary's prior written consent, Beneficiary may, in its sole option and upon written notice to Grantor, accelerate the maturity date of the sums secured hereby and declare all such sums immediately due and payable.

1.8 Waste; Changes in Zoning; Subdivision

1.8.1 Grantor shall not commit any waste on the Property or take any actions that might invalidate any insurance carried on the Property. Grantor shall maintain the Property, and every portion thereof, in good condition and repair. Beneficiary shall have the right, but not the obligation, to enter upon and take possession of the Property and to make additions, alterations, repairs, or improvements to the Property which Beneficiary may consider necessary or proper to keep the Property in good condition and repair. No Improvements may be removed, demolished or materially altered without the prior written consent of Beneficiary, which Beneficiary may withhold in its sole and absolute discretion. No personal property in which Beneficiary has a security interest may be removed from the Property unless it is immediately replaced by similar property of at least equivalent value on which Beneficiary will immediately have a valid first lien and security interest.

1.8.2 Without the prior written consent of Beneficiary, which Beneficiary may withhold in its sole and absolute discretion, Grantor shall not seek, make or consent to any change in the zoning or conditions of use of the Property. Grantor, at its sole cost, shall comply with and make all payments required under the provisions of any covenants, conditions or restrictions affecting the Property, including but not limited to those contained in any declaration and constituent documents of any condominium, cooperative or planned development project on the Property. Grantor, at its sole cost, shall comply with all existing and future requirements of all governmental authorities having jurisdiction over the Property.

1.8.3 If this Deed of Trust covers a subdivision or common interest development ("Subdivision"), Grantor shall obtain, comply with and keep in effect all present and future permits, maps, bonds and other agreements required by applicable laws and regulations for the lawful construction or sale of the Subdivision lots and/or units. Grantor must also maintain an active sales program for the Subdivision, and always be in a position to convey insurable title to the lots and/or units to purchasers.

1.9 Books and Records

1.9.1 Grantor shall keep adequate books and records of account of the Property and its own financial affairs on a cash basis sufficient to permit the preparation of financial statements therefrom in accordance with generally accepted accounting principles. Beneficiary shall have the right to examine, copy and audit Grantor's records and books of



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account at all reasonable times. If the Property is at any time used for commercial or residential income purposes, Grantor will deliver to Beneficiary, upon request, certified financial statements and profit-and-loss statements for Grantor and the Property prepared in accordance with generally accepted accounting principles.

1.9.2 Grantor will promptly furnish from time to time, upon Beneficiary's request, a duly acknowledged written statement setting forth all amounts due on the indebtedness secured by this Deed of Trust and stating whether any offsets or defenses exist, and containing such other matters as Beneficiary may reasonably require.

1.9.3 Grantor shall promptly supply Beneficiary with any financial statements or other information concerning its affairs and properties as Beneficiary may reasonably request from time to time, and shall promptly notify Beneficiary of any material adverse change in its financial condition or in the physical condition of the Property or the Improvements.

1.10 Defend Security

Grantor shall, at its own expense, appear in and defend any action or proceeding that might affect Beneficiary's security or the rights or powers of Beneficiary or Trustee or that purports to affect any of the Property. If Grantor fails to perform any of its covenants or agreements contained in this Deed of Trust or any of the other Loan Documents, or if any action or proceedings of any kind (including but not limited to any bankruptcy, insolvency, arrangement, reorganization or other debtor relief proceeding) is commenced which might affect Beneficiary's or Trustee's interest in the Property or Beneficiary's right to enforce its security, then Beneficiary and/or Trustee may, at their option, make any appearances, disburse any sums and take any actions as may be necessary or desirable to protect or enforce the security of this Deed of Trust or to remedy the failure of Grantor to perform its covenants, including without limitation payment on behalf of Grantor of any taxes, assessments, liens, insurance premiums, and repair or maintenance costs (without, however, waiving any default of Grantor). Grantor agrees to pay all reasonable out-of-pocket expenses of Beneficiary and Trustee thus incurred (including but not limited to fees and disbursements of counsel). Any sums disbursed or advanced by Beneficiary or Trustee shall be additional indebtedness of Grantor secured by this Deed of Trust and shall be payable by Grantor upon demand. Any such sums so disbursed or advanced by Beneficiary shall bear interest at the default rate as set forth in the Loan Agreement, and any such sums so disbursed or advanced by Trustee shall bear interest at the maximum rate permitted to be charged by Trustee under applicable law. This Section 1.10 shall not be construed to require Beneficiary or Trustee to incur any expenses, make any appearances, or take any other actions.

1.11 Damage and Destruction

Notwithstanding anything contained herein to the contrary, if any part of the Property is damaged or destroyed by any means, including, without limitation, by flood, earthquake,



wind or fire, Grantor shall promptly restore the Property to its prior undamaged condition, and Beneficiary shall not be obligated to make any further disbursements of the Loan unless and until:

1.11.1 Grantor presents within 60 days of such damage or destruction to Beneficiary a plan for restoration which includes, among other things, plans and specifications prepared by an architect satisfactory to Beneficiary, cost estimates and time schedules which in Beneficiary's sole discretion are satisfactory;

1.11.2 Grantor enters into, with Beneficiary's prior written consent, which consent shall not be unreasonably withheld, a contract with contractor(s) providing for complete restoration in accordance with such restoration plan previously approved by Beneficiary within 3 months of such damage or destruction; and

1.11.3 The insurance proceeds available by reason of such damage or destruction that are received by Beneficiary pursuant to Section 1.3 above (less Beneficiary's costs and expenses incurred in obtaining such funds) plus additional sums provided to Beneficiary by Grantor for restoration purposes are at least equal to the anticipated costs of completing such construction, which anticipated costs shall include, but not be limited to, appropriate interest reserves and contingency funds reasonably required by Beneficiary.

1.12 Condemnation

Grantor hereby assigns to Beneficiary, as security for Grantor's obligations under the Loan Documents, all compensation, awards and other payments (collectively, the "Compensation") payable to Grantor in connection with any taking of all or any portion of the Property for public use, and any proceeds of any related settlement regardless of whether eminent domain proceedings are instituted in connection therewith. Grantor shall deliver to Beneficiary immediately upon receipt all Compensation and related settlement proceeds.

1.13 Compensation; Exculpation; Indemnification

1.13.1 Grantor hereby agrees to indemnify Trustee and Beneficiary against, and holds them harmless from all losses, damages, liabilities, claims, causes of action, judgments, court costs, attorneys fees and other legal expenses, cost of evidence of title, cost of evidence of value, and other expenses which either may suffer or incur (a) by reason of this Deed of Trust; or (b) by reason of the execution of this Deed of Trust or in performance of any act required or permitted hereunder or by law; or (c,) as a result of any failure of Grantor to perform Grantor's obligations; or (d) by reason of any alleged obligation or undertaking on Beneficiary's part to perform or discharge any of the representations, warranties, conditions, covenants or other obligations contained in any other document related to the Property. Notwithstanding the foregoing, Grantor shall not be liable under this subsection 1.13.1 to the extent that Grantor establishes that such liability is attributable solely and directly to the gross negligence or willful misconduct of Trustee or Beneficiary.



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1.13.2 Grantor shall pay all indebtedness arising under this Section 1.13 immediately upon demand by Trustee or Beneficiary together with interest thereon from the date the indebtedness arises at the default rate of interest set forth in the Loan Agreement (after giving effect to any notice and/or cure periods). Grantor's duty to indemnify Trustee and Beneficiary shall survive the release and cancellation of the Obligations and the release and reconveyance or any partial release or reconveyance of this Deed of Trust.

1.14 Insurance

1.14.1 Grantor's Liability Insurance

Grantor shall, at its expense, obtain and keep in force until full payment of the Loan a policy of comprehensive general liability insurance in an occurrence form providing for broad form property damage coverage, broad form contractual coverage, personal injury, bodily injury, and advertising injury coverage with employee exclusion as to each named insured deleted, and products and complete operations coverage, insuring Grantor, and naming Beneficiary as an additional named insured, against any liability arising out of or in connection with the Loan, Beneficiary's activities in connection with the Loan, or the Property, or any other claim arising out of the Property or the Loan. Such insurance policy shall have a combined single limit for both bodily injury and property damage in an amount not less than \$300,000, which amount shall be increased from time to time as reasonably required by Beneficiary. Such insurance policy and each portion thereof shall be in the broadest and most comprehensive form available in the market at the time such policy is issued or amended. The policy shall insure performance by Grantor of the indemnity provisions of Section 1.15 hereof. The limits of said insurance shall not limit the liability of Grantor hereunder.

1.14.2 Grantor's Fire Insurance

Grantor shall, at its expense, obtain and keep in force on all of the Improvements until full payment of the Loan a policy of standard "all risk" fire and extended coverage insurance, with vandalism and malicious mischief endorsements, to the extent of 100% of full replacement value against "all risks of physical loss" including without limitation a guaranteed replacement cost and code compliance coverage endorsement (including without limitation earthquake coverage with a deductible related thereto of no more than 10% of the replacement value of the Improvements) including boiler and machinery insurance coverage, heating, air conditioning equipment, and other equipment of such nature, and insurance against loss or damage to personal property located on the Property by fire and other hazards covered by such insurance (without any deductible clause unless approved in writing by Beneficiary). All such insurance shall be payable to Beneficiary under an attached Beneficiary's Loss Payable Endorsement (Form 438 BFUNS or equivalent). Such insurance policy and each portion thereof shall be in the broadest and most comprehensive form available in the market at the time such policy is issued or amended. Such policy shall, if



required by Beneficiary, contain an agreed value clause sufficient (as determined by Beneficiary) to eliminate any risk of coinsurance.

1.14.3 Worker's Compensation Insurance

Grantor shall, at its expense, obtain and keep in effect (or cause Contractor to procure and keep in effect), Worker's Compensation Insurance (including employer's liability in an amount satisfactory to Beneficiary and if applicable, insurance covering claims of workers against employers arising under Federal law) covering all employees of Grantor and Contractor and, if required under applicable law, any subcontractor engaged in work on, or with respect to, the Property, in such amount as is reasonably satisfactory to Beneficiary and in amounts not less than any minimum amounts established by law.

1.14.4 Business Interruption Insurance

Grantor shall, at its expense, obtain, and keep in force until full payment of the Loan a policy a policy of Business income Insurance that includes a provision for payment of continuing normal operating expenses, including payments on the Loan, for a time period equal to the original term of the Loan. The Limit of Insurance and the Coinsurance conditions shall be in amounts that are sufficient to generate payments equal to or greater than the payments due on the Loan if it were fully funded at the time of the loss.

1.14.5 Conditional Assignment

Grantor shall execute and deliver to Beneficiary a conditional assignment of all proceeds from any claim Grantor may have under Business Interruption Insurance. This Assignment of proceeds will be conditioned on the occurrence of an event of loss as defined under Grantor's insurance policies. Upon any event of loss Beneficiary may given notice of the assignment to Grantor's insurers so that proceeds due to Grantor are paid to Beneficiary. Upon receipt of insurance proceeds, Beneficiary will disburse the proceeds, in the same manner as loan proceeds are disbursed under the Loan Documents, to Grantor for items which were the subject of the insurance claim. However, all proceeds due under the Business Interruption Insurance shall be used first to pay all amounts due to Beneficiary on the Loan and then to Grantor for other items of normal operating expenses.

1.14.6 General

Grantor shall, at its expense, obtain and keep in force all other insurance required by Beneficiary, governmental authorities, this Deed of Trust, or applicable law. Grantor shall deliver evidence satisfactory to Beneficiary of any such other required insurance.

1.14.7 Payment

In the event Grantor fails to procure and/or maintain such insurance, Beneficiary may, but is not obligated to, procure the same and Grantor shall pay to Beneficiary during the



term hereof, upon receipt of an invoice therefor, the premiums for any insurance obtained by Beneficiary pursuant to subsections 1.14.1, 1.14.2, 1.14.3, 1.14.4 above. If Beneficiary secures such insurance, Beneficiary may, at its sole option and without notice to Grantor, the contractor, or any other party, secure such insurance solely to protect Beneficiary's interests and not the interests of any other party.

1.14.8 Insurance Policies

All of Grantor's insurance shall be primary insurance written in a form satisfactory to Beneficiary by companies licensed in Washington acceptable to Beneficiary (which must be Class XI A or better as rated by Best's Insurance Reports) and shall specifically provide that such policies shall not be subject to cancellation or other change except after at least 30 days' prior written notice of Beneficiary. Copies of the policies, together with satisfactory evidence of payment of premiums shall be deposited with Beneficiary on or prior to the date hereof, and upon each renewal of such policies, which shall be effected not less than 30 days prior to the expiration date of the term of such coverage.

1.14.9 Other Provisions

Said policy shall combine aggregate limits for Bodily Injury, Property Damage, Personal Injury, and Advertising Injury, in the amounts specified above, that apply specifically to and can only be exhausted in connection with claims arising out of or relating to the Property. If any claim, event, or loss occurs during the policy period which will or may decrease the aggregate amount of insurance coverage available under the policy, Grantor shall immediately secure additional coverage sufficient to provide total aggregate limits at least equal to the amounts set forth above on a going forward basis. Should any part of the coverage required above be provided by "excess" or "umbrella" policies, those policies shall specifically provide that the coverage under those policies shall "drop down" as to both defense and indemnity obligations in the event of insolvency of the primary or underlying carrier. Such "excess" or "umbrella" policies shall also contain all the other provisions required by this Deed of Trust.

1.15 Payment of Expenses

Promptly upon demand, from time to time, Grantor shall pay Beneficiary's out-of-pocket costs and expenses incurred in connection with the making or disbursement of the Loan or in the exercise of any of its rights or remedies under this Deed of Trust, including but not limited to title insurance and escrow charges, appraisal fees, reappraisal and review appraisal fees, recording charges and mortgage taxes, legal fees and disbursements, fees for Beneficiary's design cost analyst, costs of environmental inspections and reports, and other reasonable fees and costs for services which are not customarily performed by Beneficiary's salaried employees and are not specifically covered by Beneficiary's fees for the Loan. The provisions of this section shall survive the termination of this Deed of Trust and the repayment of the Loan.



1.16 Change in Entity

If Grantor is a partnership or limited liability company, Grantor shall not amend or modify, or permit any amendment or modification of its partnership or limited liability company agreement during the term of the Loan. The partners or members of Grantor shall not assign, hypothecate, encumber or otherwise transfer all or any portion of their respective interests in Grantor during the term of the Loan. No shareholder of the general partner(s) of Grantor shall assign, hypothecate, encumber or otherwise transfer all or any portion of its interest without the prior written approval of Beneficiary. If Grantor is a corporation, Grantor shall not sell or otherwise transfer any interest in Grantor. For purposes of this section, "transfer" shall include any change in the general partners or members of Grantor or the transfer or hypothecation of any general partnership or membership interest in Grantor or a controlling interest in Grantor, if Grantor is a corporation. Grantor acknowledges that Beneficiary has found Grantor's particular expertise to be an important element in Beneficiary's decision to enter into the Loan Documents and that Beneficiary continues to rely upon such expertise to ensure the satisfactory operation and management of the Property.

ARTICLE 2 SECURITY AGREEMENT

2.1 Grant of Security

To secure prompt and complete performance of the Obligations, Grantor grants Beneficiary a security interest in the Personal Property.

2.2 Representations, Warranties and Covenants

Grantor hereby represents, warrants and covenants to Beneficiary that

2.2.1 Except for the security interest created hereunder, Grantor is (and, with respect to after-acquired property, will be as of the date of acquisition) the full legal and equitable owner of the Personal Property and no other person or entity has or will have any right, title, interest, lien or claim in, on, or to the Personal Property or any part thereof. Grantor, at its cost, shall defend any proceeding that may affect the title to or Beneficiary's security interest in any Personal Property and shall indemnify, defend, protect, and hold Beneficiary harmless from all costs and expenses of Beneficiary's defense.

2.2.2 Any tangible Personal Property is (and, with respect to after-acquired property, will be as of the date of acquisition) located on the Real Property. Without the prior written consent of Beneficiary, Grantor shall not cause or suffer any of such Personal Property to be removed from the Real Property.

2.2.3 Upon the filing of a financing statement with the Washington State Department of Licensing describing the Personal Property, the security interest created hereunder shall constitute a first priority security interest in the Personal Property.

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2.3 Waiver of Rights

Grantor waives any right to require Beneficiary to proceed first against any person or particular part of the Property, or exhaust or pursue any particular remedy that may be available to Beneficiary. Grantor waives any right of subrogation or other right to the benefit of, or any right to participate in, or direct the disposition of any of the Property or any other security now or hereafter held by Beneficiary.

2.4 Security Agreement; Fixture Filing

For purposes of Article 9 of the Uniform Commercial Code (RCW 62A.9A), this Deed of Trust constitutes a Security Agreement with Grantor being the Debtor and Beneficiary being the Secured Party, and Beneficiary shall have all the rights of a secured party thereunder. Pursuant to the foregoing terms and conditions, Grantor has granted to Beneficiary a security interest in and to certain personal property to be incorporated into the Improvements, some of which may become fixtures on the Improvements.

This Deed of Trust also constitutes a Financing Statement filed as a fixture filing pursuant to Article 9 of the Uniform Commercial Code, RCW 62A.9A-502(c), as amended or remodified from time to time.

ARTICLE 3 EVENTS OF DEFAULT

3.1 List of Events of Default

An "Event of Default" shall have occurred under this Deed of Trust 5 days after written notice has been given by Beneficiary to Grantor of the occurrence of any of the following:

3.1.1 Grantor or Borrower fails timely to make any payment required by the Loan Agreement, any future advances, or any of the other Loan Documents; or

3.1.2 Grantor or Borrower breaches any warranty or fails to perform any other covenant contained in this Deed of Trust or any of the other Loan Documents, and does not cure that failure within the period of time, if any, that Beneficiary may elect in its sole discretion to grant in writing to Grantor to cure that failure; or

3.1.3 Any general partner of Grantor withdraws as a partner of Grantor or otherwise materially alters its relationship with Grantor without the prior written consent of Beneficiary; or

3.1.4 Any of Grantor's representations or warranties under this Deed of Trust or any of the other Loan Documents is or becomes false or misleading; or



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3.1.5 Any of the following events of bankruptcy, insolvency or receivership occurs:

3.1.5.1 Grantor has admitted in writing its inability to pay its debts generally as they come due, or at any time is generally not paying its debts as such debts become due, or has filed any petition or action for relief under any bankruptcy, reorganization, insolvency or moratorium law, or any other law or laws for the relief of, or relating to debts; or

3.1.5.2 An involuntary petition has been filed under any bankruptcy or insolvency statute against Grantor, or a custodian, receiver or trustee has been appointed to take possession of the Property or other assets of Grantor, unless such petition or appointment is or has been set aside or withdrawn or ceases or has ceased to be in effect within 60 days from the date of said filing or appointment; or

3.1.5.3 There is filed by or against Grantor a petition seeking the liquidation or dissolution of Grantor or the commencement of any other procedure to liquidate or dissolve Grantor, or there occurs any event, condition or circumstance which causes the liquidation or dissolution of Grantor; or

3.1.5.4 Grantor conceals, removes, or permits to be concealed or removed, any part of its property, with intent to hinder, delay or defraud its creditors, or makes or suffers a transfer of any of its property which may be fraudulent under any bankruptcy, fraudulent conveyance or similar law; or makes any transfer of its property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid; or suffers or permits while insolvent, any creditor to obtain a lien upon any of its property through legal proceedings which is not vacated within 60 days from the date thereof; or

3.1.5.5 Grantor makes a general assignment of the assets of Grantor for the benefit of Grantor's creditors; or

3.1.5.6 There is any sequestration or attachment of, or any levy or execution upon: all or any part of the Property or the Improvements; any other collateral provided by Grantor under any of the Loan Documents; any Loan proceeds; or any substantial portion of the other assets of Grantor, which is not released, expunged or dismissed prior to the earlier of 10 days after such sequestration, attachment or execution, or the sale of such assets; or

3.1.5.7 Grantor terminates or suspends its business, or otherwise disposes of a substantial part of its assets, or ceases to exist; or



3.1.5.8 Any of the above events in this subsection 3.1.5 occur with respect to any general partner of Grantor, any constituent general partner of any general partner of Grantor ("Constituent Partner"), or any, co-maker, accommodation maker, or surety on or of the Loan.

3.1.6 The lien or security interest of this Deed of Trust shall lose validity or first priority; or any liens not approved by Beneficiary in writing are imposed upon the Property or foreclosure is instituted on any liens against the Property; or

3.1.7 Any governmental authority takes or institutes action which, in the opinion of Beneficiary, shall adversely affect Grantor's condition, operations or ability to repay the Loan; or

3.1.8 Any material adverse change in the condition of Grantor, the Improvements or the Property occurs or any event shall have occurred which gives Beneficiary reasonable cause to believe that the Loan will not be repaid; or

3.1.9 There is an Event of Default under the Indemnity Agreement; or

3.1.10 Any other Event of Default occurs under any of the other Loan Documents, or a default occurs under any other agreement between Beneficiary and Grantor, any general partner of Grantor, or a shareholder or Constituent Partner.

ARTICLE 4 REMEDIES

4.1 List of Remedies

At any time following an Event of Default, Beneficiary may, at its option, and without notice to or demand upon Grantor:

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

4.1.2 Enter onto the Property, in person or by agent or by court appointed receiver, and take any and all steps which may be desirable in Beneficiary's judgment to complete any unfinished construction and to manage, operate, preserve, develop, maintain and protect the Property, and subject to subsection 1.6.1 above, Beneficiary may apply any rents, royalties, income or profits collected against the indebtedness secured by this Deed of Trust without in any way curing or waiving any default of Grantor;

4.1.3 Cause Grantor to assemble any Personal Property and deliver it to Beneficiary at a place designated by Beneficiary;

4.1.4 Bring a court action to foreclose this Deed of Trust or to enforce its provisions or any of the indebtedness or obligations secured by this Deed of Trust;



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4.1.5 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;

4.1.6 Exercise any other right or remedy available under any of the Loan Documents or otherwise available under law or in equity, including without limitation, rights and remedies with respect to the Personal Property that are available to a secured party under the Washington Uniform Commercial Code.

4.2 Sale of Property

For any sale under the power of sale granted by this Deed of Trust, Beneficiary or Trustee must record and give all notices required by law and then, upon the expiration of such time as is required by law, Trustee may sell the Property upon any terms and conditions specified by Beneficiary and permitted by applicable law. Trustee may postpone any sale by public announcement at the time and place noticed for the sale. If the Property consists of several lots or parcels, Beneficiary in its discretion may designate their order of sale or may elect to sell them through a single sale, or through two or more successive sales, or in any other manner Beneficiary may elect. In the event Beneficiary elects to dispose of the Property through more than one sale, Grantor shall pay the costs and expenses of each such sale and of any judicial proceedings wherein the same may be made. Any person, including Grantor, Trustee, and Beneficiary, may purchase at any sale, and Beneficiary shall have the right to purchase at any sale hereunder by crediting upon the bid price the amount of all or any part of the indebtedness secured hereby. Upon the sale, Trustee shall execute and deliver to the purchaser or purchasers a deed or deeds conveying the property sold, but without any covenant or warranty, express or implied, and the recitals in the deed or deeds of any facts affecting the regularity or validity of the sale shall be conclusive against all persons.

4.3 Application of Proceeds

The proceeds of any sale under this Deed of Trust shall be applied in the following manner:

4.3.1 FIRST: Payment of the costs and expenses of the sale, including but not limited to 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 at the maximum rate permitted to be charged by Trustee under applicable law.

4.3.2 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 at the default rate set forth in the Loan Agreement.

4.3.3 THIRD: Payment of the entire indebtedness and obligations of Grantor secured by this Deed of Trust, in any order that Beneficiary chooses.



4.3.4 FOURTH: The remainder, if any, to the person or persons legally entitled to it.

4.4 Waiver of Rights

Grantor waives all rights to direct the order in which any of the Property shall be sold in the event of any sale under this Deed of Trust, and also any right to have any of the Property marshaled upon any sale.

4.5 Remedies are Cumulative

All remedies contained in this Deed of Trust are cumulative, and Beneficiary also has all other remedies provided by law, in equity, or in any other agreement between Grantor and Beneficiary. No delay or failure by Beneficiary to exercise any right or remedy under this Deed of Trust shall be construed to be a waiver of that right or remedy or of any default by Grantor. Beneficiary may exercise any one or more of its rights and remedies at its option without regard to the adequacy of its security.

4.6 Payment of Expenses

Grantor shall 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 lawsuit is filed, including but not limited to legal fees and disbursements, foreclosure costs, escrow fees, filing fees, recording fees, and title charges.

4.7 No Cure or Waiver

Neither Beneficiary's nor Trustee's nor any receiver's entry upon and taking possession of all or any part of the Property, nor any collection of rents, issues, profits, insurance proceeds, condemnation proceeds or damages, other security or proceeds of other security, or other sums, nor the application of any collected sum to any Obligation, nor the exercise of any other right or remedy by Beneficiary or Trustee or any receiver shall cure or waive any breach, Default or notice of default under this Deed of Trust, or nullify the effect of any notice of default or sale (unless all Obligations then due have been paid and performed and Grantor has cured all other defaults), or impair the status of the security, or prejudice Beneficiary or Trustee in the exercise of any right or remedy, or be construed as an affirmation by Beneficiary of any tenancy, lease, or option or a subordination of the lien of this Deed of Trust.

4.8 Power to File Notices and Cure Defaults

Grantor hereby irrevocably appoints Beneficiary and its successors and assigns as its attorney-in-fact, which agency is coupled with an interest, (a) to execute and record any notices of completion, cessation of labor, or any other notices that Beneficiary deems appropriate to protect Beneficiary's interest, and (b) upon the occurrence of a Default,



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Beneficiary may perform any obligation of Grantor hereunder; provided, that (i) Beneficiary, as such attorney-in-fact, shall only be accountable for such funds as are actually received by Beneficiary; and (ii) Beneficiary shall not be liable to Grantor or any other person or entity for any failure to act under this section.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF GRANTOR

5.1 Representations and Warranties of Grantor

Grantor hereby represents, warrants, and covenants to Beneficiary as follows:

5.1.1 If Grantor is a corporation, limited liability company or partnership, then Grantor is duly organized and validly existing under the laws of the State of Washington and is duly qualified to do business in the State of Washington;

5.1.2 Grantor has the requisite power and authority to own, develop, manage, lease, and sell its properties, to carry on its business as now being conducted and to own, develop and operate the Property;

5.1.3 Grantor is in compliance with all laws, regulations, ordinances and orders of public authorities applicable to it;

5.1.4 The execution, delivery and performance by Grantor of its obligations under the Loan Documents (i) are within the power of Grantor, (ii) have been duly authorized by all requisite partnership or corporate action of Grantor and all requisite partnership or corporate action of any general partners of Grantor, (iii) have received all necessary governmental approvals, and (iv) shall not violate (a) any provision of law, (b) any order of any court or agency of government, (c) the partnership agreement, limited liability company agreement, or articles of incorporation or bylaws of Grantor or the general partners of Grantor, if any, or (d) any indenture, agreement or any other instrument to which Grantor or any of its general partners are a party or by which Grantor or any of its general partners or its or their property is bound, or be in conflict with, result in a breach of or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of Grantor's or any of its general partners' property or assets, except as contemplated by the provisions of the Deed of Trust;

5.1.5 Each of the Loan Documents, when executed and delivered to Beneficiary, shall constitute legal, valid and binding obligations enforceable against Grantor in accordance with its terms;

5.1.6 All financial statements and data that have been given to Beneficiary with respect to Grantor (i) are complete and correct in all material respects; (ii) accurately present the financial condition of the respective individual or entity on each date as of which, and the results of the respective entity's operations for the periods for which, the same have



been furnished; and (iii) have been prepared in accordance with generally accepted accounting principles consistently applied throughout the period covered thereby;

5.1.7 No material adverse change has occurred in the financial condition of Grantor, any general partner of Grantor(s), or any of them, since the respective dates of the financial statements described in subsection 5.1.6 above, except as expressly disclosed in writing to Beneficiary;

5.1.8 To the best of Grantor's knowledge, all Improvements are permitted by and are consistent with any and all zoning, ecological, environmental and use restrictions and all other laws and regulations applicable to the Property or the construction of the Improvements;

5.1.9 Grantor, any general partner of Grantor, or any of them, are not a party to any agreement or instrument materially and adversely affecting its present or proposed business, properties or assets, operation or condition, financial or otherwise; and each such person or entity is not in default in the performance, observance and fulfillment of any of the material obligations, covenants or conditions set forth in any agreement or instrument to which it is a party;

5.1.10 Grantor has delivered to Beneficiary all material documents with respect to the Property. All documents delivered to Beneficiary by Grantor in connection with this Deed of Trust are in full force and effect without default by any party thereunder;

5.1.11 All materials to be used in the construction of the Improvements shall be new, unless otherwise specified, and all work shall be of good quality, free from improper workmanship and defective materials and in conformance with the plans and specifications therefor. Grantor shall immediately correct all work which proves to be defective in material or workmanship;

5.1.12 All utilities, services and facilities necessary for the construction of the Improvements and the operation thereof for their intended purpose are either available at the boundaries of the Property, or, if not, all necessary steps have been taken by Grantor to assure the complete installation and availability thereof when needed for construction and/or occupancy and operation of the Improvements;

5.1.13 All roads, streets, traffic turn lanes, and access ways necessary for the full utilization of the Improvements for their intended purpose have been completed or the necessary rights have been acquired, and all necessary steps have been taken by Grantor to assure the complete construction and installation thereof by the time needed for construction and/or occupancy and operation of the Improvements;

5.1.14 Grantor has good and marketable title to the Property subject only to the exceptions, if any, specifically consented to by Beneficiary;

5.1.15 There are no material actions, suits or proceedings pending against Grantor or the Property or to the best knowledge of Grantor, or threatened against or affecting Grantor, the Property, or any of them, or any property of Grantor, before any governmental agency, except as expressly disclosed by Grantor, as appropriate, to Bank in writing prior to the execution of this Deed of Trust;

5.1.16 Grantor has obtained copies of, examined, and complied with all conditions, covenants, restrictions, easements, reservations, rights, rights of way and all applicable laws, ordinances, regulations, use permits, occupancy permits, building permits, and other requirements affecting or relating to the Property and the Improvements, and has received all necessary approvals, consents, licenses, permits, and reports from all governmental agencies with respect to the Property and the Improvements;

5.1.17 Grantor presently uses no trade names other than its actual name. Grantor's primary residence is listed in the preamble to this Deed of Trust;

5.1.18 All information contained in the Loan Documents including, without limitation, all information contained in any Environmental Disclosure, is complete and accurate in all material respects;

5.1.19 Grantor represents and warrants to Beneficiary that (a) the Property is not used principally for agricultural or farming purposes, and (b) the loan secured by this Deed of Trust was made for commercial, investment and/or business purposes and was not made primarily for personal, family or household purposes.

ARTICLE 6 MISCELLANEOUS

6.1 Invalidity

The invalidity or unenforceability of any one or more provisions of this Deed of Trust will in no way affect any other provision.

6.2 Statement

Grantor agrees to pay Beneficiary a reasonable charge, not to exceed the maximum allowed by law, for giving any statement of the status of the obligations secured by this Deed of Trust.

6.3 Notices

All notices given under this Deed of Trust must be in writing and will be effectively served upon personal delivery or, if mailed, no later than 48 hours after deposit in first class or certified United States mail, postage prepaid, sent to the relevant party at its address appearing in the preamble of this Deed of Trust, which address may be changed by written



notice. However, the service of any notice of default or notice of sale under this Deed of Trust as required by law will, if mailed, be effective on the date of mailing.

6.4 Rights of Beneficiary to Release Debtors or Security

Without affecting Grantor's liability for the payment of any of the indebtedness secured by this Deed of Trust, Beneficiary may from time to time and without notice to Grantor (a) release any person liable for the payment of this indebtedness, (b) extend or modify the terms of that indebtedness, (c) accept additional real or personal property of any kind as security, or alter, substitute or release any property securing that indebtedness, or (d) cause Trustee to consent to the making of any map or plat of the Property, or to reconvey any part of the Property, or to join in granting any easement or creating any restriction on the Property, or to join in any subordination or other agreement affecting this Deed of Trust.

6.5 Inspection Rights

Beneficiary may at any reasonable times enter upon and inspect the Property in person or by agent.

6.6 Reconveyance

Upon the payment in full of all sums secured by this Deed of Trust, Beneficiary agrees to request Trustee to reconvey the Property, and upon payment by Grantor of its fees and all other sums owing to it under this Deed of Trust, Trustee shall reconvey the Property without warranty to the person or persons legally entitled to it. Such person or persons must pay all costs of recordation. The recitals in the reconveyance of any facts will be conclusive as to all persons. The grantee in the reconveyance may be described as "the person or persons legally entitled thereto."

6.7 Washington Law

This Deed of Trust and all rights and obligations hereunder shall be governed by and interpreted according to the laws of the State of Washington.

6.8 Use of Pronouns

The term "Grantor" includes both the original Grantor and any subsequent owner or owners of any of the Property, and the term "Beneficiary" includes the original Beneficiary and also any future owner or holder, including pledges and participants, of any interest in the Loan. Whenever the context requires, the singular includes the plural and vice versa and each gender includes each other gender.



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6.9 Headings

The headings of the articles and sections of this Deed of Trust are for convenience only and do not limit its provisions.

6.10 Waiver

Neither the acceptance of any partial or delinquent payment or performance nor the failure to exercise any rights upon a default shall be a waiver of Grantor's obligations hereunder. Beneficiary's consent to any act or omission by Grantor will not be a consent to any other or subsequent act or omission or a waiver of the need for such consent in any future or other instance.

6.11 Successors and Assigns

The terms of this Deed of Trust shall bind and benefit heirs, legal representatives, successors and assigns of Grantor and Beneficiary and the successors in trust of Trustee.

6.12 Joint and Several Liability

If Grantor consists of more than one person or entity, each shall be jointly and severally liable to perform the obligations of Grantor.

6.13 Powers and Duties of Trustee

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



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6.14 Removal of Trustee

Beneficiary may remove Trustee or any successor Trustee at any time or times and appoint a successor Trustee by recording a written substitution in the county where the real property covered by this Deed of Trust is located, or in any other manner permitted by law. Upon that appointment, all of the powers, rights and authority of Trustee will immediately become vested in its successor.

6.15 Subrogation

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

6.16 Statutes of Limitation

Grantor hereby waives the pleading of any and all statutes of limitation as a defense to any action brought against Grantor by Beneficiary, to the fullest extent permitted by law.

6.17 Time of the Essence

Time is of the essence as to all obligations under this Deed of Trust.

6.18 Request for Notices

Grantor requests that a copy of any notice of default and notice of sale required by law be mailed to it at its address set forth in the preamble of this Deed of Trust.

6.19 Certain Obligations Unsecured

Notwithstanding anything to the contrary set forth herein or any of the Loan Documents, this Deed of Trust shall not secure the following obligations (the "Unsecured Obligations"): (a) any obligations evidenced by or arising under the Indemnity Agreement, and (b) any other obligations in this Deed of Trust or in any of the other Loan Documents to the extent that such other obligations relate specifically to the presence on the Property of hazardous materials and are the same or have the same effect as any of the obligations evidenced by or arising under the Indemnity Agreement. Any breach or default with respect to the Unsecured Obligations shall constitute an Event of Default hereunder, notwithstanding the fact that such Unsecured Obligations are not secured by this Deed of Trust. Nothing in this Section shall, in itself, impair or limit Beneficiary's right to obtain a judgment in accordance with applicable law after foreclosure for any deficiency in recovery of all obligations that are secured by this Deed of Trust following foreclosure.



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THIS DEED OF TRUST SECURES AN ADJUSTABLE RATE LOAN AND PROVISIONS RESPECTING SUCH ADJUSTMENTS ARE CONTAINED IN THE LOAN AGREEMENT.

NO FURTHER DEEDS OF TRUST WILL BE RECORDED AGAINST THE REAL PROPERTY WITHOUT THE PRIOR WRITTEN CONSENT OF SILICON VALLEY BANK. FAILURE TO COMPLY WITH THIS PROVISION SHALL CONSTITUTE A DEFAULT AND THE LOAN SHALL IMMEDIATELY BECOME DUE AND PAYABLE. CONSENT TO ONE FURTHER ENCUMBRANCE SHALL NOT BE DEEMED TO BE A WAIVER OF THE RIGHT TO REQUIRE SUCH CONSENT TO FUTURE OR SUCCESSIVE ENCUMBRANCES.

ORAL AGREEMENTS OR COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

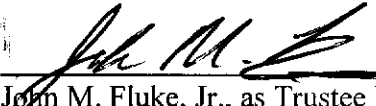
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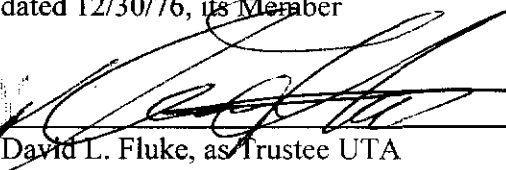


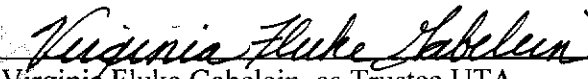
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IN WITNESS WHEREOF, the undersigned have executed this Deed of Trust as of the date first above written.

VENDOVI ISLAND L.L.C., a Washington limited liability company

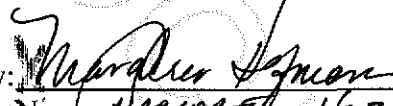
By: 
John M. Fluke, Jr., as Trustee UTA
dated 12/30/76, its Member

By: 
David L. Fluke, as Trustee UTA
dated 12/30/76, its Member

By: 
Virginia Fluke Gabelein, as Trustee UTA
dated 12/30/76, its Member

By: Fluke Capital & Management Services Company,
a Limited Partnership, a Washington limited
partnership, its Member

By: Fluke Management Corporation, a
Washington corporation, its General Partner

By: 
Name: MARGARET HORMAN
Title: PRESIDENT



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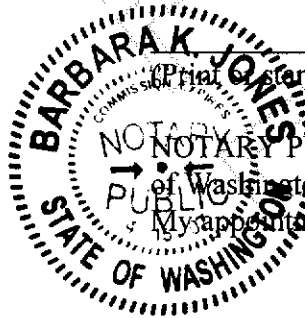
10/22/2003 Page 26 of 31 3:31PM

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this 22nd day of August, 2003, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared JOHN M. FLUKE, JR., to me known to be the person who signed as Trustee of the UTA dated 12/30/76, as Member of VENDОВI ISLAND L.L.C., the limited liability company that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said limited liability company for the uses and purposes therein mentioned, and on oath stated that he was duly elected, qualified and acting as said member of the limited liability company and that he was authorized to execute said instrument.

IN WITNESS WHEREOF I have hereunto set my hand and official seal the day and year first above written.

Barbara K. Jones
(Signature of Notary)



(Print or stamp name of Notary)

NOTARY PUBLIC in and for the State
of Washington, residing at KIRKLAND WA.
My appointment expires: 04/15/2007.



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STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

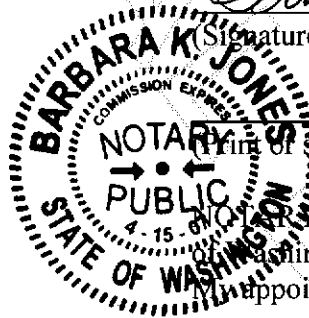
On this 22nd day of August, 2003, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared DAVID L. FLUKE, to me known to be the person who signed as Trustee of UTA dated 12/30/76, as Member of VENDОВI ISLAND L.L.C., the limited liability company that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said limited liability company for the uses and purposes therein mentioned, and on oath stated that he was duly elected, qualified and acting as said member of the limited liability company and that he was authorized to execute said instrument.


IN WITNESS WHEREOF I have hereunto set my hand and official seal the day and year first above written.

Barbara K. Jones
(Signature of Notary)

(Print or Stamp name of Notary)

NOTARY PUBLIC in and for the State
of Washington, residing at KIRKLAND WA.
My appointment expires: 04/15/2007.

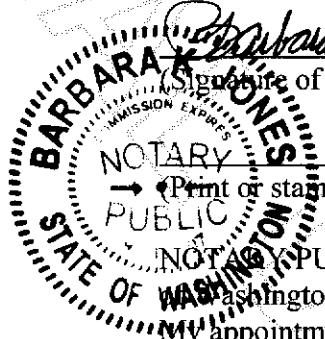



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STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this 22ND day of August, 2003, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared VIRGINIA FLUKE GABELEIN, to me known to be the person who signed as Trustee of UTA dated 12/30/76, as Member of VENDОВI ISLAND L.L.C., the limited liability company that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said limited liability company for the uses and purposes therein mentioned, and on oath stated that she was duly elected, qualified and acting as said member of the limited liability company and that she was authorized to execute said instrument.

IN WITNESS WHEREOF I have hereunto set my hand and official seal the day and year first above written.



(Signature of Notary)

(Print or stamp name of Notary)
NOTARY PUBLIC in and for the State
Washington, residing at KIRKLAND WA
My appointment expires: 04/15/2007



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STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this 22ND day of August, 2003, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared MARGARET HOFFMAN, to me known to be the person who signed as PRESIDENT of FLUKE MANAGEMENT CORPORATION, the corporation acting as general partner of FLUKE CAPITAL & MANAGEMENT SERVICES COMPANY, A LIMITED PARTNERSHIP, the limited partnership that executed the within and foregoing instrument as Member of VENDОВI ISLAND L.L.C., and acknowledged said instrument to be the free and voluntary act and deed of Fluke Management Corporation, as general partner of Fluke Capital & Management Services Company, as member of Vendovi Island L.L.C. for the uses and purposes therein mentioned; and on oath stated that SHE was duly elected, qualified and acting as said officer of the corporation and that SHE was authorized to execute the said instrument on behalf of Fluke Management Corporation and that the seal affixed, if any, is the corporate seal of the corporation, and that the corporation was authorized to execute said instrument on behalf of Fluke Capital & Management Corporation on behalf of Vendovi Island L.L.C..

IN WITNESS WHEREOF I have hereunto set my hand and official seal the day and year first above written.

Barbara L. Jones

(Signature of Notary)

(Print or stamp name of Notary)
NOTARY PUBLIC in and for the State
of Washington, residing at KIRKLAND WA.
My appointment expires: 04/15/2003



200310220188
Skagit County Auditor

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EXHIBIT A

LEGAL DESCRIPTION

The Real Property is located in Skagit County, Washington, and is legally described as follows:

Government Lot 1 of Section 13, Township 36 North, Range 1 East, W.M.;

Government Lot 1 of Section 7, Township 36 North, Range 2 East, W.M.

Government Lots 1, 2, 3, 4, 5, 6, and 7 and the Southeast $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of Section 18, Township 36 North, Range 2 East, W.M.;

Together with tidelands of the second class, as conveyed by the State of Washington, in front of and adjacent to the West 560 feet of Government Lot 1 of said Section 18.



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EXHIBIT A TO

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

[/SB032260064.DOC]

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[Execution Version]