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Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing

LOAN NO

FIRST AMERICAN TITLE CO.

This Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing
("Deed of Trust or Security Instrument") is made this **November 8, 2004**.

GRANTOR: George S. Vojkovich and Eiko Vojkovich, husand and wife
whose address is 28778 Utopia Rd, Sedro Woolley, WA 98284.

TRUSTEE: First American Title Insurance Company
whose address is 1301-B Riverside Drive, Mount Vernon, WA 98273.

BENEFICIARY: William R. Bingham and Beverly M. Bingham, , whose address is **410 Bayside Rd, Bellingham, WA 98225.**

Trustor hereby IRREVOCABLY GRANTS, BARGAINS, SELLS, CONVEYS, TRANSFERS AND ASSIGNS TO TRUSTEE IN TRUST, WITH POWER OF SALE, all of the Trustor's present and future estate, right, title and claim and interest, either in law or equity, in and to the real property described herein or by Exhibit attached hereto and incorporated herein by this reference, in **Skagit County, Washington**(hereafter called "Property" and/or "Premises").

Tax parcel no. 350523-2-001-0002-P40134 and 350523-2-001-0002-P40134
Section 23, Township 35, Range 5; Ptn North 1/2
Complete legal description is on Exhibit "A" attached hereto and incorporated herein.

TOGETHER WITH all buildings, structures, improvements, and articles of property now or hereafter attached to, or used or adapted for use in the operation of, the Premises, including, but not limited to, all heating equipment, piping and plumbing fixtures, cooling, ventilating, sprinkling and vacuum cleaning systems, fire extinguishing apparatus, cabinets, window coverings, all landscaping; and all interest of any owner of the Premises in any of such items replaced, added to or hereafter acquired in any manner whatsoever, all of which property mentioned in this paragraph shall be deemed part of the realty and not severable wholly or in part without material injury to the Property;

TOGETHER WITH the lands, easements, appurtenances, rents, royalties, receipts, water, mineral, oil and/or gas rights and profits, SUBJECT, HOWEVER, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, royalties, receipts, and profits as provided for herein; and

TOGETHER WITH all present and future right(s), title and interest of Grantor in and to all furniture, equipment, and other tangible personal property on or used in the operation of the Premises or Property, including, but not limited to: accounts, general intangibles, chattel paper, deposit accounts, money, rents, daily receipts, income, accounts receivable, instruments and documents (as those terms are defined in the Washington Uniform Commercial Code) and all other agreements arising in connection with or derived from the Property or the ownership, use,

maintenance, management, operation, marketing, leasing, occupancy, or financing of the Property, permits, approvals, and other governmental authorizations, improvement plans and specifications and architectural drawings, agreements with contractors, subcontractors, suppliers, designers, architects, engineers, leasing agents, consultants and property managers, warranties, guaranties, indemnities and insurance policies, together with insurance payments and unearned insurance premiums, claims, demands, awards, settlements and other payments arising or resulting from or otherwise relating to any insurance or any loss or destruction of, injury or damage to, the taking or condemnation (or conveyance in lieu of condemnation) or public use of any of the Property, the Disbursement Account and any Cash Collateral Account, leases, rental agreements, license agreements, service and maintenance agreements, purchase and sale agreements and purchase options, together with advance payments, security deposits and other amounts paid to or deposited with Grantor under any such agreements, bonds, deferred payments, refunds, rebates, discounts, escrow proceeds, sale proceeds and other rights to the payment of money, trade names, trademarks, goodwill and all supplements, modifications, amendments, renewals, extensions, replacements of or to any of such property (the "Intangibles").

THIS DEED OF TRUST IS MADE FOR THE PURPOSE OF SECURING PERFORMANCE of each covenant, agreement, term and condition of Grantor contained herein and the prompt payment of the sum of **TWO HUNDRED THOUSAND AND NO/100 (\$200,000.00 U.S.)**, with interest thereon according to the terms of a Commercial Promissory Note, of even date, payable to Beneficiary or holder (as defined in the Note) and made by Grantor ("the Note"); all renewals, modifications or extensions thereof; and also such further sums as may be advanced or loaned by Beneficiary to Grantor, or any of them or any of their successors or assigns, together with interest thereon at such rate as shall be stated in the Note.

THIS DEED OF TRUST IS ALSO MADE FOR THE PURPOSE of securing prompt and complete performance of each and every obligation, covenant and agreement of Grantor contained in any other instrument heretofore or hereafter executed by Grantor having reference to or arising out of the indebtedness represented by the Note, or given as security for the Note, including, but not limited to any one or more of the following documents executed by Grantor or an affiliate of Grantor in connection with the indebtedness evidenced by the Note: (a) Guaranty; (b) Grantor's Certificate of Rent Roll; and (c) Financing Statement (collectively called "Related Agreements"), but expressly excluding the Hazardous Substances Indemnity Agreement.

ARTICLE 1 COVENANTS AND WARRANTIES

GRANTOR COVENANTS AND AGREES AS FOLLOWS:

1.1 Performance of Obligations Secured. Grantor shall promptly pay when due all monthly payments of interest and/or principal, late charges (and reserves) on the indebtedness evidenced by the Note of even date and shall further perform fully and in a timely manner all other obligations of Grantor contained herein or in any of the Related Agreements. All sums payable by Grantor hereunder shall be paid without demand, counterclaim, offset, deduction or defense and Grantor waives all rights now or hereinafter conferred by statute or otherwise to any such demand, counterclaim, offset deduction or defense.

1.2 Warranties of Title. Grantor is seized in fee simple of the Property and owns every part thereof; there are no liens or encumbrances against or upon the same, including but not limited to, leases, except as disclosed to Beneficiary, and none superior to this Deed of Trust will be created by Grantor during the term of this Deed of Trust. Grantor represents that Grantor is not in violation of any governmental requirement or in default under any agreement to which it is bound, or which affects it or any of the Property, and the execution, delivery and performance of this Deed of Trust, the Note, or any of the Related Agreements in accordance with their terms and the use and occupancy of the Property will not violate any governmental requirement, or conflict with, be consistent with or result in any default under, any of the provisions of any articles, bylaws, mortgage, security instrument, easement, restriction of record, contract,

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agreement or instrument of any kind to which Grantor is bound or which affects it or any of the secured Property. Further, Grantor warrants that there are no proceedings of any kind pending, or, to the knowledge of Grantor, threatened against or affecting Grantor, the Property (including any attempt or threat by any governmental authority to condemn or rezone all or any portion of the Property), or involving the validity, enforceability or priority of this Deed of Trust, the Note or any of the Related Agreements or enjoining or preventing or threatening to enjoin or prevent the use and occupancy of the Property or the performance by Grantor of its obligations hereunder, and there are no rent controls, governmental moratoria or environmental controls presently in existence, or, to the knowledge of Grantor, threatened or affecting the Property. Grantor represents that Grantor has the right and authority to execute this Deed of Trust and will forever warrant and defend the Property unto Beneficiary, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof. Grantor's warranties of title extend to after-acquired property whether acquired as replacements for property now owned by Grantor, as additional items of property attached to or used or adapted for use in the operation of the Premises, or otherwise, all of which property shall be owned by Grantor outright, free of liens or encumbrances.

1.3 Use of Proceeds. The monies received from Beneficiary shall be used for business purposes and not for personal, family or household purposes.

1.4 Security Agreement/Fixture Financing Statement. This Deed of Trust shall be deemed to be a Security Agreement pursuant to the Washington Uniform Commercial Code ("UCC"). Grantor hereby grants Beneficiary a security interest in for any and all items of personal property and goods, as defined in the UCC (goods) and intangibles described herein or in any Financing Statement subsequently filed with the Washington Secretary of State or the county recorder of the county in which the Property is located and which are not herein effectively made part of the real property and in all additions thereto, substitutions therefor and proceeds thereof, for the purpose of securing all indebtedness and other obligations of Grantor secured by this Deed of Trust. This Deed of Trust constitutes a Financing Statement filed as a fixture filing in the official records of the county recorder of the county in which the Property is located with respect to any and all fixtures included on or within the Property and Premises as used herein and with respect to any goods or other personal property that may now be or hereafter become such fixtures.

Grantor (i) agrees to execute and deliver and (ii) authorize Beneficiary to file and/or record financing and continuation statements covering the Property from time to time and in such form as Beneficiary may require to perfect and continue the perfection of Beneficiary's lien or security interest with respect to said Property. Grantor shall pay all costs of filing such statements and renewals and releases thereof and shall pay all reasonable costs and expenses of any record searches for financing statements Beneficiary may reasonably require. Upon the occurrence of any default of Grantor hereunder, Beneficiary shall have the rights and remedies of a secured party under the Washington Uniform Commercial Code, as well as all other rights and remedies available under this Deed of Trust or at law or in equity.

Grantor may from time to time replace items of personal property and fixtures constituting a part of the Property, provided that (1) the replacements for such items of personal property or fixtures are of equivalent value and quality; and (2) Grantor has good and clear title to such replacement property free and clear of any and all liens, encumbrances, security interests, ownership interests, claims of title (contingent or otherwise), or charges of any kind, or the rights of any conditional sellers, vendors or any other third parties in or to such replacement property have been expressly subordinated at no cost to Beneficiary to the lien of the Deed of Trust in a manner satisfactory to Beneficiary; and (3) at the option of Beneficiary, Grantor provides at no cost to Beneficiary a satisfactory opinion of counsel to the effect that the Deed of Trust constitutes a valid and subsisting first lien on and security interest in such replacement property and is not subject to being subordinated or the priority thereof affected under any applicable law, including but not limited to the provisions of the Washington Uniform Commercial Code.

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1.5 Maintenance of Premises; Compliance with Laws. Grantor shall maintain the buildings and other improvements on the Premises in good condition and repair; not remove or demolish any building thereon; complete or restore promptly and in good workmanlike manner any building which may be constructed, damaged or destroyed thereon and pay when due all claims for labor performed and materials furnished therefor; not commit or permit waste thereof; comply with all requirements of the federal, state and local authorities and all other laws, ordinances, regulations, covenants, conditions and restrictions now or hereafter respecting the Property or the use thereof and pay all fees or charges of any kind in connection therewith. Proof of impairment of security shall be unnecessary in any suit, action or proceeding under this paragraph. Grantor shall permit Beneficiary and its agents the opportunity to annually inspect the Property, including the interior of any structures, at reasonable times and after 10 days written notice, or immediately, without notice in the event of a default.

1.6 No Junior Financing. Grantor hereby represents that, as of the date hereof, there are no encumbrances to secure debt junior to this Deed of Trust, and that there are to be none as of the date when this Deed of Trust becomes of record, except those disclosed and agreed to by Beneficiary.

1.7 Insurance. Grantor shall provide, maintain and deliver to Beneficiary: (a) a policy of fire insurance and extended coverage insurance insuring all the Property to the full insurable replacement value against loss or damage by fire and other risks embraced by coverage of the type now known as the broad form of extended coverage, including, but not limited to, vandalism and malicious mischief, and against such other risks and hazards as Beneficiary may from time to time reasonably request; (b) a policy of insurance against the loss of "rental value" of the Property on a "rented or vacant basis" arising out of fire or the risks embraced by coverage of the type now known as the broad form of extended coverage, in an amount equal to one hundred percent (100%) of one year's gross rental value; and (c) such other insurance as Beneficiary may from time to time reasonably request against the same or other insurable hazards. The term "rental value," as used in this paragraph, shall mean the sum of (i) the total anticipated gross rental income from tenant occupancy of the buildings now or hereafter on the Premises, and (ii) the amount of all charges which are the legal obligation of tenants and which would otherwise be the obligation of Grantor, and (iii) the fair rental value of any portion of such property which is occupied by Grantor. All insurance shall contain waiver of subrogation clauses and loss payable clauses (without contribution) in favor of Beneficiary. Grantor shall deliver all policies to Beneficiary, which delivery shall constitute an assignment to Beneficiary of all return premiums. Grantor shall keep the above insurance and such other coverage reasonably requested by Beneficiary with carrier(s), in amounts and in form at all times reasonably satisfactory to Lender, which carrier(s), amounts and form shall not be changed without the prior written consent of Beneficiary. All insurance policies shall be non-cancelable and not subject to material change by any party without thirty (30) days prior written notice to Beneficiary. Beneficiary may, at its option, require Grantor to maintain said required policies in Grantor's possessions in lieu of delivering said policies to Beneficiary, in which event, said policies shall be kept available by Grantor at all times for return to Beneficiary or for inspection by Beneficiary, its agents or insurers, and said requirement may be withdrawn by Beneficiary at any time.

If Grantor obtains earthquake, flood or any other hazard insurance, or any other insurance on the Property and such insurance is not specifically required by Beneficiary, then such insurance shall name Beneficiary under a standard mortgage endorsement as loss payee and be subject to all of the provisions of this Section 1.7.

Grantor further assigns to Beneficiary any return premiums, refunds or other repayments upon any insurance at any time provided for the benefit of Beneficiary, and Beneficiary may at any time collect said return premiums, repayments, or refunds, notwithstanding that no sum secured hereby be overdue when such right to collection be asserted. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire

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amount so collected or any part thereof may be released to Grantor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

1.8 Discharge of Liens. Grantor shall pay when due all rents, taxes, assessments and encumbrances, charges or liens affecting said property or any part thereof, which appear to be prior or superior hereto. Beneficiary may, at its option (but is not obligated to do so), pay any such sums, however, Beneficiary shall not be liable to Grantor for failure to exercise such option.

1.9 Actions; Indemnity; Modification, Costs. Grantor shall appear in and defend any suit, action or proceeding that might affect the priority or enforceability of this Deed of Trust or the value of this Deed of Trust, or the Property itself or the rights and powers of Beneficiary or Trustee. Should Beneficiary or Trustee elect also to appear in or defend any such suit, action or proceeding, or be made a party to such by reason of the Deed of Trust, or elect to prosecute such action as appears necessary to preserve said value, Grantor shall indemnify and, on demand, reimburse Beneficiary or Trustee for, any and all loss, damage, expense or cost, including cost of evidence of title and attorney's fees, arising out of or incurred in connection with any such suit, action, or proceeding. Grantor shall pay all costs and expenses of Beneficiary or Trustee, including attorney's fees incurred in connection with any amendment, modification or extension hereof or of the Note or any other agreement affecting the Premises, including a request to consent to a transfer of any interest in the Premises. Grantor shall pay all costs and expenses incurred by Beneficiary in enforcing this Deed of Trust, the Note, or Related Agreements and any costs of suit, costs of evidence of title and attorney's fees in any suit, action or proceeding brought by Beneficiary to foreclose this Deed of Trust. The sum of all such expenditures referred to in this paragraph or incurred in exercise of rights or options otherwise granted to Beneficiary or Trustee in this Deed of Trust shall be secured by this Deed of Trust with interest as provided in the Note, and shall be due and payable on demand.

1.10 Condemnation, Assignment of Rights.

(a) Grantor shall within three (3) business days of its receipt of notice thereof, 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, after consultation with and subject to Beneficiary's approval, appear in and prosecute any such action or proceeding. Upon Grantor's failure to act in accordance with Beneficiary's prior approval, Grantor authorizes Beneficiary, at Beneficiary's option, as attorney in fact for Grantor (such appointment as attorney in fact is coupled with an interest), 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, 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 of the Property, or part thereof, or for conveyances in lieu of condemnation, are hereby assigned to and shall be paid to Beneficiary and in accordance with the provisions of Section 1.10(b) below. Beneficiary is authorized (but is under no obligation) to collect any such proceeds.

(b) Beneficiary may, in its sole discretion, elect to (i) apply the net proceeds of any condemnation award (after deduction of Beneficiary's reasonable costs and expenses, if any, in collecting the same) in reduction of the Grantor's indebtedness to Beneficiary in such order and manner as Beneficiary may elect, whether due or not or (b) make the proceeds available to Grantor for the restoration or repair of the Property. Any implied covenant in this Deed of Trust restricting the right of Beneficiary to make such an election is waived by Grantor. In addition, Grantor hereby waives the provisions of any law prohibiting Beneficiary from making such an election.

(c) Provided no Event of Default then exists and Grantor certifies as to same, if Beneficiary in its sole and absolute discretion elects to make all or any part of the net proceeds of the condemnation award (after deduction of Beneficiary's reasonable costs and expenses, if any, in collecting the same) available to Grantor for restoration or repair, then any excess

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proceeds remaining after completion of such repair shall be distributed first to Grantor to the extent Grantor has deposited funds with Beneficiary for such repair with the balance applied against the indebtedness pursuant to the Note. Notwithstanding the foregoing, it shall be a condition precedent to any disbursement of net condemnation proceeds held by Beneficiary hereunder that Beneficiary shall have approved (i) all plans and specifications for any proposed repair or restoration, (ii) the construction schedule and (iii) the architect's and general contractor's contract for all restoration. Beneficiary may establish other conditions reasonably necessary to assure the work is fully completed in a good and workmanlike manner free of all liens or claims by reason thereof, and in compliance with all applicable laws, rules and regulations. At Beneficiary's option, the net condemnation proceeds shall be disbursed pursuant to a construction escrow acceptable to Beneficiary.

(d) **Assignment of Proceeds.** Grantor hereby absolutely and irrevocably assigns to Beneficiary, and authorizes the payor to pay to Beneficiary, the following claims, causes of action, awards, payments and rights to payment:

(i) all awards of damages and all other compensation payable directly or indirectly because of a condemnation, proposed condemnation or taking for public or private use which affects all or part of the Property or any interest in it; and

(ii) all other awards, claims and causes of action, arising out of any warranty affecting all or any part of the Property, or for damage or injury to or decrease in value of all or part of the Property or any interest in it; and

(iii) all proceeds of any insurance policies payable because of damage or loss sustained to all or part of the Property, whether required pursuant to the Loan Documents or otherwise maintained by Grantor; and

(iv) all interest which may accrue on any of the foregoing.

1.11 **No Impairment of Security.** Grantor shall not, without first obtaining Beneficiary's written consent, change the general nature of the occupancy of the Premises or initiate or acquiesce in any zoning reclassification, or do or suffer any act or thing which would impair the security for the indebtedness secured hereby or Beneficiary's lien upon the Premises.

1.12 **Financial Statements, Rent Rolls.** Grantor shall keep and maintain at all times at Grantor's address stated above, or such other place as Beneficiary may approve in writing, and provide Beneficiary upon request, complete and accurate books of accounts and records adequate to reflect correctly the results of the operation of the Property and copies of all written contracts, leases and other instruments which affect the Property. Such books, records, contracts, leases and other instruments shall be subject to examination and inspection at any reasonable time by Beneficiary.

Within sixty (60) days of Grantor's fiscal year end, Grantor shall, upon Beneficiary's written request, furnish operating statements for the Property, including an income statement and financial statements for the Grantor. Grantor shall also furnish personal financial statements for any individual Maker or Guarantors of any obligations secured hereby. Annually, Grantor shall supply a current rent schedule for the Property and expiration dates for each of the leases, together with an itemized list of moneys held as security deposits and the identity of the institution wherein such funds are deposited. Upon request by Beneficiary, Grantor will also supply copies of all of the leases.

1.13 **Inspection.** Grantor warrants and agrees that after ten (10) days written notice by Beneficiary, Beneficiary may at a reasonable time during regular business hours, make or cause to be made, entry upon and inspection of the Property, Improvements or any part thereof in person or by agent, or immediately, without notice, in the event of default.

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1.14 Hazardous Materials.

(a) No Hazardous Materials on Property. Grantor represents and warrants that, except as specified herein, to the best of its knowledge after all appropriate inquiry, and covenants that there are not, nor will there be, for so long as any of Grantor's indebtedness pursuant to the Note remains outstanding, any Hazardous Materials (as defined below) generated, released, stored, buried or deposited over, beneath, in or upon the Property or on or beneath the surface of adjacent property, except as such Hazardous Materials may be used, stored or transported in connection with the permitted uses of the Property and then only to the extent permitted by law after obtaining all necessary permits and licenses therefor; provided, however, Grantor's obligation with respect to parties not within its control (including tenants) shall be to cause the Property to become into compliance with all applicable Hazardous Materials Laws upon discovering a violation of this provision by any such party. "Hazardous Materials" shall mean and include any pollutants, flammables, explosives, petroleum (including crude oil) or any fraction thereof, radioactive materials, hazardous wastes, dangerous or toxic substances or related materials, including substances defined as or included in the definition of toxic or hazardous substances, wastes, or materials under any federal, state or local laws, ordinances, regulations or guidance which relate to pollution, the environment or the protection of public health and safety, or limiting, prohibiting or otherwise regulating the presence, sale, recycling, generation, manufacture, use, transportation, disposal, release, storage, treatment of, or response or exposure to, toxic or hazardous substances, wastes or materials. Such laws, ordinances and regulations are hereinafter collectively referred to as the "Hazardous Materials Laws."

(b) Compliance with Laws. Grantor shall, and Grantor shall use all commercially reasonable efforts to cause its employees, agents, tenants, contractors and subcontractors of Grantor to keep and maintain the Property in compliance with, and not cause or knowingly permit the Property to be in violation of, any applicable Hazardous Materials Laws. Neither Grantor nor any employees, agents, tenants, contractors or subcontractors of Grantor or any other persons occupying or present on the Property shall use, generate, manufacture, store or dispose of on, under or about the Property or transport to or from the Property any Hazardous Materials, except as such Hazardous Materials as may be used, stored or transported in connection with the permitted uses of the Property and then only to the extent permitted by law after obtaining all necessary permits and licenses therefor; provided, however, Grantor's obligation with respect to parties not within its control (including tenants) shall be to cause the Property to become into compliance with all applicable Hazardous Materials Laws upon discovering a violation of this provision by any such party.

(c) Hazardous Materials Claims. Grantor shall immediately advise Beneficiary in writing of: (i) any notices received by Grantor (whether such notices are from the Environmental Protection Agency, or any other federal, state or local governmental agency or regional office thereof) of the violation or potential violation of any applicable Hazardous Materials Laws occurring on or about the Property; (ii) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened relating to the Property pursuant to any Hazardous Materials Laws; (iii) all claims made or threatened by any third party against Grantor or the Property relating to damage, contribution, cost recovery compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in clauses (i), (ii) and (iii) above are hereinafter referred to as "Hazardous Materials Claims"); and (iv) Grantor's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause the Property or any part thereof to be subject to any Hazardous Materials Claims. Beneficiary shall have the right but not the obligation to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claims and Grantor shall pay to Beneficiary, upon demand, all attorneys' and consultants' fees incurred by Beneficiary in connection therewith.

(d) Indemnity. Grantor shall be solely responsible for, and shall indemnify, defend and hold harmless Beneficiary, its directors, officers, employees, agents, successors and assigns from and against, any claim, demand, lawsuit, loss, damage, cost, expense or liability directly or

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indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal or presence of Hazardous Materials on, under or about the Property (whether occurring prior to or during the term of the Loan or otherwise and regardless of by whom caused, whether by Grantor or any predecessor in title or any owner of land adjacent to the Property or any other third party, or any employee, agent, tenant, contractor or subcontractor of Grantor or any predecessor in title or any such adjacent land owner or any third person) including, without limitation: (i) claims of third parties (including governmental agencies) for injury or death to any person or for damage or destruction of any property; (ii) claims for response costs, clean-up costs, costs and expenses of removal and restoration, including fees of attorneys and experts, and costs of determining the existence of Hazardous Materials and reporting same to any governmental agency; (iii) any and all other claims for expenses or obligations, including attorneys' fees, costs, and other expenses; (iv) any and all penalties threatened, sought or imposed on account of a violation of any Hazardous Materials Laws; and (v) all fees of any consultants, attorneys and engineering firms retained in connection with monitoring the obligations of Grantor under this Deed of Trust. The foregoing indemnity by Grantor shall not, however, apply to the extent that any such claim, demand, lawsuit, loss, damage, cost, expense or liability is directly or indirectly the result of the intentional act or active negligence of Beneficiary or any of Beneficiary's employees, agents, successors or assigns.

(e) Removal of Hazardous Materials. Grantor, at its sole cost and expense, shall, with due care, in a safe manner and in accordance with all applicable laws, detain the spread of, ameliorate and remove from the Property any Hazardous Materials contamination located on or beneath the Property and monitor or cause to be monitored the levels of Hazardous Materials on, under or about the Property or in the ground water to the extent required by and in accordance with the terms and procedures required by any federal, state or local governmental agency having jurisdiction including, without limitation, any Regional Water Quality Control Board and the Environmental Protection Agency.

(f) Environmental Assessments. Beneficiary may, in its sole discretion, if it has a reasonable belief to suspect that a violation of the provisions of this Section 1.14 has occurred, to require Grantor, at its sole cost and expense, to perform or cause to be performed, such studies or assessments of the Property, as Beneficiary may deem necessary or appropriate or desirable, to determine the status of environmental conditions on and about the Property, which studies and assessments shall be for the benefit of Beneficiary and be prepared in accordance with the specifications established by Beneficiary.

(g) Inspection and Testing. Grantor hereby confirms the right of Beneficiary (or a receiver appointed by Beneficiary) to enter upon and inspect all or any portion of the Property for the purpose of determining the existence, location, nature and magnitude of any past or present release or threatened release of any hazardous substance into, onto, beneath, or from the Property. Such inspections and the tests and studies performed in connection therewith are collectively called the "Tests and Studies." All costs and expenses incurred by Beneficiary pursuant to this Section 1.14(g), including, without limitation, costs of consultants and contractors, costs of repair of any physical injury to the Property normal and customary to the Tests and Studies, court costs and attorneys' fees, whether incurred in litigation or not and whether before or after judgment, shall be payable by Grantor and, to the extent advanced or incurred by Beneficiary, shall be reimbursed to Beneficiary by Grantor upon demand. Any and all of such costs and expenses advanced by Beneficiary, together with interest thereon at the rate then in effect under the Note, shall be secured by this Deed of Trust and shall enjoy the same priority as the original principal amount of the Note.

ARTICLE 2 ASSIGNMENT OF LEASES, RENTS AND PROFITS

2.1 Attornment and Estoppel Certificate. Grantor shall include in every Lease or rental agreement an attornment and estoppel provision and shall provide Beneficiary with an

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Attornment and Estoppel Certificate in a form acceptable to Beneficiary from every tenant of the Property.

2.2 Assignment of Rents. All of Grantor's interest in any leases or other occupancy agreements pertaining to the Property now existing or hereafter entered into, and all of the rents, royalties, issues, profits, revenue, income and other benefits of the Property arising from the use or enjoyment of all or any portion thereof or from any lease or agreement pertaining to occupancy of any portion of the Property now existing or hereafter entered into, whether now due, past due, or to become due, and including all prepaid rents and security deposits (the "Rents and Profits"), are hereby absolutely, presently and unconditionally assigned, transferred, conveyed and set over to Beneficiary to be applied by Beneficiary in payment of the principal and interest and all other sums payable on the Note, and of all other sums payable under this Deed of Trust. Prior to the occurrence of an Event of Default (hereinafter defined), Grantor shall have a license to collect and receive all Rents and Profits, which license shall be terminable at the option of Beneficiary, without regard to the adequacy of its security hereunder and without written notice to or demand upon Grantor, upon the occurrence of an Event of Default. It is understood and agreed that neither the foregoing assignment of Rents and Profits to Beneficiary nor the exercise by Beneficiary of any of its rights or remedies under Article 4 hereof shall be deemed to make Beneficiary a "mortgagee-in-possession" or otherwise responsible or liable in any manner with respect to the Property, the use, occupancy, enjoyment or operation of all or any portion thereof, unless and until Beneficiary, in person or by agent, assumes actual possession thereof. Nor shall appointment of a receiver for the Property by any court at the request of Beneficiary or by agreement with Grantor, or the entering into possession of the Property or any part thereof by such receiver, be deemed to make Beneficiary a "mortgagee-in-possession" or otherwise responsible or liable in any manner with respect to the Property or the use, occupancy, enjoyment or operation of all or any portion thereof. Upon the occurrence of an Event of Default, this provision shall constitute a direction and demand to each lessee under any lease and each guarantor of any lease to pay all Rents and Profits to Beneficiary without proof of the default relied upon. Grantor hereby irrevocably authorizes each lessee and guarantor to rely upon and comply with any notice or demand by Beneficiary for the payment to Beneficiary of any Rents and Profits due or to become due. Grantor hereby irrevocably appoints Beneficiary its true and lawful attorney-in-fact, with full power of substitution and with full power for Beneficiary in its own name and capacity or in the name and capacity of Grantor to demand and collect any and all Rents Profits and to file any claim or take any other action or proceeding and make any settlement regarding the Leases; provided however, Beneficiary shall exercise such power of attorney unless and until Grantor is in default of any payment or in breach of any material term or provision herein.

2.3 Warranties.

(a) Grantor warrants as to each lease now covering all or any part of the Property that: (1) each lease is in full force and effect; (2) no default exists on the part of the lessee thereunder or Grantor; (3) no rent has been collected more than one month in advance; (4) no lease or any interest therein has been previously assigned or pledged; (5) no lessee under any lease has any defense, setoff or counterclaim against Grantor; (6) all rent due to date under each lease has been collected and no concession has been granted to any lessee in the form of a waiver, release, reduction, discount or other alteration of rent due or to become due; and (7) the interest of the lessee under each lease is as lessee only, with no options to purchase or rights of first refusal. All the foregoing warranties shall be deemed to be reaffirmed and to continue until performance in full of the obligations under this Deed of Trust. Beneficiary shall not be bound by any oral or written assignment, surrender, release, waiver, cancellation, amendment or modification of the Lease made without the written consent of the Beneficiary.

(b) Without the prior written consent of Beneficiary, Grantor shall not (1) accept prepayments of rent exceeding one month under any leases of any part of the Property; (2) take any action under or with respect to any such leases which would decrease the monetary obligations of the lessee thereunder or otherwise materially decrease the obligations of the lessee or the rights or remedies of the lessor; (3) modify or amend any such leases or, except where the

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lessee is in default, cancel or terminate the same or accept a surrender of the leased premises, provided, however, that Grantor may renew, modify or amend leases in the ordinary course of business so long as such action does not decrease the monetary obligations of the lessee thereunder, or otherwise decrease the obligations of the lessee or the rights or remedies of the lessor; (4) consent to the assignment or subletting of the whole or any portion of the lessee's interest under any lease which has a term of more than five years; (5) create or permit any lien or encumbrance which, upon foreclosure, would be superior to any such leases; or (6) in any other manner impair Beneficiary's rights and interest with respect to the Rents and Profits.

2.4 Performance of Landlord Obligations. Grantor shall at all times perform the obligations of lessor under all such leases. Grantor shall not execute any further assignment of any of the Rents and Profits or any interest therein or suffer or permit any such assignment to occur by operation of law.

2.5 Beneficiary's Rights. Beneficiary shall be deemed to be the creditor of each lessee in respect of any assignments for the benefit of creditors and any bankruptcy, arrangement, reorganization, insolvency, dissolution, receivership or other debtor-relief proceedings affecting such lessee (without obligation on the part of Beneficiary, however, to file timely claims in such proceedings or otherwise pursue creditor's rights therein). Beneficiary shall have the right to assign Grantor's right, title and interest in any leases to any subsequent holder of this Deed of Trust or any participating interest therein or to any person acquiring title to all or any part of the Property through foreclosure or otherwise. Any subsequent assignee shall have all the rights and powers herein provided to Beneficiary. Beneficiary shall have the authority in the event of default, as Grantor's attorney-in-fact, such authority being coupled with an interest and irrevocable, to sign the name of Grantor and to bind Grantor on all papers and documents relating to the operation, leasing and maintenance of the Property.

ARTICLE 3 EVENTS OF DEFAULT

The following shall each constitute an "Event of Default":

3.1 Failure to make any payment of principal or interest under the Note or any Related Agreement, when due and payable, whether at maturity or by acceleration or as part of any prepayment or otherwise, or default in the performance of any of the covenants or agreements of Grantor contained in the Note, or default in the performance of any of the covenants or agreements of Grantor contained herein or in any Related Agreement, after the expiration of the period of time, if any, permitted for cure of such default thereunder.

3.2 The appointment, pursuant to an order of a court of competent jurisdiction of a trustee, receiver, or liquidator of the Property or any part thereof, or of Grantor, or any termination or voluntary suspension of the transaction of business of Grantor, or any attachment, execution or other judicial seizure of all or any substantial portion of Grantor's assets which attachment, execution or seizure is not discharged within thirty (30) days.

3.3 The Grantor shall file a voluntary case under any applicable bankruptcy, insolvency, debtor relief, or other similar law now or hereafter in effect, or shall consent to the appointment of or taking possession by a receiver, liquidator, trustee, or similar official, of the Grantor or for any part of the Property or any substantial part of Grantor's property, or shall make any general assignment for the benefit of Grantor's creditors, or shall fail generally to pay Grantor's debts as they become due or shall take any action in furtherance of any of the foregoing.

3.4 The entry by a court having jurisdiction of a decree or order for relief in respect of Grantor, in any involuntary case brought under any bankruptcy, insolvency, debtor relief, or similar law now or hereafter in effect, or Grantor shall consent to or shall fail to oppose any such proceeding, or any such court shall enter a decree or order appointing a receiver, liquidator,

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trustee, or similar official, of Grantor or for any part of the Property or any substantial part of Grantor's property, or ordering the winding up or liquidation of the affairs of Grantor, and such decree or order shall not be dismissed within sixty (60) days after the entry thereof.

3.5 Default under the terms of any agreement of guaranty relating to the indebtedness evidenced by the Note or Related Agreements or the revocation, limitation or termination of the obligations of any guarantor of the Note or Related Agreement, except in accordance with the express written terms of the instrument of guaranty.

3.6 If Grantor is other than a natural person, without the prior written consent of Beneficiary in each case, (a) the dissolution or termination of existence of Grantor voluntarily or involuntarily, whether by reason of death of Grantor or a general partner of Grantor or otherwise; (b) the amendment or modification in any respect of Grantor's agreement of partnership or its corporate resolutions relating to this transaction, or (c) the distribution of any of Grantor's capital which may impair Beneficiary's interest in the Property or which adversely impacts Grantor's ability to repay the indebtedness, except for distribution of the proceeds of the loan secured hereby and cash from operations; as used herein, cash from operations shall mean any cash of Grantor earned from operation of the Property, but not from a sale or refinancing of the Property or from borrowing, available after paying all ordinary and necessary current expenses of Grantor, including expenses incurred in the maintenance of the Property, and after establishing reserves to meet current or reasonably expected obligations of Grantor.

3.7 Any representation, warranty, or disclosure made to Beneficiary by Grantor or any guarantor of any indebtedness secured hereby in connection with or as an inducement to the making of the loan evidenced by the Note or in connection with or as an inducement to the making of any Further Advance, this Deed of Trust or any of the Related Agreements, proving to be false or misleading in any material respect as of the time the same was made, whether or not any such representation or disclosure appears as part of this Deed of Trust.

ARTICLE 4 REMEDIES

Upon the occurrence of an event of default, the Trustee and/or Beneficiary shall have the following rights and remedies:

4.1 Performance Option of Beneficiary and Trustee. Should Grantor fail to make any payment or to do any act as herein provided, Beneficiary or Trustee, may, but without obligation so to do and without notice to or demand upon Grantor and without releasing Grantor from any obligation hereof: (a) make or do the same in such manner and to such extent as either may deem necessary in the exercise of its absolute discretion to protect the security hereof, Beneficiary or Trustee being authorized to enter upon the Premises for such purposes; (b) commence, appear in and defend any suit, action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; (c) pay, purchase, contest or compromise any encumbrance, charge of lien which, in the judgment of either, appears to be prior or superior hereto; and (d) in exercising any such power, incur any liability, expend whatever amounts in its absolute discretion it may deem necessary therefor, including cost of evidence of title, employ counsel and pay reasonable fees.

4.2 Repayment of Advances and Interest. Grantor shall immediately repay upon demand, all sums expended or advanced hereunder by or on behalf of Beneficiary or Trustee, with interest from the date of such advance or expenditure as provided in the Note (but not in any event to exceed the maximum interest rate permissible by law) until paid, and the repayment therefor shall be secured hereby, it being agreed by Grantor that any such expenditure or advance is to protect the security hereof and constitutes a part of the loan transaction in connection with which the Note was executed. In addition, Grantor agrees to pay all costs and expenses incurred by Beneficiary or Trustee in any action or foreclosure to enforce the terms of the Note, Deed of Trust or Related Agreement(s) together with reasonable attorney's fees.

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4.3 Appointment of Receiver. Beneficiary shall be entitled (without notice and without regard to the adequacy of any security for the indebtedness secured hereby) to the appointment of a receiver of the rents and profits of the Property, and such receiver shall have, in addition to all the rights and powers customarily given to and exercised by such receiver, all the rights and powers granted to Beneficiary contained herein.

4.4 Entry. Beneficiary, at its option, may in person or by agent or by court-appointed receiver, enter upon, take possession of, manage and operate the Property or any part thereof and do all things necessary or appropriate in Beneficiary's sole discretion in connection therewith, including, but not limited to making, enforcing or modifying any leases now or hereinafter in effect on the Property or any part thereof, evicting tenants, fixing or modifying rents, contracting for and making repairs and alterations, and otherwise doing any act or incurring any cost or expense which Beneficiary deems proper to protect the security hereof. Beneficiary may further, with or without so taking possession, in its own name or in the name of Grantor, sue for or otherwise collect and receive the Rents and Profits, including those past due and unpaid, and apply the same less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of the Property, or any part thereof, and the collection of any Rents and Profits and the application thereof as aforesaid shall not cure or waive any default theretofore or thereafter occurring or affect any notice or default hereunder or invalidate any act done pursuant to any such default or notice, and, notwithstanding continuance in possession of the Property or any part thereof by Beneficiary, Grantor or a receiver, and the collection, receipt and application of the Rents and Profits. Beneficiary shall be entitled to exercise every right provided for in this Deed of Trust or by law or in equity upon or after the occurrence of a default, including without limitation the right to exercise the power of sale. Any of the actions referred to in this Section may be taken by Beneficiary irrespective of whether any notice of default or election to sell has been given hereunder and without regard to the adequacy of the security for the indebtedness hereby secured.

4.5 Due on Sale/Transfer. Beneficiary shall have the right, at its option, to declare any indebtedness and obligations under the Note and this Deed of Trust, irrespective of the maturity date specified therein, immediately due and payable in full without forfeiture of any prepayment charge if: (1) Grantor or any one or more of the persons comprising Grantor sells, enters into a contract of sale, conveys, alienates or encumbers the Property or any portion thereof or any fractional undivided interest therein, (2) suffers Grantor's title or any interest therein to be divested or encumbered, whether voluntary or involuntary, (3) leases for a term of more than six years (including option to renew), leases with an option to sell, or changes or permits to be changed the character or use of the Property without Beneficiary's written consent (4) there is any merger, consolidation or dissolution involving the sale or transfer of all or substantially all of the assets of Grantor, any general partner of Grantor or any manager of a limited liability company Grantor; (5) there is any direct or indirect transfer (at one time or over any period of time) of 25% or more of the voting stock of (i) a corporate Grantor, (ii) any corporate general partner of Grantor, or (iii) any corporation which is the direct or indirect owner of 25% or more of the beneficial interest in Grantor or any general partner of Grantor; (6) there is any direct or indirect transfer of any general partnership interest if Grantor's is a general or limited partnership; (7) there is any direct or indirect the transfer (at one time or over any period of time) of 25% or more of the membership interests of: (i) a limited liability company Grantor, (ii) any limited liability company general partner of Grantor, or (iii) any limited liability company which is the direct or indirect owner of 25% or more of the beneficial interest of Grantor or any general partner of Grantor, or (8) there is any direct or indirect transfer of any interest in any manager of a limited liability company Grantor. This provision shall apply to each and every sale, transfer, encumbrance or conveyance, regardless whether or not Beneficiary has consented to, or waived, Beneficiary's rights hereunder, whether by action or non action, in connection with any previous sale, transfer or conveyance.

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4.6 Pursue Remedies. When any obligation secured herein or any part thereof shall become due, whether by acceleration or otherwise, Beneficiary may, either with or without entry or taking possession as herein provided or otherwise, proceed by suit or suits at law or in equity or by any other appropriate proceeding or remedy to: (a) enforce payment of the Note or the performance of any term, covenant, condition or agreement of Grantor under any of the Related Agreements; (b) foreclose the lien hereof for the indebtedness pursuant to the Note or part thereof by power of sale, commencement of action or otherwise, as more particularly described in Section 4.7 below or otherwise and sell the Property as an entirety or otherwise, as Beneficiary may determine; and/or (c) pursue any other right or remedy available to it under or by the law and decisions of the State in which the Property is located. Notwithstanding any statute or rule of law to the contrary, the failure to join any tenant or tenants of the Property as party defendant or defendants in any foreclosure action or the failure of any such order or judgment to foreclose their rights shall not be asserted by Grantor as a defense in any civil action instituted to collect (a) the obligations secured herein, or any part thereof or (b) any deficiency remaining unpaid after foreclosure and sale of the Property.

4.7 Trustee's Sale. Should Beneficiary elect to foreclose by exercise of the power of sale contained herein, Beneficiary shall notify Trustee and shall, if required, deposit with Trustee the Note, the original or a certified copy of this Deed of Trust, and such other documents, receipts and evidences of expenditures made and secured hereby as Trustee may require.

(a) Upon receipt of such notice from Beneficiary, Trustee shall cause to be recorded and delivered to Grantor such notice of default as may then be required by law and by this Deed of Trust. Trustee shall, without demand on Grantor, after lapse of such time as may then be required by law and after recordation of such notice of default and after notice of sale has been given as required by law, sell the Property at the time and place of sale fixed by it in said notice of sale, either as a whole or in separate lots or parcels or items as Trustee shall deem expedient, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United State payable at the time of sale. Trustee shall deliver to the purchaser or purchasers at such sale its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Grantor, Trustee or Beneficiary, may purchase at such sale, and Grantor hereby covenants to warrant and defend the title of such purchaser or purchasers.

(b) Trustee may postpone the sale of all or any portion of the Property from time to time in accordance with the laws of the State in which the Land is located.

(c) To the fullest extent allowed by law, Grantor hereby expressly waives any right which it may have to direct the order in which any of the Property shall be sold in the event of any sale or sales pursuant to this Deed of Trust.

4.8 Mixed Collateral. Upon the occurrence of an Event of Default under this Deed of Trust, Beneficiary, pursuant to appropriate statutory provisions, shall have an option to proceed with respect to both the real property portion of the Property and any personal property in accordance with its rights, powers and remedies with respect to such real property. Such option shall be revocable by Beneficiary as to all or any portion of the personal property at any time prior to the sale of the remainder of the Property. In such event Beneficiary shall designate Trustee to conduct the sale of the personal property in combination with the sale of the remainder of the Property. Should Beneficiary elect to sell the personal property or any part thereof which is real property or which Beneficiary has elected to treat as real property or which may be sold together with the real property as provided above, Beneficiary or Trustee shall give such notice of default and election to sell as may then be required by law. The parties agree that if Beneficiary shall elect to proceed with respect to any portion of the personal property separately from such real property, five (5) days notice of the sale of the personal property shall be reasonable notice. The reasonable expenses of retaking, holding, preparing for sale, selling and the like incurred by

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Beneficiary shall include, but not be limited to, reasonable attorneys' fees, costs and expenses, and other expenses incurred by Beneficiary.

4.9 Rescission of Notice of Sale. Beneficiary may from time to time rescind any notice of default or notice of sale before any Trustee's sale as provided above in accordance with the laws of the of the State in which the Property is located. The exercise by Beneficiary of such right of rescission shall not constitute a waiver of any breach or default then existing or subsequently occurring, or impair the right of Beneficiary to execute and deliver to Trustee, as above provided, other declarations or notices of default to satisfy the obligations of this Deed of Trust, or otherwise affect any provision, covenant or condition of any Loan Document or any of the rights, obligations or remedies of Trustee or Beneficiary hereunder or thereunder.

4.10 Rights and Remedies Cumulative. Trustee and Beneficiary shall have all powers, rights and remedies under applicable law whether or not specifically or generally granted or described in this Deed of Trust. Nothing contained herein shall be construed to impair or to restrict such powers, rights and remedies or to preclude any procedures or process otherwise available to trustees or beneficiaries under deeds of trust in the State in which the Land is located. Trustee and Beneficiary, and each of them, shall be entitled to enforce the payment and performance of the indebtedness owed pursuant to Note and all obligations secured hereunder and to exercise all rights and powers under this Deed of Trust or under any other Related Agreements or other agreement of any laws now or hereafter in force, notwithstanding the fact that some or all of the indebtedness owed pursuant to Note and all obligations secured hereunder may now or hereafter be otherwise secured, whether by Deed of Trust, mortgage, pledge, lien, assignment or otherwise. Neither the acceptance of this Deed of Trust nor its enforcement, whether by court action or pursuant to the power of sale or other powers contained herein, shall prejudice or in any manner affect Trustee's or Beneficiary's right to realize upon or enforce any other rights or security now or hereafter held by Trustee or Beneficiary. Trustee and Beneficiary, and each of them, shall be entitled to enforce this Deed of Trust and any other rights or security now or hereafter held by Beneficiary or Trustee in such order and manner as they or either of them may in their absolute discretion determine. No remedy herein conferred upon or reserved to Trustee or Beneficiary is intended to be exclusive of any other remedy contained herein or by law provided or permitted, but each shall to the extent permitted by law be cumulative and in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. Every power or remedy given by any of the Loan Documents to Trustee or Beneficiary, or to which either of them may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by Trustee or Beneficiary, and either of them may pursue inconsistent remedies. By exercising or by failing to exercise any right, option or election hereunder, Beneficiary shall not be deemed to have waived any provision hereof or to have released Grantor from any of the obligations secured hereby unless such waiver or release is in writing and signed by Beneficiary. The waiver by Beneficiary of Grantor's failure to perform or observe any term, covenant or condition referred to or contained herein to be perform or observed by Grantor shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent failure of Grantor to perform or observe the same or any other such term, covenant or condition referred to or contained herein, and no custom or practice which may develop between Grantor and Beneficiary during the term hereof shall be deemed a waiver of or in any way affect the right of Beneficiary to insist upon the performance by Grantor of the obligations secured hereby in strict accordance with the terms hereof or of any other Loan Document.

4.13 Waiver of Marshaling. Grantor, for itself and for all persons hereafter claiming through or under it or who may at any time hereafter become holders of liens junior to the lien of this Deed of Trust, hereby expressly waives and releases all rights to direct the order in which any of the Property shall be sold in the event of any sale or sales pursuant hereto and to have any of the Property and/or any other property now or hereafter constituting security for any of the indebtedness secured by this Deed of Trust, marshaled upon any foreclosure of this Deed of Trust or of any other security for any of said indebtedness.

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4.14 Remedies Cumulative. No remedy herein conferred upon or reserved to Trustee or Beneficiary is intended to be exclusive of any other remedy herein or by law provided, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. If there exists additional security for the performance of the obligations secured hereby, the holder of the Note, at its sole option, and without limiting or affecting any of its rights or remedies hereunder, may exercise any of the rights and remedies to which it may be entitled hereunder either concurrently with whatever rights and remedies it may have in connection with such other security or in such order as it may determine. Any application of any amounts or any portion thereof held by Beneficiary at any time as additional security hereunder, to any indebtedness secured hereby shall not extend or postpone the due dates of any payments due from Grantor to Beneficiary hereunder or under the Note; any Further Advances or any of the Related Agreements, or change the amounts of any such payments or otherwise be construed to cure or waive any default or notice of default hereunder or invalidate any act done pursuant to any such default or notice.

4.15 Attorney's Fees and Costs. Grantor promises to pay all costs, expenses and attorneys' fees incurred by Beneficiary in the exercise of any remedy (with or without litigation) under the Note, Deed of Trust or other security instrument, in any proceeding for the collection of the debt evidenced by this Note, in any trustee's sale or foreclosure of the Deed of Trust or the realization upon any other security securing this Note, in protecting or sustaining the lien or priority of said Deed of Trust or said other security, or in any litigation or controversy arising from or connected with the Note, the Deed of Trust or other security for this Note. Said proceedings include, without limitation, any probate, bankruptcy, receivership, injunction, arbitration, mediation or other proceeding, or any appeal from or petition for review of any of the foregoing, in which Beneficiary prevails. Grantor shall also pay all of Beneficiary's costs and attorney's fees incurred in connection with any demand, work-out, settlement, compromise, or other activity in which the Beneficiary engages to collect any portion of this debt not paid when due or as a result of any Event of Default of Grantor. If a judgment is obtained thereon which includes an award of attorney's fees, such attorney's fees, costs and expenses shall be in such amount as the court shall deem reasonable, which judgment shall bear interest at the Default Rate as defined in the Note from the date it is rendered to and including the date of payment to Beneficiary. "Costs and expenses" shall include, but are not limited to appraisal fees, inspection fees and costs of a title report.

ARTICLE 5 MISCELLANEOUS

5.1 Severability. In the event any one or more of the provisions contained in this Deed of Trust shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Deed of Trust, but this Deed of Trust shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

5.2 Grantor Not Released. Extension of the time for payment or modification of the terms of payment of any sums secured by this Deed of Trust granted by Beneficiary to any successor in interest of Grantor shall not operate to release, in any manner, the liability of the original Grantor. Without affecting the liability of any person, including Grantor, for the payment of any indebtedness secured hereby, or the lien of this Deed of Trust on the remainder of the Property for the full amount of any such indebtedness and liability unpaid, Beneficiary and Trustee are respectively empowered as follows: Beneficiary may, from time to time and without notice (a) release any person liable for the payment of any of the indebtedness, (b) extend the time or otherwise alter the terms of payment of any of the indebtedness, (c) accept additional real or personal property of any kind as security therefor, whether evidenced by Deed of Trust, mortgages, security agreement or any other instruments of security, or (d) alter, substitute or release any property securing the indebtedness; Trustee may, at any time, and from time to time, upon the written request of Beneficiary which Beneficiary may withhold in its sole discretion (1) consent to the making of any map or plat of the Property or any part thereof, (2) join in granting

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any easement or creating any restriction thereon, (3) join in any subordination or other agreement affecting this Deed of Trust or the lien or charge hereof, or (4) reconvey, without any warranty, all or part of the Property.

5.3 No Waiver. No delay or omission to exercise any right, power or remedy accruing to Beneficiary on any breach or default of Grantor hereunder shall impair any such right, power, or remedy of Beneficiary, nor shall it be construed to be a waiver of any other or subsequent breach or default. Any waiver, permit, consent or approval of any kind by Beneficiary must be in writing and shall be effective only to the extent specifically set forth in that writing.

5.4 Beneficiary's Actions not a Cure of Default. The taking of any action by Beneficiary under the authority of this Deed of Trust, including, but not being limited to, the entering upon, taking possession of and management and operation of the Property, the collection of rents and profits thereof, or the proceeds of fire and other insurance policies or compensation or awards for any taking or damage of the Property, and the application or release thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

5.5 Time. Time is of the essence hereof in connection with all obligations of Grantor herein and in the Note and any other instrument securing payment of the indebtedness secured hereby.

5.6 Notices. Any notice given hereunder shall be in writing and shall be delivered in person or sent by first class mail, certified or registered mail, to the party at its address set forth above, or to such other address as may hereafter be designated by notice given in accordance with the procedures in this paragraph. Notices sent by mail shall be deemed to have been given when mailed, and the postmark affixed thereto shall be conclusive evidence of the date of mailing.

5.7 Reconveyance. Upon the payment in full of all sums secured by this Deed of Trust, Beneficiary shall request Trustee to reconvey the Secured Property and shall surrender this Deed of Trust and all notes evidencing indebtedness secured by this Deed of Trust to Trustee. Upon payment of its fees and any other sums owing to it under this Deed of Trust, Trustee shall reconvey the Secured Property without warranty to the person or persons legally entitled thereto. Grantor shall pay all costs of recordation, if any.

5.8 Successors and Assigns. All of the grants, obligations, covenants, and terms and conditions herein shall run with the land and shall apply to and bind the heirs, administrators, executors, legal representatives, successors and assigns of Grantor and the successors in trust of Trustee and inure to the benefit of the endorsees, successors and assigns of Beneficiary. In the event Grantor is composed of more than one party, the obligations, covenants, agreements, and warranties contained herein as well as the obligations arising therefrom are and shall be joint and several as to each such party.

5.9 Governing Law. This Deed of Trust is made pursuant to, and shall be construed and governed by, the laws of the State of Washington.

5.10 No Third Party Benefits. This Deed of Trust, the Note and the other Related Agreements, if any, are made for the sole benefit of Grantor and Beneficiary and their successors and assigns, and convey no other legal interest to any party under or by reason of any of the foregoing. Whether or not Beneficiary elects to employ any or all of the rights, powers or remedies available to it under any of the foregoing, Beneficiary shall have no obligation or liability of any kind to any third party by reason of any of the foregoing or any of Beneficiary's actions or omissions pursuant thereto or otherwise in connection with this transaction.

Date: October 15, 2004

George S. Vojkovich

Date: October 15, 2004

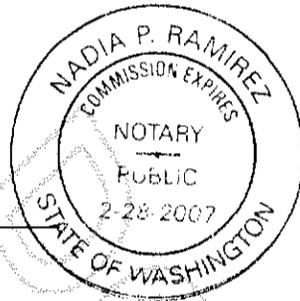
Eiko Vojkovich

STATE OF Washington)
) ss.
COUNTY OF King Skagit)

On November 16th, 2004, before me, the undersigned, a notary public in and for said state, personally appeared **George S. Vojkovich and Eiko Vojkovich**, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacities, and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Nadia P. Ramirez
Notary Public



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DEED OF TRUST, ASSIGNMENT OF
RENTS, SECURITY AGREEMENT AND
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EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

The land referred to in this report/policy is situated in the State of Washington, County of Skagit, and is described as follows:

The North 1/2 of the Northeast 1/4 of the Northwest 1/4 and Government Lot 2 in Section 23, Township 35 North, Range 5 East, W.M., EXCEPT roads AND EXCEPT the North 398 feet of the East 30 feet of Government Lot 2 conveyed to School District No. 69.

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