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1201 Pacific Avenue  
Tacoma, Washington 98402



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Skagit County Auditor

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CHICAGO TITLE CO.

C29155V

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

1. **Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing**

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

1. **LA CONNER INVESTMENTS, LLC;**
2. **DEERPOINT/LINNWOOD LIMITED PARTNERSHIP;**
3. **HUYCKE INVESTMENTS III, LLC;**
4. **HUYCKE INVESTMENTS IV, LLC; and**
5. **SECURITY AND INVESTMENT COMPANY OF LAKE OSWEGO, LLC**

☐ Additional names on page \_\_\_\_\_ of document.

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

1. **CHICAGO TITLE INSURANCE COMPANY, Trustee;**
2. **KEYBANK NATIONAL ASSOCIATION, Beneficiary**

☐ Additional names on page \_\_\_\_\_ of document.

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

**Lots 1- 6, Blk. 4 and Ptn. Blk. 5, CALHOUN ADDITION**

☒ Additional legal is on Exhibit A of document.

**Reference Number(s)** of Documents assigned or released:

☐ Additional numbers on page \_\_\_\_\_ of document.

**Assessor's Property Tax Parcel/Account Number**

**4124-004-005-0000; 4124-004-003-0101; 4124-004-003-0002;  
4124-004-006-0009; 4124-005-004-0008**

☐ Property Tax Parcel ID is not yet assigned

☐ Additional parcel numbers on page \_\_\_\_\_ of document.

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

*made by*

**LA CONNER INVESTMENTS, LLC;  
DEERPOINT/LINNWOOD LIMITED PARTNERSHIP;  
HUYCKE INVESTMENTS III, LLC;  
HUYCKE INVESTMENTS IV, LLC;**

*and*

**SECURITY AND INVESTMENT COMPANY OF LAKE OSWEGO, LLC,**

**as Grantor**

*to*

**CHICAGO TITLE INSURANCE COMPANY**

**as Trustee**

*for the benefit of*

**KEYBANK NATIONAL ASSOCIATION**

**as Beneficiary**

**Dated as of: March 26, 2004**

*prepared by*

**JAMES M. HUSHAGEN  
AND  
CLEMENCIA CASTRO-WOOLERY**

**EISENHOWER & CARLSON, PLLC**



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Skagit County Auditor

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

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING (this "Deed of Trust") is made as of March 26, 2004, by **LA CONNER INVESTMENTS, LLC**, an Oregon limited liability company; **DEERPOINT/LINNWOOD LIMITED PARTNERSHIP**, an Oregon limited partnership; **HUYCKE INVESTMENTS III, LLC**, an Oregon limited liability company; **HUYCKE INVESTMENTS IV, LLC**, an Oregon limited liability company; and **SECURITY AND INVESTMENT COMPANY OF LAKE OSWEGO, LLC**, an Oregon limited liability company, (each individually, jointly and severally a "Grantor" and collectively "Grantor") in favor of **CHICAGO TITLE INSURANCE COMPANY**, its successors and assigns ("Trustee") whose address is 425 Commercial Street, P.O. Box 638, Mount Vernon, WA 98273, for the benefit of **KEYBANK NATIONAL ASSOCIATION**, a national banking association, and its successors and assigns ("Beneficiary") whose address is 431 Park Center Boulevard, P.O. Box 5278, Boise, ID 83705.

**1. Grant and Secured Obligations.**

1.1 Grant. For the purpose of securing payment and performance of the Secured Obligations defined and described in Section 1.2 below, Grantor hereby irrevocably and unconditionally grants, bargains, sells, conveys, mortgages and warrants to Trustee and Beneficiary, with power of sale and with right of entry and possession, all estate, right, title and interest which Grantor now has or may later acquire in and to the following property (all or any part of such property, or any interest in all or any part of it, as the context may require, the "Property"):

(a) The real property located in the County of Skagit, State of Washington, as described in Exhibit A, together with all existing and future easements and rights affording access to it ("Premises"); together with

(b) All buildings, structures and improvements now located or later to be constructed on the Premises ("Improvements"); together with

(c) All existing and future appurtenances, privileges, easements, franchises and tenements of the Premises, including all minerals, oil, gas, other hydrocarbons and associated substances, sulphur, nitrogen, carbon dioxide, helium and other commercially valuable substances which may be in, under or produced from any part of the Premises, all development rights and credits, air rights, water, water rights (whether riparian, appropriative or otherwise, and whether or not appurtenant) and



water stock, and any Premises lying in the streets, roads or avenues, open or proposed, in front of or adjoining the Premises and Improvements; together with

(d) All existing and future Leases, subLeases, subtenancies, licenses, occupancy agreements and concessions ("Leases") relating to the use and enjoyment of all or any part of the Premises and Improvements, and any and all guaranties and other agreements relating to or made in connection with any of such Leases; together with

(e) All real property and improvements on it, and all appurtenances and other property and interests of any kind or character, whether described in Exhibit A or not, which may be reasonably necessary or desirable to promote the present and any reasonable future beneficial use and enjoyment of the Premises and Improvements; together with

(f) All goods, materials, supplies, chattels, furniture, fixtures, equipment and machinery now or later to be attached to, placed in or on, or used in connection with the use, enjoyment, occupancy or operation of all or any part of the Premises and Improvements, whether stored on the Premises or elsewhere, including all pumping plants, engines, pipes, ditches and flumes, and also all gas, electric, cooking, heating, cooling, air conditioning, lighting, refrigeration and plumbing fixtures and equipment, all of which shall be considered to the fullest extent of the law to be real property for purposes of this Deed of Trust and any manufacturer's warranties with respect thereto; together with

(g) All building materials, equipment, work in process or other personal property of any kind, whether stored on the Premises or elsewhere, which have been or later will be acquired for the purpose of being delivered to, incorporated into or installed in or about the Premises or Improvements; together with

(h) All of Grantor's interest in and to all operating accounts, the Loan (defined below) funds, whether disbursed or not and any other bank accounts of Grantor; together with

(i) All rights to the payment of money, accounts, accounts receivable, reserves, deferred payments, refunds, cost savings, payments and deposits, whether now or later to be received from third parties (including all earnest money sales deposits) or deposited by Grantor with third parties (including all utility deposits), contract rights, development and use rights, governmental permits and licenses, applications, architectural and engineering plans, specifications and drawings, as-built drawings, chattel paper, instruments, documents, notes, drafts and letters of credit (other than letters of credit in favor of Beneficiary), which arise from or relate to construction on the Premises or to any business now or later to be conducted on it, or

to the Premises and Improvements generally and any builder's or manufacturer's warranties with respect thereto; together with

(j) All insurance policies pertaining to the Premises and all proceeds, including all claims to and demands for them, of the voluntary or involuntary conversion of any of the Premises, Improvements or the other property described above into cash or liquidated claims, including proceeds of all present and future fire, hazard or casualty insurance policies and all condemnation awards or payments now or later to be made by any public body or decree by any court of competent jurisdiction for any taking or in connection with any condemnation or eminent domain proceeding, and all causes of action and their proceeds for any damage or injury to the Premises, Improvements or the other property described above or any part of them, or breach of warranty in connection with the construction of the Improvements, including causes of action arising in tort, contract, fraud or concealment of a material fact; together with

(k) All of Grantor's rights in and to all Interest Rate Agreements (defined below); together with

(l) All books and records pertaining to any and all of the property described above, including computer-readable memory and any computer hardware or software necessary to access and process such memory ("Books and Records"); together with

(m) All proceeds of, additions and accretions to, substitutions and replacements for, and changes in any of the property described above.

## 1.2 Secured Obligations.

(a) Grantor makes the grant, conveyance, and mortgage set forth in Section 1.1 above, and grants the security interest set forth in Section 3 below for the purpose of securing the following obligations ("Secured Obligations") in any order of priority that Beneficiary may choose:

(i) Payment of all obligations at any time owing under a promissory note ("Note") bearing even date herewith, payable by Grantor as maker in the stated principal amount of THREE HUNDRED FIVE THOUSAND, EIGHT HUNDRED TWENTY-FIVE and NO/100 DOLLARS and (\$305,825.00) to the order of Beneficiary ("Loan"); and

(ii) Payment and performance of all obligations of Grantor under this Deed of Trust; and



(iii) Payment and performance of any obligations of Grantor under any Loan Documents which are executed by Grantor. "Loan Documents" means the collective reference to this Deed of Trust and all other instruments, agreements and documents entered into from time to time, evidencing or securing the Loan or any obligation of payment thereof or performance of Grantor's or any guarantor's obligations in connection with the transaction contemplated hereunder, each as amended; and

(iv) Payment and performance of all obligations of Grantor arising from any Interest Rate Agreements. "Interest Rate Agreements" shall mean all agreements for any derivative or hedging product including, without limitation, interest rate or equity swaps, futures, options, caps, floors, collars or forwards now or hereafter entered into by Grantor with Beneficiary or any of its affiliates with respect to the Note; and

(v) Payment and performance of all future advances and other obligations that Grantor or any successor in ownership of all or part of the Property may agree to pay and/or perform (whether as principal, surety or guarantor) for the benefit of Beneficiary, when a writing evidences the parties' agreement that the advance or obligation be secured by this Deed of Trust; and

(vi) Payment and performance of all modifications, amendments, extensions, and renewals, however evidenced, of any of the Secured Obligations.

(b) All persons who may have or acquire an interest in all or any part of the Property will be considered to have notice of, and will be bound by, the terms of the Secured Obligations and each other agreement or instrument made or entered into in connection with each of the Secured Obligations. Such terms include any provisions in the Note which permit borrowing, repayment and reborrowing, or which provide that the interest rate on one or more of the Secured Obligations may vary from time to time.

## 2. Assignment of Rents.

2.1 Assignment. Grantor hereby irrevocably, absolutely, presently and unconditionally assigns to Beneficiary all rents, royalties, issues, profits, revenue, income, accounts, proceeds and other benefits of the Property, whether now due, past due or to become due, including all prepaid rents and security deposits (some or all collectively, as the context may require, "Rents"). This is an absolute assignment, not an assignment for security only.



2.2 Grant of License. Beneficiary hereby confers upon Grantor a license ("License") to collect and retain the Rents as they become due and payable, so long as no Event of Default, as defined in Section 6.1 below, shall exist and be continuing. If an Event of Default has occurred and is continuing, Beneficiary shall have the right, which it may choose to exercise in its sole discretion, to terminate this License without notice to or demand upon Grantor, and without regard to the adequacy of Beneficiary's security under this Deed of Trust.

2.3 Collection and Application of Rents. Subject to the License granted to Grantor under Section 2.2 above, Beneficiary has the right, power and authority to collect any and all Rents. Grantor hereby appoints Beneficiary its attorney-in-fact to perform any and all of the following acts, if and at the times when Beneficiary in its sole discretion may so choose:

- (a) Demand, receive and enforce payment of any and all Rents; or
- (b) Give receipts, releases and satisfactions for any and all Rents; or
- (c) Sue either in the name of Grantor or in the name of Beneficiary for any and all Rents.

Beneficiary and Grantor agree that the mere recordation of the assignment granted herein entitles Beneficiary immediately to collect and receive rents upon the occurrence of an Event of Default, as defined in Section 6.1, without first taking any acts of enforcement under applicable law, such as, but not limited to, providing notice to Grantor, filing foreclosure proceedings, or seeking and/or obtaining the appointment of a receiver. Further, Beneficiary's right to the Rents does not depend on whether or not Beneficiary takes possession of the Property as permitted under Subsection 6.2(f). In Beneficiary's sole discretion, Beneficiary may choose to collect Rents either with or without taking possession of the Property. Beneficiary shall apply all Rents collected by it in the manner provided under Section 6.5. If an Event of Default occurs while Beneficiary is in possession of all or part of the Property and is collecting and applying Rents as permitted under this Deed of Trust, Beneficiary and any receiver shall nevertheless be entitled to exercise and invoke every right and remedy afforded any of them under this Deed of Trust and at law or in equity.

2.4 Beneficiary Not Responsible. Under no circumstances shall Beneficiary have any duty to produce Rents from the Property. Regardless of whether or not Beneficiary, in person or by agent, takes actual possession of the Premises and Improvements, unless Beneficiary agrees in writing to the contrary, Beneficiary is not and shall not be deemed to be:

- (a) A "beneficiary in possession" for any purpose; or



(b) Responsible for performing any of the obligations of the lessor under any lease; or

(c) Responsible for any waste committed by lessees or any other parties, any dangerous or defective condition of the Property, or any negligence in the management, upkeep, repair or control of the Property; or

(d) Liable in any manner for the Property or the use, occupancy, enjoyment or operation of all or any part of it.

2.5 Leasing. Grantor shall comply with and observe Grantor's obligations as landlord or as tenant, as the case may be, under any Leases of the Property or any part thereof. Grantor shall furnish Beneficiary with executed copies of the Leases now existing or hereafter made of all or any part of the Property, and all future Leases and all amendments or modifications thereto shall be subject to Beneficiary's prior written approval. Unless otherwise directed by Beneficiary, all Leases of the Property made after the date hereof shall specifically provide that such Leases are subordinate to this Agreement; that the tenant attorns to Beneficiary, such attornment to be effective upon Beneficiary's acquisition of title to the Property; that the tenant agrees to execute such further evidences of attornment as Beneficiary may from time to time request; and that the attornment of the tenant shall not be terminated by foreclosure. Grantor shall not, without Beneficiary's written consent, execute, modify, surrender or terminate, either orally or in writing, any lease hereafter made of all or any part of the Property, permit an assignment or sublease of such a lease, or request or consent to the subordination of any lease of all or any part of the Property to any lien subordinate to this Agreement, provided that such Leases are on commercially reasonable terms. If Grantor becomes aware that any tenant proposes to do, or is doing, any act or thing that may give rise to any right to set-off against rent, Grantor shall (a) take such steps as shall be reasonably calculated to prevent the accrual of any right to a set-off against rent, (b) notify Beneficiary thereof and of the amount of said set-offs, and (c) within twenty (20) days after such accrual, reimburse the tenant who shall have acquired such right to set-off or take such other steps as shall effectively discharge such set-off and as shall assure that rents thereafter due shall continue to be payable without set-off or deduction.

### 3. Grant of Security Interest.

3.1 Security Agreement. The parties intend for this Deed of Trust to create a lien on the Property, and an absolute assignment of the Rents, all in favor of Beneficiary. The parties acknowledge that some of the Property and some or all of the Rents may be determined under applicable law to be personal property or fixtures. To the extent that any Property or Rents may be or be determined to be personal property, Grantor as debtor hereby grants Beneficiary and Trustee as secured party a security interest in all such Property and Rents, to secure payment and performance of the Secured Obligations. This Deed of Trust





constitutes a security agreement under the Uniform Commercial Code of the state in which the Property is located, covering all such Property and Rents.

**3.2 Financing Statements.** Grantor hereby authorizes Beneficiary to file one or more financing statements. In addition, Grantor shall execute such other documents as Beneficiary may from time to time require to perfect or continue the perfection of Beneficiary's security interest in any Property or Rents. As provided in Section 5.13 below, Grantor shall pay all fees and costs that Beneficiary may incur in filing such documents in public offices and in obtaining such record searches as Beneficiary may reasonably require. In case Grantor fails to execute any financing statements or other documents for the perfection or continuation of any security interest, Grantor hereby appoints Beneficiary as its true and lawful attorney-in-fact to execute any such documents on its behalf. If any financing statement or other document is filed in the records normally pertaining to personal property, that filing shall never be construed as in any way derogating from or impairing this Deed of Trust or the rights or obligations of the parties under it.

**4. Fixture Filing.**

This Deed of Trust constitutes a financing statement filed as a fixture filing under Article 9 of the Uniform Commercial Code in the state in which the Property is located, as amended or recodified from time to time, covering any Property which now is or later may become fixtures attached to the Premises or Improvements. For this purpose, the respective addresses of Grantor, as debtor, and Beneficiary and Trustee, as secured party, are as set forth in the preambles of this Deed of Trust.

**5. Rights and Duties of the Parties.**

**5.1 Representations and Warranties.** Grantor represents and warrants that:

(a) Grantor lawfully possesses and holds fee simple title to all of the Premises and Improvements;

(b) Grantor has or will have good title to all Property;

(c) Grantor has the full and unlimited power, right and authority to encumber the Property and assign the Rents;

(d) This Deed of Trust creates a valid and perfected lien on the Property subject only to a first position Deed of Trust in favor of FRONTIER BANK dated September 2, 1997 securing an obligation in the current amount of SIX MILLION, ONE HUNDRED SEVENTY-SEVEN THOUSAND, SEVEN HUNDRED FORTY-EIGHT AND 33/100 DOLLARS (\$6,177,148.33);



(e) The Property includes all property and rights which may be reasonably necessary or desirable to promote the present and any reasonable future beneficial use and enjoyment of the Premises and Improvements;

(f) Grantor owns any Property which is personal property free and clear of any security agreements, reservations of title or conditional sales contracts, and there is no financing statement affecting such personal property on file in any public office; and

(g) Grantor's place of business, or its chief executive office if it has more than one place of business, is located at the address specified below.

5.2 Taxes and Assessments. Grantor shall pay all real estate taxes and assessments and charges of every kind upon the Property before the same become delinquent, provided, however, that Grantor shall have the right to pay such tax under protest or to otherwise contest any such tax or assessment, but only if (a) such contest has the effect of preventing the collection of such taxes so contested and also of preventing the sale or forfeiture of the Property or any part thereof or any interest therein, (b) Grantor has notified Beneficiary of Grantor's intent to contest such taxes, and (c) Grantor has deposited security in form and amount satisfactory to Beneficiary, in its sole discretion, and has increased the amount of such security so deposited promptly after Beneficiary's request therefor. If Grantor fails to commence such contest or, having commenced to contest the same, and having deposited such security required by Beneficiary for its full amount, shall thereafter fail to prosecute such contest in good faith or with due diligence, or, upon adverse conclusion of any such contest, shall fail to pay such tax, assessment or charge, Beneficiary may, at its election (but shall not be required to), pay and discharge any such tax, assessment or charge, and any interest or penalty thereon, and any amounts so expended by Beneficiary shall be deemed to constitute disbursements of the Loan proceeds hereunder (even if the total amount of disbursements would exceed the face amount of the Note). Grantor shall furnish to Beneficiary evidence that taxes are paid at least five (5) days prior to the last date for payment of such taxes and before imposition of any penalty of accrual of interest.

5.3 Performance of Secured Obligations. Grantor shall promptly pay and perform each Secured Obligation in accordance with its terms.

5.4 Funds for Taxes, Insurance and Other Charges. Subject to the rights of Frontier Bank, Beneficiary shall have the right to require Grantor to pay to Beneficiary on the first day of each month, until the Secured Obligations have been paid in full, a sum ("Funds") equal to one-twelfth of (a) the yearly water and sewer rates and taxes and assessments that may be levied on the Property and (b) the yearly premium installments for fire and other hazard insurance, rent loss insurance (if applicable) and such other insurance covering the



Property as Beneficiary may require, all as reasonably estimated initially and from time to time by Beneficiary on the basis of assessments and bills and reasonable estimates thereof. Any waiver by Beneficiary of a requirement that Grantor pay such Funds may be revoked by Beneficiary, in Beneficiary's sole discretion, at any time upon notice in writing to Grantor. Beneficiary may require Grantor to pay to Beneficiary, in advance, such other Funds for other taxes, charges, premiums, assessments and impositions in connection with Grantor or the Property that Beneficiary shall reasonably deem necessary to protect Beneficiary's interests ("Other Impositions"). Unless otherwise provided by applicable law, Beneficiary, at Beneficiary's option, may require Funds for Other Impositions to be paid by Grantor in a lump sum (not exceeding Other Impositions due for a one-year period) or in periodic installments.

The Funds shall be held by Beneficiary and shall be applied to pay such rates, rents, taxes, assessments, insurance premiums and Other Impositions so long as no Event of Default has occurred. Beneficiary shall make no charge for so holding and applying the Funds, analyzing such account or for verifying and compiling said assessments and bills, unless Beneficiary pays Grantor interest, earnings or profits on the Funds and applicable law permits Beneficiary to make such a charge. Unless applicable law requires interest, earnings or profits on the Funds to be paid, Beneficiary shall not be required to pay Grantor any interest, earnings or profits on the Funds. Beneficiary shall give to Grantor, without charge, an annual accounting of the Funds showing credits and debits to the Funds and the purpose for which each debit to such Funds was made. The Funds are pledged as additional security for the Secured Obligations and shall be subject to the right of set off.

If the amount of the Funds held by Beneficiary at the time of the annual accounting thereof shall exceed the amount deemed necessary by Beneficiary to provide for the payment of water and sewer rates, taxes, assessments, insurance premiums, rents and Other Impositions, as such payments become due, Beneficiary (in its sole discretion) may either (i) return the amount of the excess to Grantor or (ii) apply a part or all of such excess at such time or times as it may elect to the Secured Obligations. If, at any time, the amount of the Funds held by Beneficiary shall be less than the amount deemed necessary by Beneficiary to pay water and sewer rates, taxes, assessments, insurance premiums, rents and Other Impositions, as such payments become due, Grantor shall, on demand, pay such deficiency. Upon the occurrence of an Event of Default, Beneficiary may apply, in any amount and in any order as Beneficiary shall determine in Beneficiary's sole discretion, any Funds held by Beneficiary at the time of application (A) to pay rates, rents, taxes, assessments, insurance premiums and Other Impositions that are now or shall hereafter become due; or (B) as a credit against sums secured by this Agreement. Upon release of this Agreement and payment in full of the Secured Obligations, Beneficiary shall promptly refund to Grantor any Funds held by Beneficiary.

5.5 Use of Property. Unless required by applicable law or unless Beneficiary has otherwise agreed in writing, Grantor shall not allow changes in the use for which all or any

Property as Beneficiary may require, all as reasonably estimated initially and from time to time by Beneficiary on the basis of assessments and bills and reasonable estimates thereof. Any waiver by Beneficiary of a requirement that Grantor pay such Funds may be revoked by Beneficiary, in Beneficiary's sole discretion, at any time upon notice in writing to Grantor. Beneficiary may require Grantor to pay to Beneficiary, in advance, such other Funds for other taxes, charges, premiums, assessments and impositions in connection with Grantor or the Property that Beneficiary shall reasonably deem necessary to protect Beneficiary's interests ("Other Impositions"). Unless otherwise provided by applicable law, Beneficiary, at Beneficiary's option, may require Funds for Other Impositions to be paid by Grantor in a lump sum (not exceeding Other Impositions due for a one-year period) or in periodic installments.

The Funds shall be held by Beneficiary and shall be applied to pay such rates, rents, taxes, assessments, insurance premiums and Other Impositions so long as no Event of Default has occurred. Beneficiary shall make no charge for so holding and applying the Funds, analyzing such account or for verifying and compiling said assessments and bills, unless Beneficiary pays Grantor interest, earnings or profits on the Funds and applicable law permits Beneficiary to make such a charge. Unless applicable law requires interest, earnings or profits on the Funds to be paid, Beneficiary shall not be required to pay Grantor any interest, earnings or profits on the Funds. Beneficiary shall give to Grantor, without charge, an annual accounting of the Funds showing credits and debits to the Funds and the purpose for which each debit to such Funds was made. The Funds are pledged as additional security for the Secured Obligations and shall be subject to the right of set off.

If the amount of the Funds held by Beneficiary at the time of the annual accounting thereof shall exceed the amount deemed necessary by Beneficiary to provide for the payment of water and sewer rates, taxes, assessments, insurance premiums, rents and Other Impositions, as such payments become due, Beneficiary (in its sole discretion) may either (i) return the amount of the excess to Grantor or (ii) apply a part or all of such excess at such time or times as it may elect to the Secured Obligations. If, at any time, the amount of the Funds held by Beneficiary shall be less than the amount deemed necessary by Beneficiary to pay water and sewer rates, taxes, assessments, insurance premiums, rents and Other Impositions, as such payments become due, Grantor shall, on demand, pay such deficiency. Upon the occurrence of an Event of Default, Beneficiary may apply, in any amount and in any order as Beneficiary shall determine in Beneficiary's sole discretion, any Funds held by Beneficiary at the time of application (A) to pay rates, rents, taxes, assessments, insurance premiums and Other Impositions that are now or shall hereafter become due; or (B) as a credit against sums secured by this Agreement. Upon release of this Agreement and payment in full of the Secured Obligations, Beneficiary shall promptly refund to Grantor any Funds held by Beneficiary.

5.5 Use of Property. Unless required by applicable law or unless Beneficiary has otherwise agreed in writing, Grantor shall not allow changes in the use for which all or any



part of the Property was intended at the time this Agreement was executed. Grantor shall not initiate or acquiesce in a change in the zoning classification of the Property without Beneficiary's prior written consent.

5.6 Liens, Charges and Encumbrances. Grantor shall pay all water and sewer rates, rents, taxes, assessments, premiums, charges and impositions, attributable to the Property. Grantor shall promptly discharge any lien that has, or may have, priority over or equality with, the lien of this Agreement, other than Permitted Encumbrances.

If a mechanic's lien is filed against the Property, Grantor shall promptly notify Beneficiary and, at Beneficiary's request, shall, at Grantor's option, either (i) escrow with Beneficiary or, with the consent of Beneficiary, deposit in a court of competent jurisdiction a sum of money equal to the amount of the lien, or (ii) provide a bond against the lien in such amount and in such manner as to discharge the lien as an encumbrance against the Property. Without Beneficiary's prior written consent, Grantor shall not allow any lien, encumbrance, or other interest in the Property to be perfected against the Property, other than Permitted Encumbrances, unless Grantor is then diligently contesting same and has, as to the lien, encumbrance or interest being contested, complied with (i) or (ii) of the preceding sentence.

5.7 Insurance. Grantor shall keep all Improvements now existing or hereafter erected on the Property insured against loss by fire and such other hazards, casualties, and contingencies and in such amounts as Beneficiary may require from time to time with financially sound and reputable insurers, and Grantor will pay promptly when due any premiums on such insurance. Subject to the rights of Frontier Bank, all policies of insurance shall be delivered to and held by Beneficiary and have loss-payable clauses in favor of and in form acceptable to Beneficiary. Not less than fifteen (15) days before the expiration of any such policies, Grantor will deliver to Beneficiary new or renewal policies in like amounts covering the same risks. The policies shall provide that no cancellation shall occur without thirty (30) days prior written notice to Beneficiary. Should any loss occur to the insured property, Grantor will give immediate written notice to Beneficiary and will not adjust nor settle such loss without the written consent of Beneficiary, which may make proof of loss if not made promptly by Grantor. The insurance proceeds or any part thereof may be applied by Beneficiary, at Beneficiary's option, either to the reduction of the Secured Obligations or to restoration or repair of the property damaged. In the event of foreclosure of this Agreement, all right, title, and interest of Grantor in and to any insurance policies then in force shall pass to the purchaser at foreclosure sale, and Beneficiary is hereby appointed attorney in fact for Grantor for the purpose of assigning and transferring such policies and receiving all or any part of the proceeds therefrom.

5.8 Condemnation. Grantor shall promptly notify Beneficiary of any action or proceeding relating to any condemnation or other taking, whether direct or indirect, of the Property, or part thereof, and Grantor shall appear in and prosecute any such action or



proceeding unless otherwise directed by Beneficiary in writing. Subject to the rights of Frontier Bank, Grantor authorizes Beneficiary, at Beneficiary's option, as attorney-in-fact for Grantor, to commence, appear in and prosecute, in Beneficiary's or Grantor's name, any action or proceeding relating to any condemnation or other taking of the Property, whether direct or indirect, and to settle or compromise any claim in connection with such condemnation or other taking. The proceeds of any award, payment or claim for damages, direct or consequential, in connection with any condemnation or other taking, whether direct or indirect, of the Property, or part thereof, or for conveyances in lieu of condemnation, are hereby assigned to and shall be paid to Beneficiary.

With the consent of Beneficiary, which consent may be withheld in Beneficiary's sole discretion, Grantor may apply such awards, payments, proceeds or damages, after the deduction of Beneficiary's expenses incurred in the collection of such amounts, to restoration or repair of the Property. Otherwise such sums so received shall be applied to payment of the Secured Obligations. Grantor agrees to execute such further evidence of assignment of any awards, proceeds, damages or claims arising in connection with such condemnation or taking as Beneficiary may reasonably require.

5.9 Preservation and Maintenance of Property. Grantor (a) shall not commit waste or permit impairment or deterioration of the Property; (b) shall not abandon the Property; (c) shall, unless Beneficiary withholds insurance proceeds as security for or application to the Secured Obligations, 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 unless the improvements constituting the Property are (i) totally destroyed, (ii) insurance has been maintained thereon as required by this Agreement, and (iii) Beneficiary applies the proceeds of such insurance to payment of the Secured Obligations; (d) shall keep the Property, including improvements, fixtures, equipment, machinery and appliances, in good repair and shall replace improvements, fixtures, equipment, machinery and appliances on the Property owned by Grantor when necessary to keep such items in good repair; (e) shall comply in all material respects with all laws, ordinances, regulations and requirements of any governmental body applicable to the Property, including, without limitation, the Americans with Disabilities Act, as it may be amended from time to time; and (f) shall give notice in writing to Beneficiary, appear in and defend any action or proceeding purporting to affect the Property, the security of this Agreement or the rights or powers of Beneficiary, except for any such action or proceeding caused by the gross negligence or intentional misconduct of Beneficiary. Unless required by applicable law or unless Beneficiary has otherwise consented in writing, neither Grantor nor any tenant or other Person shall remove, demolish or alter any improvement now existing or hereafter erected on the Property or any fixture (other than trade fixtures), equipment, machinery or appliance in or on



the Property owned by Grantor and used or intended to be used in connection with the Property.

**5.10 Releases, Extensions, Modifications and Additional Security.** From time to time, Beneficiary may perform any of the following acts without incurring any liability or giving notice to any person:

- (a) Release any person liable for payment of any Secured Obligation;
- (b) Extend the time for payment, or otherwise alter the terms of payment, of any Secured Obligation;
- (c) Accept additional real or personal property of any kind as security for any Secured Obligation, whether evidenced by deeds of trust, mortgages, security agreements or any other instruments of security;
- (d) Alter, substitute or release any property securing the Secured Obligations;
- (e) Consent to the making of any plat or map of the Property or any part of it;
- (f) Join in granting any easement or creating any restriction affecting the Property; or
- (g) Join in any subordination or other agreement affecting this Deed of Trust or the lien of it; or
- (h) Release the Property or any part of it.

**5.11 Protection of Beneficiary's Security.** If Grantor fails to perform the covenants and agreements contained in this Agreement, or if any action or proceeding is commenced that affects the Property or title thereto or the interest of Beneficiary therein, including, but not limited to, eminent domain, insolvency, enforcement of local laws, or arrangements or proceedings involving a bankrupt or decedent, then Beneficiary, at Beneficiary's option, may make such appearances, disburse such sums and take such action as Beneficiary deems necessary, in its sole discretion, to protect Beneficiary's interests, including, but not limited to, (a) disbursement of attorneys' fees; (b) entry upon the Property to remedy any failure of Grantor to perform hereunder; and (c) procurement of satisfactory insurance.

Any amounts disbursed by Beneficiary pursuant to this Section 5.11, with interest thereon, shall become part of the Secured Obligations and shall be secured by this Agreement.



Unless Grantor and Beneficiary agree in writing to other terms of payment, such amounts shall be immediately due and payable and shall bear interest from the date of disbursement at the Default Rate as defined in the Note. Grantor hereby covenants and agrees that Beneficiary shall be subrogated to the lien of any mortgage or other lien discharged, in whole or in part, by the Secured Obligations. Nothing contained in this Section 5.11 shall require Beneficiary to incur any expense or take any action hereunder.

The procurement of insurance of the payment of taxes or other liens or charges by Beneficiary shall not be a waiver of the right of Beneficiary to accelerate the maturity of any of the Secured Obligations secured by this Agreement. Beneficiary's receipt of any awards, proceeds or damages under the insurance or condemnation provisions of this Agreement shall not operate to cure or waive any default in payment of sums secured by this Agreement.

5.12 Release. When all of the Secured Obligations have been paid in full and all fees and other sums owed by Grantor under this Deed of Trust and the other Loan Documents have been received, Beneficiary shall execute and deliver to Trustee a Request for Full Reconveyance and shall execute and deliver to Grantor suitable Statements of Termination of any Financing Statements on file evidencing Beneficiary's security interest created under Section 3 hereof. Grantor shall pay any reconveyance fee, if permitted by applicable law. The Grantee in any reconveyance may be described as the "person or persons legally entitled thereto," and the recitals in the reconveyance of any matters or facts shall be conclusive proof of the truthfulness of any such matters or facts.

5.13 Compensation, Exculpation, Indemnification.

(a) Grantor agrees to pay fees in the maximum amounts legally permitted, or reasonable fees as may be charged by Beneficiary when the law provides no maximum limit, for any services that Beneficiary or Trustee may render in connection with this Deed of Trust, including Beneficiary's providing a statement of the Secured Obligations or providing the release pursuant to Section 5.12 above. Grantor shall also pay or reimburse all of Beneficiary's or Trustee's costs and expenses which may be incurred in rendering any such services. Grantor further agrees to pay or reimburse Beneficiary for all costs, expenses and other advances which may be incurred or made by Beneficiary or Trustee in any efforts to enforce any terms of this Deed of Trust, including any rights or remedies afforded to Beneficiary and Trustee under Section 6.2, whether any lawsuit is filed or not, or in defending any action or proceeding arising under or relating to this Deed of Trust, including attorneys' fees and other legal costs, costs of any Foreclosure Sale (as defined in Subsection 6.2(k) below) and any cost of evidence of title. If Beneficiary and/or Trustee, as required by applicable law, chooses to dispose of Property through more than one Foreclosure Sale, Grantor shall pay all costs, expenses or other advances that may be incurred or made by Beneficiary and/or Trustee in each of such Foreclosure Sales. In any suit to foreclose the lien





hereof or enforce any other remedy of Beneficiary or Trustee under this Deed of Trust or the Note, there shall be allowed and included as additional indebtedness in the decree for sale or other judgment or decree all expenditures and expenses which may be paid or incurred by or on behalf of Beneficiary and Trustee for reasonable attorneys' costs and fees (including the costs and fees of paralegals), survey charges, appraiser's fees, inspecting engineer's and/or architect's fees, fees for environmental studies and assessments and all additional expenses incurred by Beneficiary and Trustee with respect to environmental matters, outlays for documentary and expert evidence, stenographers' charges, publication costs, and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all such abstracts of title, title searches and examinations, title insurance policies, and similar data and assurances with respect to title as Beneficiary and Trustee may deem reasonably necessary either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree the true condition of the title to, the value of or the environmental condition of the Property. All expenditures and expenses of the nature in this Subsection mentioned, and such expenses and fees as may be incurred in the protection of the Property and maintenance of the lien of this Deed of Trust, including the fees of any attorney (including the costs and fees of paralegals) employed by Beneficiary or Trustee in any litigation or proceeding affecting this Deed of Trust, the Note or the Property, including probate and bankruptcy proceedings, or in preparation for the commencement or defense of any proceeding or threatened suit or proceeding, shall be immediately due and payable by Grantor, with interest thereon at the Default Rate and shall be secured by this Deed of Trust.

(b) Neither Beneficiary nor Trustee shall be directly or indirectly liable to Grantor or any other person as a consequence of any of the following:

(i) Beneficiary's or Trustee's exercise of or failure to exercise any rights, remedies or powers granted to Beneficiary and/or Trustee in this Deed of Trust;

(ii) Beneficiary's failure or refusal to perform or discharge any obligation or liability of Grantor under any agreement related to the Property or under this Deed of Trust; or

(iii) Any loss sustained by Grantor or any third party resulting from Beneficiary's failure to lease the Property, or from any other act or omission of Beneficiary in managing the Property, after an Event of Default, unless the loss is caused by the willful misconduct and bad faith of Beneficiary.

Grantor hereby expressly waives and reLeases all liability of the types described above, and agrees that no such liability shall be asserted against or imposed upon Beneficiary or Trustee.

(c) Grantor agrees to indemnify Beneficiary and Trustee against and hold 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 costs and expenses which they may suffer or incur:

(i) In performing any act required or permitted by this Deed of Trust or any of the other Loan Documents or by law;

(ii) Because of any failure of Grantor to perform any of its obligations; or

(iii) Because of any alleged obligation of or undertaking by Beneficiary and/or Trustee to perform or discharge any of the representations, warranties, conditions, covenants or other obligations in any document relating to the Property other than the Loan Documents.

This agreement by Grantor to indemnify Beneficiary and Trustee shall survive the release and cancellation of any or all of the Secured Obligations and the full or partial release of this Deed of Trust.

(d) Grantor shall pay all obligations to pay money arising under this Section 5.13 immediately upon demand by Beneficiary. Each such obligation shall be added to, and considered to be part of, the principal of the Note, and shall bear interest from the date the obligation arises at the Default Rate.

5.14 Hazardous Waste Covenants and Indemnification.

(a) Grantor covenants and warrants that Grantor's use of the Property shall at all times comply with and conform in all material respects to all laws, statutes, ordinances, rules and regulations of any governmental, quasi-governmental or regulatory authority now or hereafter in effect ("Laws") which relate to the transportation, storage, placement, handling, treatment, discharge, release, generation, production or disposal (collectively "Treatment") of any waste, waste products, petroleum or petroleum based products, radioactive materials, poly-chlorinated biphenyls, asbestos, hazardous materials or substances of any kind, pollutants, contaminants and any substance which is regulated by any law, statute, ordinance, rule or regulation (collectively "Waste"). Grantor further covenants that it shall not engage



in or permit any Person to engage in any Treatment of any Waste on or that affects the Property except for activities which comply with all Laws in all material respects. "Person" means any individual, sole proprietorship, partnership, joint venture, unincorporated organization, corporation, limited liability company, institution, trust, estate, government or other agency or political subdivision thereof or any other entity.

(b) Except as specifically disclosed to Beneficiary in writing, Grantor has no actual knowledge that the Property is the subject of any Notice, as hereinafter defined, from any governmental authority or Person.

(c) Promptly upon receipt of any Notice from any Person, Grantor shall deliver to Beneficiary a true, correct and complete copy of any written Notice or a true, correct and complete report of any non-written Notice. Additionally, Grantor shall notify Beneficiary immediately after having knowledge or Notice of any Waste in or affecting the Property. "Notice" shall mean any note, notice, information, or report of any of the following:

(i) any suit, proceeding, investigation, order, consent order, injunction, writ, award or action related to or affecting or indicating the Treatment of any Waste in or affecting the Property;

(ii) any spill, contamination, discharge, leakage, release, threatened release, or escape of any Waste in or affecting the Property, whether sudden or gradual, accidental or anticipated, or of any other nature ("Spill");

(iii) any dispute relating to Grantor's or any other Person's Treatment of any Waste or any Spill in or affecting the Property;

(iv) any claims by or against any insurer related to or arising out of any Waste or Spill in or affecting the Property;

(v) any recommendations or requirements of any governmental or regulatory authority, insurer or board of underwriters relating to any Treatment of Waste or a Spill in or affecting the Property;

(vi) any legal requirement or deficiency related to the Treatment of Waste or any Spill in or affecting the Property; or

(vii) any tenant, licensee, concessionaire, manager, or other Person occupying or using the Property or any part thereof which has engaged in or engages in the Treatment of any Waste in or affecting the Property in violation of applicable Laws.



(d) In the event that (i) Grantor has caused, suffered or permitted, directly or indirectly, any Spill in or affecting the Property during the term of this Agreement, or (ii) any Spill of any Waste has occurred on the Property during the term of this Agreement, then Grantor shall immediately take all of the following actions:

(A) notify Beneficiary as provided herein;

(B) take all steps necessary or appropriate to clean up such Spill and any contamination related to the Spill, all in accordance with the requirements, rules or regulations of any local, state or federal governmental or regulatory authority or agency having jurisdiction over the Spill; provided that Grantor may contest any such requirement, rule or regulation by appropriate proceedings diligently and in good faith, so long as (1) Grantor provides Beneficiary, at Grantor's cost, such sureties, performance bonds and other assurances as Beneficiary may from time to time request in respect of such Spill and contamination and the cleanup thereof, (2) any governmental or other action against Grantor and the Property is effectively stayed during Grantor's efforts so to contest, and (3) in Beneficiary's determination, a delay in such clean-up will not result in or increase any loss or liability to Beneficiary;

(C) restore the Property, provided that such restoration shall be no less than, but need not be more than, what is otherwise required by applicable federal, state or local law or authorities;

(D) allow any local, state or federal governmental or regulatory authority or agency having jurisdiction thereof to monitor and inspect all cleanup and restoration related to such Spill; and

(E) at the written request of Beneficiary, post a bond or obtain a letter of credit for the benefit of Beneficiary (drawn upon a company or bank satisfactory to Beneficiary) or deposit an amount of money in an escrow account under Beneficiary's name upon which bond, letter of credit or escrow Grantor may draw, and which bond, letter of credit or escrow shall be in an amount sufficient to meet all of Grantor's obligations under this Section 5.14; and Beneficiary shall have the unfettered right to draw against the bond, letter of credit or escrow in its discretion in the event that Grantor is unable or unwilling to meet its obligation under this Section 5.14 or, if Grantor fails to post a bond or obtain a letter of credit or deposit such cash as is required herein, then Beneficiary, at Grantor's cost and expense, may, but shall have no obligation to do so for the benefit of Grantor and do those things that Grantor is required to do under clauses (B), (C) and (D) of this subsection (d).

(e) Grantor hereby agrees that it shall indemnify, defend, save and hold harmless Beneficiary and Trustee and Beneficiary's and Trustee's officers, directors employees, agents, successors, assigns and affiliates (collectively, "Indemnified Parties") against and from, and to reimburse the Indemnified Parties with respect to, any and all damages, claims, liabilities, losses, costs and expenses (including, without limitation, reasonable attorneys', engineers' and consultants' fees and expenses, court costs, administrative costs, costs of appeals and all clean up, administrative, fines, penalties and enforcement costs of applicable governmental agencies) that are incurred by or asserted against the Indemnified Parties by reason or arising out of: (i) the breach of any representation, warranty or undertaking of Grantor under this Section 5.14, or (ii) the Treatment of any Waste by Grantor or any tenant, licensee, concessionaire, manager, or other Person occupying or using the Property, in or affecting the Property, or (iii) any Spill governed by the terms of this Section 5.14.

(f) The obligations of Grantor under this Section 5.14 shall survive any termination or satisfaction of this Agreement.

5.15 Defense and Notice of Claims and Actions. At Grantor's sole expense, Grantor shall protect, preserve and defend the Property and title to and right of possession of the Property, and the security of this Deed of Trust and the rights and powers of Beneficiary created under it, against all adverse claims. Grantor shall give Beneficiary prompt notice in writing if any claim is asserted which does or could affect any such matters, or if any action or proceeding is commenced which alleges or relates to any such claim.

5.16 Subrogation. Beneficiary shall be subrogated to the liens of all encumbrances, whether released of record or not, which are discharged in whole or in part by Beneficiary in accordance with this Deed of Trust or with the proceeds of any loan secured by this Deed of Trust.

5.17 Site Visits, Observation and Testing. Beneficiary and its agents and representatives shall have the right at any reasonable time to enter and visit the Property for the purpose of performing appraisals, observing the Property, taking and removing soil or groundwater samples, and conducting tests on any part of the Property. Beneficiary has no duty, however, to visit or observe the Property or to conduct tests, and no site visit, observation or testing by Beneficiary, its agents or representatives shall impose any liability on any of Beneficiary, its agents or representatives. In no event shall any site visit, observation or testing by Beneficiary, its agents or representatives be a representation that Waste are or are not present in, on or under the Property, or that there has been or shall be compliance with any law, regulation or ordinance pertaining to Waste or any other applicable governmental law. Neither Grantor nor any other party is entitled to rely on any site visit, observation or testing by any of Beneficiary, its agents or representatives. Neither

Beneficiary, its agents or representatives owe any duty of care to protect Grantor or any other party against, or to inform Grantor or any other party of, any Waste or any other adverse condition affecting the Property. Beneficiary shall give Grantor reasonable notice before entering the Property. Beneficiary shall make reasonable efforts to avoid interfering with Grantor's use of the Property in exercising any rights provided in this Section 5.17.

5.18 Notice of Change. Grantor shall give Beneficiary prior written notice of any change in: (a) the location of its place of business or its chief executive office if it has more than one place of business; (b) the location of any of the Property, including the Books and Records; and (c) Grantor's name, business structure and/or state of organization. Unless otherwise approved by Beneficiary in writing, all Property that consists of personal property (other than the Books and Records) will be located on the Premises and all Books and Records will be located at Grantor's place of business or chief executive office if Grantor has more than one place of business.

5.19 Transfers. Grantor shall not (a) voluntarily or involuntarily sell, lease, exchange, assign, convey, transfer or otherwise dispose of all or any portion of the Property (or any interest therein, legal or equitable), or all or any of the ownership interest in Grantor, or (b) convey to any Person, other than Beneficiary, a security interest in the Property or any part thereof or voluntarily or involuntarily permit or suffer the Property to be further encumbered. Beneficiary may not, however, declare Grantor to be in default under Section 6.1(f) in violation of this Section 5.19 if federal law or Washington law prohibits such action.

## 6. Default and Remedies.

6.1 Events of Default. Grantor will be in default under this Deed of Trust upon the occurrence of any one or more of the following events (some or all collectively, "Events of Default," any one singly, an "Event of Default").

(a) If (i) the interest on any Note or any commitment or other fee shall not be paid in full punctually when due and payable or within three days thereafter, or (ii) the principal of any Note shall not be paid in full punctually when due and payable.

(b) If Grantor fails to perform or observe any covenant or agreement contained in this Deed of Trust or in any other of the Loan Documents, and such failure remains unremedied for thirty (30) days after the Beneficiary gives notice thereof to Grantor.

(c) If any representation, warranty or statement made in or pursuant to this Deed of Trust or any Loan Document or any other material information furnished by Grantor to Beneficiary or any other holder of any Note, shall be false or erroneous.



(d) If any event of default or default shall occur under any other Loan Document, or if under any Loan Document in which payment is required to be made by Grantor or any guarantor on demand of Beneficiary, such demand for payment is made.

(e) If Grantor shall default in the payment of principal or interest due and owing upon any other obligation for borrowed money, beyond any period of grace provided with respect thereto or in the performance or observance of any other agreement, term or condition contained in any agreement under which such obligation is created, if the effect of such default is to allow the acceleration of the maturity of such indebtedness or to permit the holder thereof to cause such indebtedness to become due prior to its stated maturity.

(f) If Grantor shall abandon any of the Property or shall sell, lease, convey or transfer (or contract to sell, lease, convey or transfer) all or any part of the Property without first obtaining Beneficiary's written consent.

(g) If Grantor shall assign any part of the rents or profits of the Property other than to Beneficiary without first obtaining Beneficiary's written consent or, by the cancellation, surrender or modification of any existing lease (or in any other manner) the security for the payment of the Secured Obligations shall be in any manner impaired.

Grantor's commitment, By executing this Deed of Trust, each Grantor agrees with and for the benefit of each other Grantor, that each Grantor shall take no action and shall not omit to take any action that will result in the occurrence of an Event of Default hereunder.

6.2 Remedies. At any time after an Event of Default, Beneficiary shall be entitled to invoke any and all of the rights and remedies described below, in addition to all other rights and remedies available to Beneficiary at law or in equity. All of such rights and remedies shall be cumulative, and the exercise of any one or more of them shall not constitute an election of remedies.

(a) Declare all of the Secured Obligations to be immediately due and payable, whereupon all unpaid principal, interest and fees in respect of such Obligations, together with all of Beneficiary's costs, expenses and attorneys' fees related thereto, under the terms of the Loan Documents or otherwise, shall be immediately due and payable;

(b) Terminate any commitment to make any additional advances under any Loan;



(c) Exercise any and all rights and remedies available to Beneficiary under any applicable law;

(d) Exercise any and all rights and remedies granted to Beneficiary under the terms of this Deed of Trust and any of the other Loan Documents;

(e) Beneficiary shall, as a matter of right, without notice and without giving bond to Grantor or anyone claiming by, under or through Grantor, and without regard for the solvency or insolvency of Grantor or the then value of the Property, to the extent permitted by applicable law, be entitled to have a receiver appointed for all or any part of the Property and the Rents, and the proceeds, issues and profits thereof, with the rights and powers referenced below and such other rights and powers as the court making such appointment shall confer, and Grantor hereby consents to the appointment of such receiver and shall not oppose any such appointment. Such receiver shall have all powers and duties prescribed by applicable law, all other powers which are necessary or usual in such cases for the protection, possession, control, management and operation of the Property, and such rights and powers as Beneficiary would have, upon entering and taking possession of the Property under subsection (g) below.

(f) Beneficiary, in person, by agent or by court-appointed receiver, may enter, take possession of, manage and operate all or any part of the Property, and may also do any and all other things in connection with those actions that Beneficiary may in its sole discretion consider necessary and appropriate to protect the security of this Deed of Trust. Such other things may include: taking and possessing all of Grantor's or the then owner's Books and Records; entering into, enforcing, modifying or canceling Leases on such terms and conditions as Beneficiary may consider proper; obtaining and evicting tenants; fixing or modifying Rents; collecting and receiving any payment of money owing to Beneficiary; completing any unfinished construction; and/or contracting for and making repairs and alterations. If Beneficiary so requests, Grantor shall assemble all of the Property that has been removed from the Premises and make all of it available to Beneficiary at the site of the Premises. Grantor hereby irrevocably constitutes and appoints Beneficiary as Grantor's attorney-in-fact to perform such acts and execute such documents as Beneficiary in its sole discretion may consider to be appropriate in connection with taking these measures, including endorsement of Grantor's name on any instruments.

(g) Beneficiary may cure any breach or default of Grantor, and if it chooses to do so in connection with any such cure, Beneficiary may also enter the Property and/or do any and all other things which it may in its sole discretion consider necessary and appropriate to protect the security of this Deed of Trust. Such other things may include: appearing in and/or defending any action or proceeding which



purports to affect the security of, or the rights or powers of Beneficiary under, this Deed of Trust; paying, purchasing, contesting or compromising any encumbrance, charge, lien or claim of lien which in Beneficiary's sole judgment is or may be senior in priority to this Deed of Trust, such judgment of Beneficiary or to be conclusive as among the parties to this Deed of Trust; obtaining insurance and/or paying any premiums or charges for insurance required to be carried hereunder; otherwise caring for and protecting any and all of the Property; and/or employing counsel, accountants, contractors and other appropriate persons to assist Beneficiary. Beneficiary may take any of the actions permitted under this Subsection 6.2(g) either with or without giving notice to any person. Any amounts expended by Beneficiary under this Subsection 6.2(g) shall be secured by this Deed of Trust.

(h) With respect to all or any part of the Property, the Trustee shall have the right to exercise its power of sale and to foreclose by notice and sale, and the Beneficiary shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law. Beneficiary or its nominee may bid and become the purchaser of all or any part of the Property at any foreclosure or other sale hereunder, and the amount of Beneficiary's successful bid shall be credited on the Secured Obligations. Without limiting the foregoing, Beneficiary may proceed by a suit or suits in law or equity, whether for specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, or for any foreclosure under the judgment or decree of any court of competent jurisdiction. In addition to the right provided in Subsection 6.2(a), upon, or at any time after the filing of a complaint to foreclose this Deed of Trust, Beneficiary and Trustee shall be entitled to the appointment of a receiver of the property by the court in which such complaint is filed, and Grantor hereby consents to such appointment.

(i) Beneficiary may exercise all rights and remedies contained in any other instrument, document, agreement or other writing heretofore, concurrently or in the future executed by Grantor or any other person or entity in favor of Beneficiary in connection with the Secured Obligations or any part thereof, without prejudice to the right of Beneficiary thereafter to enforce any appropriate remedy against Grantor. Beneficiary shall have the right to pursue all remedies afforded to a beneficiary under applicable law, and shall have the benefit of all of the provisions of such applicable law, including all amendments thereto which may become effective from time to time after the date hereof.

(j) Beneficiary and/or Trustee, as required by applicable law, shall have the discretionary right to cause some or all of the Property, which constitutes personal property, to be sold or otherwise disposed of in any combination and in any manner permitted by applicable law.



(i) For purposes of this power of sale, Beneficiary and/or Trustee, as required by applicable law, may elect to treat as personal property any Property which is intangible or which can be severed from the Premises or Improvements without causing structural damage. If it chooses to do so, Beneficiary and/or Trustee, as required by applicable law, may dispose of any personal property, in any manner permitted by Article 9 of the Uniform Commercial Code of the state in which the Property is located, including any public or private sale, or in any manner permitted by any other applicable law.

(ii) In connection with any sale or other disposition of such Property, Grantor agrees that the following procedures constitute a commercially reasonable sale: Beneficiary shall mail written notice of the sale to Grantor not later than thirty (30) days prior to such sale. Beneficiary will publish notice of the sale in a local daily newspaper of general circulation. Upon receipt of any written request, Beneficiary will make the Property available to any bona fide prospective purchaser for inspection during reasonable business hours. Notwithstanding, Beneficiary shall be under no obligation to consummate a sale if, in its judgment, none of the offers received by it equals the fair value of the Property offered for sale. The foregoing procedures do not constitute the only procedures that may be commercially reasonable.

(k) If the Property consists of more than one lot, parcel or item of property, Beneficiary and/or Trustee, as required by applicable law, may:

(i) Designate the order in which the lots, parcels and/or items shall be sold or disposed of or offered for sale or disposition; and

(ii) Elect to dispose of the lots, parcels and/or items through a single consolidated sale or disposition to be held or made under or in connection with judicial proceedings, or by virtue of a judgment and decree of foreclosure and sale; or through two or more such sales or dispositions; or in any other manner Beneficiary may deem to be in its best interests (any such sale or disposition, a "Foreclosure Sale;" and any two or more, "Foreclosure Sales").

If Beneficiary chooses to have more than one Foreclosure Sale, Beneficiary at its option may cause the Foreclosure Sales to be held simultaneously or successively, on the same day, or on such different days and at such different times and in such order as Beneficiary may deem to be in its best interests. No Foreclosure Sale shall terminate or affect the liens of this Deed of Trust on any



part of the Property which has not been sold, until all of the Secured Obligations have been paid in full.

**6.3 Credit Bids.** At any Foreclosure Sale, any person, including Grantor or Beneficiary, may bid for and acquire the Property or any part of it to the extent permitted by then applicable law. Instead of paying cash for such property, Beneficiary may settle for the purchase price by crediting the sales price of the property against the following obligations:

(a) First, the portion of the Secured Obligations attributable to the expenses of sale, costs of any action and any other sums for which Grantor is obligated to pay or reimburse Beneficiary and Trustee under Section 5.13 of this Deed of Trust; and

(b) Second, all other Secured Obligations in any order and proportions as Beneficiary in its sole discretion may choose.

**6.4 Application of Foreclosure Sale Proceeds.** Beneficiary shall apply the proceeds of any Foreclosure Sale in the following manner:

(a) First, to pay the portion of the Secured Obligations attributable to the expenses of sale, costs of any action and any other sums for which Grantor is obligated to reimburse Beneficiary or Trustee under Section 5.13 of this Deed of Trust;

(b) Second, to pay the portion of the Secured Obligations attributable to any sums expended or advanced by Beneficiary under the terms of this Deed of Trust which then remain unpaid;

(c) Third, to pay all other Secured Obligations in any order and proportions as Beneficiary in its sole discretion may choose; and

(d) Fourth, to remit the remainder, if any, to the person or persons entitled to it.

**6.5 Application of Rents and Other Sums.** Beneficiary shall apply any and all Rents collected by it, and any and all sums other than proceeds of a Foreclosure Sale which Beneficiary may receive or collect under Section 6.2 above, in the following manner:

(a) First, to pay the portion of the Secured Obligations attributable to the costs and expenses of operation and collection that may be incurred by Beneficiary or any receiver;

(b) Second, to pay all other Secured Obligations in any order and proportions as Beneficiary in its sole discretion may choose; and



(c) Third, to remit the remainder, if any, to the person or persons entitled to it.

Beneficiary shall have no liability for any funds which it does not actually receive.

7. **The Trustee.**

7.1 **Certain Rights.** With the approval of Beneficiary, Trustee shall have the right to take any and all of the following actions: (i) with respect to all or any part of the Property, to foreclose this Deed of Trust by notice and sale in accordance with and to the full extent provided by applicable law, (ii) to select, employ and consult with counsel (who may be, but need not be, counsel for Beneficiary) upon any matters arising hereunder, including the preparation, execution and interpretation of the Loan Documents, and shall be fully protected in relying as to legal matters on the advice of counsel, (iii) to execute any of the trusts and powers hereof and to perform any duty hereunder either directly or through his or her agents or attorneys, (iv) to select and employ, in and about the execution of his or her duties hereunder, suitable accountants, engineers and other experts, agents and attorneys-in-fact, either corporate or individual, not regularly in the employ of Trustee (and Trustee shall not be answerable for any act, default, negligence, or misconduct of any such accountant, engineer or other expert, agent or attorney-in-fact, if selected with reasonable care, or for any error of judgment or act done by Trustee in good faith, or be otherwise responsible or accountable under any circumstances whatsoever, except for Trustee's gross negligence or bad faith), and (v) any and all other lawful action that Beneficiary may instruct Trustee to take to protect or enforce Beneficiary's rights hereunder. Trustee shall not be personally liable in case of entry by Trustee, or anyone entering by virtue of the powers herein granted to Trustee, upon the Premises for debts contracted for or liability or damages incurred in the management or operation of the Premises. Trustee shall have the right to rely on any instrument, document, or signature authorizing or supporting any action taken or proposed to be taken by Trustee hereunder, believed by Trustee in good faith to be genuine. Trustee shall be entitled to reimbursement for expenses incurred by Trustee in the performance of Trustee's duties hereunder and to reasonable compensation for such of Trustee's services hereunder as shall be rendered. Grantor will, from time to time, pay the compensation due to Trustee hereunder and reimburse Trustee for, and save and hold Trustee harmless against, any and all liability and expenses which may be incurred by Trustee in the performance of Trustee's duties.

7.2 **Retention of Money.** All moneys received by Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, and shall be segregated from any other moneys of Trustee.

7.3 **Successor Trustees.** Trustee may resign by the giving of notice of such resignation in writing to Beneficiary. If Trustee shall die, resign or become disqualified from acting in the execution of this trust, or if, for any reason, Beneficiary, in Beneficiary's sole

discretion and with or without cause, shall prefer to appoint a substitute trustee or multiple substitute trustees, or successive substitute trustees or successive multiple substitute trustees, to act instead of the aforementioned Trustee, Beneficiary shall have full power to appoint a substitute trustee (or, if preferred, multiple substitute trustees) in succession who shall succeed (and if multiple substitute trustees are appointed, each of such multiple substitute trustees shall succeed) to all the estates, rights, powers and duties of the aforementioned Trustee. Such appointment may be executed by any authorized agent of Beneficiary, and if such Beneficiary be a corporation and such appointment be executed on its behalf by any officer of such corporation, such appointment shall be conclusively presumed to be executed with authority and shall be valid and sufficient without proof of any action by the board of directors or any superior officer of the corporation. Grantor hereby ratifies and confirms any and all acts which the aforementioned Trustee, or his or her successor or successors in this trust, shall do lawfully by virtue hereof. If multiple substitute trustees are appointed, each of such multiple substitute trustees shall be empowered and authorized to act alone without the necessity of the joinder of the other multiple substitute trustees, whenever any action or undertaking of such substitute trustees is requested or required under or pursuant to this Deed of Trust or applicable law. Any prior election to act jointly or severally shall not prevent either or both of such multiple substitute Trustees from subsequently executing, jointly or severally, any or all of the provisions hereof.

7.4 Perfection of Appointment. Should any deed, conveyance, or instrument of any nature be required from Grantor by any Trustee or substitute Trustee to more fully and certainly vest in and confirm to Trustee or substitute Trustee such estates, rights, powers, and duties, then, upon request by Trustee or substitute trustee, any and all such deeds, conveyances and instruments shall be made, executed, acknowledged, and delivered and shall be caused to be recorded and/or filed by Grantor.

7.5 Succession Instruments. Any substitute trustee appointed pursuant to any of the provisions hereof shall, without any further act, deed or conveyance, become vested with all the estates, properties, rights, powers, and trusts of its, his or her predecessor in the rights hereunder with like effect as if originally named as Trustee herein; but nevertheless, upon the written request of Beneficiary or of the substitute trustee, the Trustee ceasing to act shall execute and deliver any instrument transferring to such substitute trustee, upon the trusts herein expressed, all the estates, properties, rights, powers, and trusts of the Trustee so ceasing to act, and shall duly assign, transfer and deliver any of the property and moneys held by such Trustee to the substitute trustee so appointed in such Trustee's place.

7.6 No Representation by Trustee or Beneficiary. By accepting or approving anything required to be observed, performed, or fulfilled or to be given to Trustee or Beneficiary pursuant to the Loan Documents, neither Trustee nor Beneficiary shall be deemed to have warranted, consented to, or affirmed the sufficiency, legality, effectiveness or legal effect of the same, or of any term, provision, or condition thereof, and such acceptance or



approval thereof shall not be or constitute any warranty or affirmation with respect thereto by Trustee or Beneficiary.

8. **Miscellaneous Provisions.**

8.1 **Additional Provisions.** The Loan Documents fully state all of the terms and conditions of the parties' agreement regarding the matters mentioned in or incidental to this Deed of Trust. The Loan Documents also grant further rights to Beneficiary and contain further agreements and affirmative and negative covenants by Grantor which apply to this Deed of Trust and to the Property.

8.2 **No Waiver or Cure.**

(a) Each waiver by Beneficiary must be in writing, and no waiver shall be construed as a continuing waiver. No waiver shall be implied from any delay or failure by Beneficiary to take action on account of any default of Grantor. Consent by Beneficiary to any act or omission by Grantor shall not be construed as a consent to any other or subsequent act or omission or to waive the requirement for Beneficiary's consent to be obtained in any future or other instance.

(b) If any of the events described below occurs, that event alone shall not: cure or waive any breach, Event of Default or notice of default under this Deed of Trust or invalidate any act performed pursuant to any such default or notice; or nullify the effect of any notice of default or sale (unless all Secured Obligations then due have been paid and performed and all other defaults under the Loan Documents have been cured); or impair the security of this Deed of Trust; or prejudice Beneficiary or any receiver in the exercise of any right or remedy afforded any of them under this Deed of Trust; 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.

(i) Beneficiary or Trustee, its agent or a receiver takes possession of all or any part of the Property in the manner provided in Subsection 6.2 (f).

(ii) Beneficiary collects and applies Rents as permitted under Sections 2.3 and 6.5 above, either with or without taking possession of all or any part of the Property.

(iii) Beneficiary or Trustee receives and applies to any Secured Obligation any proceeds of any Property, including any proceeds of insurance policies, condemnation awards, or other claims, property or rights assigned to Beneficiary hereunder.



(iv) Beneficiary makes a site visit, observes the Property and/or conducts tests as permitted under Section 5.17 above.

(v) Beneficiary or Trustee receives any sums under this Deed of Trust or any proceeds of any collateral held for any of the Secured Obligations, and applies them to one or more Secured Obligations.

(vi) Beneficiary, Trustee or any receiver invokes any right or remedy provided under this Deed of Trust.

### 8.3 Powers of Beneficiary.

(a) If Beneficiary performs any act which it is empowered or authorized to perform under this Deed of Trust, including any act permitted by Section 5.10 or Subsection 6.2(d) of this Deed of Trust, that act alone shall not release or change the personal liability of any person for the payment and performance of the Secured Obligations then outstanding, or the lien of this Deed of Trust on all or the remainder of the Property for full payment and performance of all outstanding Secured Obligations. The liability of the original Grantor shall not be released or changed if Beneficiary grants any successor in interest to Grantor any extension of time for payment, or modification of the terms of payment, of any Secured Obligation. Beneficiary shall not be required to comply with any demand by the original Grantor that Beneficiary refuse to grant such an extension or modification to, or commence proceedings against, any such successor in interest.

(b) Beneficiary may take any of the actions permitted under Subsections 6.2(e) and/or 6.2(f) regardless of the adequacy of the security for the Secured Obligations, or whether any or all of the Secured Obligations have been declared to be immediately due and payable, or whether notice of default and election to sell has been given under this Deed of Trust.

(c) From time to time, Beneficiary may apply to any court of competent jurisdiction for aid and direction in executing and enforcing the rights and remedies created under this Deed of Trust. Beneficiary may from time to time obtain orders or decrees directing, confirming or approving acts in executing and enforcing these rights and remedies.

8.4 Merger. No merger shall occur as a result of Beneficiary's acquiring any other estate in or any other lien on the Property unless Beneficiary consents to a merger in writing.



8.5 Joint and Several Liability. If Grantor consists of more than one person, each shall be jointly and severally liable for the faithful performance of all of Grantor's obligations under this Deed of Trust.

8.6 Applicable Law. The creation, perfection and enforcement of the lien of this Deed of Trust shall be governed by the law of the state in which the Property is located. Subject to the foregoing, in all other respects, this Deed of Trust shall be governed by the substantive laws of the State of Washington.

8.7 Successors in Interest. The terms, covenants and conditions of this Deed of Trust shall be binding upon and inure to the benefit of the heirs, successors and assigns of the parties. However, this Section 8.7 does not waive the provisions of Section 5.19 above.

8.8 Interpretation.

(a) Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the sections of this Deed of Trust are for convenience only and do not define or limit any terms or provisions. The word "include(s)" means "include(s), without limitation," and the word "including" means "including, but not limited to."

(b) The word "obligations" is used in its broadest and most comprehensive sense, and includes all primary, secondary, direct, indirect, fixed and contingent obligations. It further includes all principal, interest, prepayment charges, late charges, loan fees and any other fees and charges accruing or assessed at any time, as well as all obligations to perform acts or satisfy conditions.

(c) No listing of specific instances, items or matters in any way limits the scope or generality of any language of this Deed of Trust. The Exhibits to this Deed of Trust are hereby incorporated in this Deed of Trust.

8.9 Waiver of Statutory Rights. To the extent permitted by law, Grantor hereby agrees that it shall not and will not apply for or avail itself of any appraisal, valuation, stay, extension or exemption laws, or any so-called "Moratorium Laws," now existing or hereafter enacted, in order to prevent or hinder the enforcement or foreclosure of this Deed of Trust, but hereby waives the benefit of such laws. Grantor for itself and all who may claim through or under it waives any and all right to have the property and estates comprising the Property marshalled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the Property sold as an entirety. Grantor hereby waives any and all rights of redemption from sale under any judgment of foreclosure of this Deed of Trust on behalf of Grantor and on behalf of each and every person acquiring any





interest in or title to the Property of any nature whatsoever, subsequent to the date of this Deed of Trust. The foregoing waiver of right of redemption is made pursuant to the provisions of applicable law.

8.10 Severability. If any provision of this Deed of Trust should be held unenforceable or void, that provision shall be deemed severable from the remaining provisions and shall in no way affect the validity of this Deed of Trust except that if such provision relates to the payment of any monetary sum, then Beneficiary may, at its option, declare all Secured Obligations immediately due and payable.

8.11 Notices. All notices, requests, demands or other communications provided for hereunder shall be in writing and mailed or delivered to any party hereto at the address of such party specified below. All notices, statements, requests, demands and other communications provided for hereunder shall be deemed to be given or made when delivered or forty-eight (48) hours after being deposited in the mails with postage prepaid by registered or certified mail, addressed as aforesaid, or sent by facsimile with telephonic confirmation of receipt, except that notices from Grantor to Beneficiary pursuant to any of the provisions hereof shall not be effective until received by Beneficiary.

Grantor: LA CONNER INVESTMENTS, LLC  
c/o Jeffrey Chamberlain  
Farmington Centers, LLC  
5100 SW Macadam, Suite 360  
Portland OR 97239

DEERPOINT/LINNWOOD LIMITED PARTNERSHIP  
c/o Jeffrey Chamberlain  
Farmington Centers, LLC  
5100 SW Macadam, Suite 360  
Portland OR 97239

HUYCKE INVESTMENTS III, LLC  
502 West Main Street  
Suite 102  
Medford, Oregon 97501  
Telephone (541) 772-1977  
Facsimile (541) 772-3443



HUYCKE INVESTMENTS IV, LLC  
502 West Main Street  
Suite 102  
Medford, Oregon 97501  
Telephone (541) 772-1977  
Facsimile (541) 772-3443

SECURITY AND INVESTMENT COMPANY OF LAKE OSWEGO, LLC  
c/o Edward LaTourette  
16870 SW Alder Circle  
Lake Oswego OR 97034

Trustee: CHICAGO TITLE INSURANCE COMPANY  
425 Commercial Street  
P.O. Box 638  
Mount Vernon, WA 98273  
Telephone (360) 424-1700

Beneficiary: KEYBANK NATIONAL ASSOCIATION  
431 Park Center Boulevard  
P.O. Box 5278  
Boise, ID 83705  
Attention:

With a copy to: James M. Hushagen and Clemencia Castro Woolery  
Eisenhower & Carlson, PLLC  
1201 Pacific Ave., Suite 1200  
Tacoma, Washington 98402  
Telephone (253) 572-4500  
Facsimile (253) 272-5732

or at such other address as the party to be served with notice may have furnished in writing to the party seeking or desiring to serve notice as a place for the service of notice.

Any notice or demand delivered to the person or entity named above to accept notices and demands for Grantor shall constitute notice or demand duly delivered to Grantor, even if delivery is refused.

8.12 Beneficiary's Lien for Service Charge and Expenses. At all times, regardless of whether any Loan proceeds have been disbursed, this Deed of Trust secures (in addition to any Loan proceeds disbursed from time to time) the payment of any and all loan commissions, service charges, liquidated damages, expenses and advances due to or incurred by Beneficiary not to exceed the maximum amount secured hereby. For purposes hereof, all obligations of



Grantor to Beneficiary under all Interest Rate Agreements and any indebtedness or obligation contained therein or evidenced thereby shall be considered an obligation of Grantor secured hereby.

8.13 WAIVER OF TRIAL BY JURY. GRANTOR, BENEFICIARY AND TRUSTEE EACH WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AMONG BENEFICIARY, TRUSTEE AND GRANTOR ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS AGREEMENT OR ANY NOTE OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith OR THE TRANSACTIONS RELATED THERETO.

8.14 UCC Financing Statements. Grantor hereby authorizes Beneficiary to file UCC financing statements to perfect Beneficiary's security interest in any part of the Property. In addition, Grantor agrees to sign any and all other documents that Beneficiary deems necessary in its sole discretion to perfect, protect, and continue Beneficiary's lien and security interest on the Property.

8.15 Certain Matters Relating to Property Located in the State of Washington. With respect to the Property which is located in the State of Washington, notwithstanding anything contained herein to the contrary, the Property is not used principally for agriculture or farming purposes.

**NOTICE CONCERNING ORAL AGREEMENTS**

**Oral agreements or oral commitments to lend money, extend credit or to forbear from enforcing repayment of a debt are not enforceable under Washington law.**



**GRANTOR:**

LA CONNER INVESTMENTS, LLC

By: [Signature]

Its \_\_\_\_\_

STATE OF OREGON New York )

COUNTY OF NY )

SS:

The foregoing instrument was acknowledged before me this 23 day of March, 2004, by Jeff L. Chamberlain the \_\_\_\_\_ of LA CONNER INVESTMENTS, LLC, an Oregon limited liability company, on behalf of said LA CONNER INVESTMENTS, LLC. He/She is personally known to me or has produced a State of Oregon driver's license as identification.

MARISA INTILE  
Notary Public, State of New York  
No. 01IN5051777  
Qualified in Westchester County  
Commission Expires Nov. 13, 2005

[NOTARIAL SEAL]

Sign Name: Marisa Intile

Notary Public

Print Name: Marisa Intile

Serial No. (if any): \_\_\_\_\_

My Commission Expires: 11/13/05



200403260104  
Skagit County Auditor

DEERPOINT/LINNWOOD LIMITED PARTNERSHIP

By: \_\_\_\_\_

Its \_\_\_\_\_

STATE OF New York )  
~~OREGON~~ )

COUNTY OF NY )

SS:

The foregoing instrument was acknowledged before me this 23 day of March, 2004, by Jeff L. Chamberlain the Managing Partner of DEERPOINT/LINNWOOD LIMITED PARTNERSHIP, an Oregon limited partnership, on behalf of said DEERPOINT/LINNWOOD LIMITED PARTNERSHIP. He/She is personally known to me or has produced a State of Oregon driver's license as identification.

MARISA INTILE  
Notary Public, State of New York  
No. 01IN5051777  
Qualified in Westchester County  
Commission Expires Nov. 13, 2005

[NOTARIAL SEAL]

Sign Name: \_\_\_\_\_

Notary Public

Print Name: \_\_\_\_\_

Serial No. (if any): \_\_\_\_\_

My Commission Expires: \_\_\_\_\_

11/13/05

HUYCKE INVESTMENTS III, LLC

By: \_\_\_\_\_

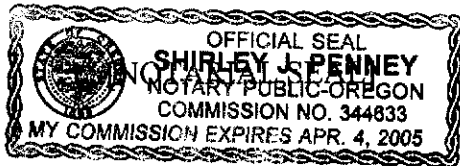
PATRICK G. HUYCKE  
Its MANAGER

STATE OF OREGON )

SS:

COUNTY OF JACKSON )

The foregoing instrument was acknowledged before me this 23 day of March, 2004, by PATRICK G. HUYCKE, the MANAGER of HUYCKE INVESTMENTS III, LLC, an Oregon limited liability company; on behalf of said HUYCKE INVESTMENTS III, LLC. He/She is personally known to me or has produced a State of Oregon driver's license as identification.



Sign Name: Shirley J. Penney  
Notary Public

Print Name: SHIRLEY J. PENNEY

Serial No. (if any): \_\_\_\_\_

My Commission Expires: 4-4-05

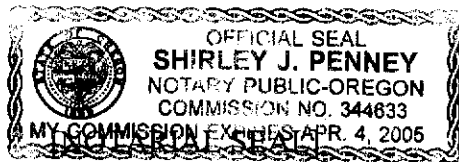


HUYCKE INVESTMENTS IV, LLC

By: Shirley Huycke  
Shirley Huycke  
Its manager

STATE OF OREGON )  
 ) SS:  
COUNTY OF JACKSON )

The foregoing instrument was acknowledged before me this 23 day of March, 2004, by SHIRLEY A. HUYCKE, the MANAGER of HUYCKE INVESTMENTS IV, LLC, an Oregon limited liability company, on behalf of said HUYCKE INVESTMENTS IV, LLC. He/She is personally known to me or has produced a State of Oregon driver's license as identification.



Sign Name: Shirley J. Penney  
Notary Public

Print Name: SHIRLEY J. PENNEY

Serial No. (if any): \_\_\_\_\_

My Commission Expires: 4-4-05

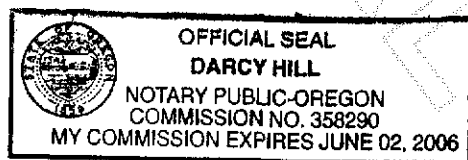


SECURITY AND INVESTMENT COMPANY OF LAKE OSWEGO, LLC

By: *Edmund Hunt*  
Its *Manager*

STATE OF OREGON )  
COUNTY OF *Clatsop* SS:

The foregoing instrument was acknowledged before me this *23* day of March, 2004, by *Darcy Hill*, the \_\_\_\_\_ of SECURITY AND INVESTMENT COMPANY OF LAKE OSWEGO, LLC, an Oregon limited liability company, on behalf of said SECURITY AND INVESTMENT COMPANY OF LAKE OSWEGO, LLC. He/She is personally known to me or has produced a State of Oregon driver's license as identification.



[NOTARIAL SEAL]

Sign Name: *[Signature]*  
Notary Public

Print Name: *Darcy Hill*

Serial No. (if any): \_\_\_\_\_

My Commission Expires: *6-2-06*

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200403260104  
Skagit County Auditor



EXHIBIT A

*Description of Premises*

PARCEL A:

Lots 1, 4, and 5, Block 4, CALHOUN ADDITION TO THE TOWN OF LA CONNER, according to the plat thereof recorded in Volume 1 of Plats, page 14, records of Skagit County, Washington.

PARCEL B:

The North 25 feet of Lot 2 and the North 25 feet of the West Half of Lot 3, Block 4, CALHOUN ADDITION TO THE TOWN OF LA CONNER, according to the plat thereof recorded in Volume 1 of Plats, page 14, records of Skagit County, Washington.

PARCEL C:

Lot 2 and the West Half of Lot 3, Block 4, CALHOUN ADDITION TO THE TOWN OF LA CONNER, according to the plat thereof recorded in Volume 1 of Plats, page 14, records of Skagit County, Washington;

EXCEPT the North 25 feet of Lot 2;

ALSO EXCEPT the North 25 feet of the West Half of Lot 3.

PARCEL D:

The East Half of Lot 3 and all of Lot 6, Block 4, CALHOUN ADDITION TO THE TOWN OF LA CONNER, according to the plat thereof recorded in Volume 1 of Plats, page 14, records of Skagit County, Washington.

PARCEL E:

Lots 1, 2, 3 and 4, Block 5, CALHOUN ADDITION TO THE TOWN OF LA CONNER, according to the plat thereof recorded in Volume 1 of Plats, page 14, records of Skagit County, Washington.

ALL Situated in Skagit County, Washington.