

Farm Bureau Life Insurance Company Of Michigan  
Attn: Mortgage Department  
7373 W. Saginaw Highway  
P.O. Box 30400  
Lansing, Michigan 48909-7900



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

FIRST AMERICAN TITLE CO.

85935-2

**Grantor:**

Skagit I-5 Business Park, LLC

**Grantee:**

FIRST AMERICAN TITLE CO. , TRUSTEE

Farm Bureau Life Insurance Company of Michigan

**Legal Description:**

Lot 9W, "Amendment to Red Hawk Estates", as recorded July 26, 2005, under Skagit  
County Auditor's File No. 200507260199

**Tax Parcel Number:**

4754-000-009-0000 (P116856)

SKAGIT COUNTY WASHINGTON  
REAL ESTATE EXCISE TAX

DEC 06 2005

Amount Paid \$  
By Skagit Co. Treasurer  
Deputy

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

This Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing ("Deed of Trust") is made as of December 6, 2005, from SKAGIT I-5 BUSINESS PARK, LLC, a Washington limited liability company ("Borrower"), whose mailing address is 18697 Hickox Road, Mt. Vernon, Washington 98273-9516, to FIRST AMERICAN TITLE COMPANY OF SKAGIT COUNTY ("Trustee"), whose mailing address is 1301-B Riverside Drive, Mount Vernon, Washington 98273, and to FARM BUREAU LIFE INSURANCE COMPANY OF MICHIGAN, a Michigan Insurance Corporation ("Lender"), whose mailing address is 7373 West Saginaw Highway, P.O. Box 30400, Lansing, Michigan 48909-7900.

**Recitals**

A. At the request of Borrower, Lender has agreed to make a loan in the aggregate principal sum of \$3,200,000.00 ("Loan") to assist Borrower in financing the real property described in Schedule A hereto together with certain personal property and fixtures related thereto and described in Schedule B hereto, all of which is collectively referred to herein as the "Property."

B. As a condition of the Loan Agreement, dated as of even date herewith, between Lender and Borrower ("Loan Agreement"), Borrower is required to grant to Lender a first and prior lien and security interest on and in the Property.

**Agreement**

NOW, THEREFORE, in consideration of Lender's agreement to make the Loan, Borrower agrees as follows, which agreements shall, to the extent permitted by law, be deemed to run with the land:

1. **Grant of Security.** Borrower does hereby irrevocably GRANT, TRANSFER, CONVEY and ASSIGN to TRUSTEE, IN TRUST, WITH POWER OF SALE, and to its successors and assigns forever, that portion of the Property described below which is properly classified as real property under Washington law, and to Lender, and to its successors and assigns forever, all of the Property described below which is properly classified as personal property under Washington law. Any reference herein to the "Property" shall be deemed to apply to the following: (1) that certain real property situated in the State of Washington, as more particularly described in Schedule A attached hereto, (2) all the estate, title, interest and rights of Borrower in and to such real property and all buildings and improvements of every kind and description now or hereafter placed upon such real property or any part thereof, (3) all heretofore or hereafter vacated alleys and streets abutting such real property, (4) all fixtures and equipment of Borrower, regardless of their character as personal property, now or hereafter on or used in connection with such real property, including, but not limited to, all lighting, heating, cooling, ventilating, air conditioning, plumbing, sprinkling, communicating and electrical



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systems, and all machinery, appliances, fixtures and equipment of every type, nature and description now or hereafter on or used in connection with such real property, all of which furniture, fixtures and equipment of Borrower shall be deemed to be a part of the real property and covered by the lien hereof, and (5) all of the rents, profits and leases thereof and the tenements, hereditaments, easements, privileges and appurtenances thereto.

TO HAVE AND TO HOLD the Property, with all of the tenements, hereditaments, easements, appurtenances and other rights and privileges thereunto belonging or in any manner now or hereafter appertaining thereto, for the use and benefit of Lender upon the conditions hereinafter set forth.

Pursuant to Article 9 of the Uniform Commercial Code (RCW Chapter 62A.9), Borrower, as the debtor, grants Lender, as the secured party, a security interest in that portion of the Property which is properly classified as personal property under Washington law to secure the Secured Obligations. This Deed of Trust also constitutes a financing statement filed as a fixture filing pursuant to Article 9 of the Uniform Commercial Code (RCW 62A.9-402(6)).

2. **Secured Obligations.** This Deed of Trust secures the following (hereinafter referred to collectively as the "Secured Obligations"):

(a) The payment when due (and not merely the ultimate collectibility) of the Loan which, together with all refinancings, extensions, renewals, modifications and replacements thereof are hereafter referred to collectively as the "Loan."

(b) The due and punctual performance and observance of all of the obligations of Borrower under the Promissory Note ("Note") of even date herewith, from Borrower to Lender, and all other documents that evidence, secure or otherwise relate to the Loan (except for the Indemnity Agreement of even date executed by Borrower in favor of Lender). Notwithstanding any provision to the contrary set forth in this Deed of Trust or in any other loan document, this Deed of Trust shall not secure the obligations of Borrower or any other person under the Indemnity Agreement, nor shall this Deed of Trust secure the substantial equivalent of the obligations arising under the Indemnity Agreement. All such obligations (and the substantial equivalents thereof) shall constitute the separate, unsecured full recourse obligations of the obligors under the Indemnity Agreement, and shall not be deemed to be evidenced by the Note or secured by this Deed of Trust. Without limiting the generality of the foregoing, this Deed of Trust shall not secure the payment of costs or expenses (including without limitation attorneys' fees) that are reimbursable to Lender by the obligors under the Indemnity Agreement.

(c) The due and punctual performance and observance of all of Borrower's present and future obligations to Lender, including without limitation the obligations arising hereunder, under the Loan Agreement or the Note and under any other document that evidences, secures or otherwise relates to the Loan.



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3. **Representations, Warranties and Agreements.** Borrower represents and warrants to Lender and agrees that:

(a) Borrower guarantees payment when due of the Loan and guarantees the due and punctual performance and observance of all of its obligations under this Deed of Trust, the Loan Agreement, the Note, and the other documents that evidence, secure or otherwise relate to the Loan.

(b) At the time of the execution and delivery of this Deed of Trust, Borrower is well and truly seized of the Property in fee simple, free of all easements, liens and encumbrances whatever, except as those referenced in the title insurance policy accepted by Lender, and Borrower will forever warrant and defend the same against any and all other claims whatever, and the lien created hereby is and will be kept as a first lien upon the Property and every part thereof.

(c) Upon request, Borrower shall provide Lender with certificates of occupancy and such other documents, information and statements pertaining to the Property and its operations as Lender may reasonably request.

(d) The Property is not used principally for agricultural purposes (as the term "agricultural purposes" is used in RCW 61.24.030(2)).

(e) This Deed of Trust is not granted to secure an obligation incurred primarily for personal, family or household purposes, and that this Deed of Trust secures a "commercial loan" as defined in RCW Chapter 61.24.

(f) If Borrower or any of its principals is a trust, it has complied with RCW 11.100.140, relating to notice and procedure for non-routine transactions by trustees.

4. **Taxes, Assessments and Insurance Premiums.** Until the Secured Obligations have been satisfied in full, Borrower shall pay to Lender monthly escrow payments, in such amounts and at such times as may be reasonably determined by Lender, in order that Lender may timely:

(a) Pay all taxes, assessments and other charges and encumbrances levied on the Property before any penalty for nonpayment attaches thereto. Notwithstanding the foregoing or any other provision in any other document related hereto to the contrary, Borrower may, in good faith and by appropriate proceedings diligently pursued, contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments and other charges so contested to remain unpaid during the period of such contest and any appeal therefrom, provided that at all times during such period enforcement of such contested item shall be effectively stayed, Lender is advised periodically of the status of such contest, and either appropriate reserves for the payment in full of such contested item (including interest and penalties thereon) are established on the books of Borrower or satisfactory security



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(as determined by Lender in its reasonable discretion) for the payment in full of such contested item is given to Lender.

(b) Pay when due all taxes, assessments and other charges and encumbrances that may be levied upon or on account of this Deed of Trust or the indebtedness secured hereby or upon the interest or estate in the Property created or represented by this Deed of Trust, whether levied against Lender or otherwise. In the event payment by Borrower of any tax referred to in the foregoing sentence would result in the payment of interest in excess of the rate permitted by law, then Borrower shall have no obligation to pay the portion of such tax which would result in the payment of such excess.

(c) Keep the Property continuously insured against loss by fire, windstorm and other hazards, casualties and contingencies, including vandalism and malicious mischief, in such amounts and for such periods as may be required by the Loan Agreement or otherwise required from time to time by Lender. All insurance shall be carried in companies approved by Lender and the policies and renewals thereof shall be held by, and pledged to, Lender (unless Lender shall direct or permit otherwise) as additional security hereunder, and shall have attached thereto a mortgagee clause acceptable to Lender, making all loss or losses under such policies payable to Lender, its successors and assigns, as its or their interest may appear. In the event of loss or damage to the Property, Borrower shall give immediate notice in writing by mail to Lender, who may make proof of loss if not made promptly by Borrower, and each insurance company concerned is hereby authorized and directed to make payment for such loss, to the extent of the indebtedness hereby secured, directly to Lender instead of to Borrower and Lender jointly, and the insurance proceeds or any part thereof may be applied by Lender toward reimbursement of all costs and expenses of Lender in collecting such proceeds, and the balance, at Lender's option, to the indebtedness due or to become due under the Loan, to fulfill any other covenant therein or any other obligation of Borrower to Lender, to the restoration or repair of the property damaged, or released to Borrower. In the event Lender releases such proceeds to Borrower, Borrower shall be obligated to use such proceeds to restore or repair the Property unless Lender otherwise specifies in writing. Application by Lender of any insurance proceeds toward payment of any principal and interest due or to become due under the Loan shall not excuse Borrower from making any regularly scheduled payments due thereunder, nor shall such application extend or reduce the amount of such payments.

(d) In the event of foreclosure of this Deed of Trust or other transfer of title to the Property in extinguishment of the indebtedness secured hereby, all right, title and interest of Borrower in and to any insurance policies then in force shall pass to the purchaser or grantee. Borrower hereby irrevocably appoints Lender as Borrower's attorney-in-fact, in Borrower's name, to file all proofs of claim, to negotiate, accept and endorse all settlements, to assign and transfer all insurance policies and proceeds to a purchaser upon foreclosure of this Deed of Trust and to otherwise deal in all respects with all insurance carriers with respect to any and all insurance carried or required hereby to be carried by Borrower with respect to the Property of any portion thereof.



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(e) As of the date of this Deed of Trust Lender has not elected to require the payment of monthly escrow payments. Such election shall not prejudice or limit Lender's right at any time in its sole discretion to require such payments in the future.

**5. Repairs, Modifications and Waste.** Borrower will abstain from and will not suffer the commission of waste on the Property and will keep the buildings, improvements, fixtures, equipment and appliances now or hereafter thereon in good repair and will make replacements thereto as and when the same become necessary. Failure by Borrower to pay taxes and/or assessments assessed against the Property, or any installment thereof, or any insurance premium upon policies covering the Property or any part thereof, shall constitute waste (although the meaning of the term "waste" shall not necessarily be limited to such nonpayment), and shall entitle Lender to all remedies provided for by law. Borrower further agrees to and does hereby consent to the appointment of a receiver, should Lender elect to seek such relief. Borrower shall make no material alterations, additions or improvements of any type whatever to the Property, regardless of whether such alterations, additions or improvements would increase the value of the Property, nor permit anyone to do so, without Lender's prior written consent, which consent shall not be unreasonably withheld. Borrower will comply promptly with all laws, ordinances, regulations and orders of all public authorities having jurisdiction over the Property relating to the use, occupancy and maintenance thereof, and shall upon request promptly submit to Lender evidence of such compliance. Nothing herein shall be deemed to prohibit Borrower from contesting the enforceability or applicability of any law, ordinance, regulation or order; provided, however, that Lender, in its sole discretion, may require that Borrower comply with any such law, ordinance, regulation or order during the pendency of any such contest and all appeals therefrom. Lender may at any time and from time to time upon notice and during regular business hours, unless Lender, in its sole discretion, deems that entry is required on a more immediate basis, enter or cause entry to be made upon the Property. The rights granted Lender under this section of the Deed of Trust shall in no way limit the rights of Lender pursuant to an Environmental Inspection Easement between the parties dated the date hereof. If the Property, in the sole judgment of Lender, requires inspection, repair, care or attention of any kind or nature not theretofore given by Borrower, Lender shall provide Borrower with prior written notice of the required inspection, repair, care or attention and a reasonable designated period of time in which Borrower shall have an opportunity to cure the problem. If uncured at the end of this period, Lender, in its sole discretion deems the required inspection, repair, care or attention needs immediate attention, Lender may (but in no event shall be obligated to), at Borrower's expense, inspect, repair and/or maintain the same as Lender deems necessary or advisable, and all sums advanced by Lender for such purposes shall be deemed to have been advanced pursuant to paragraph 9 of this Deed of Trust. Borrower will not permit the Property or any portion thereof to be used for any unlawful purpose. No underground storage tanks shall be installed on the Property. No building or other improvement on any part of the Property shall be removed, demolished or materially altered without the prior written consent of Lender, except that Borrower shall have the right, without such consent, to remove and dispose of, free from the lien of this Deed of Trust, such personalty and equipment as from time to time may become worn out or obsolete,



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provided that simultaneously with or prior to such removal, any such equipment shall be replaced with other new equipment of like kind and quality, free from any security interest, lien or encumbrance, and by such removal and replacement, Borrower shall be deemed to have subjected the replacement equipment to the lien of this Deed of Trust.

6. **Due on Sale.** Borrower shall not convey any of its interest in the Property or any portion thereof without the prior written consent of Lender. If Borrower should convey its interest in the Property or any portion thereof, Lender shall have the right, at its sole option, thereafter to declare all sums secured hereby and then unpaid to be immediately due and payable, together with the prepayment charge, and thereupon to exercise all of its rights and remedies for default under this Deed of Trust. For purposes hereof, a "conveyance" of Borrower's interest in the Property shall include, without limitation (a) any voluntary or involuntary disposition (by operation of law or otherwise) of legal or beneficial title to the Property by whatever means, (b) any voluntary or involuntary disposition (by operation of law or otherwise) of legal or beneficial title to controlling interests in Borrower, and (c) any change in general partners or members or any arrangement by which Borrower (and/or owners of at least 51% of the equity of Borrower as of the date hereof) divests itself of the degree of control it currently exercises or may exercise over the decisions affecting the ownership and operation of the Property.

If there exists no Event of Default and no event which would be an Event of Default if not cured within any applicable cure period, Lender shall not unreasonably withhold its consent to, or charge a transfer fee for (i) a transfer of an interest in Borrower between or among the partners or members of Borrower so long as such transfer, together with any similar transfers does not cause the transfer of a controlling interest in Borrower, (ii) a transfer of an interest in the property or in Borrower to a lineal descendant of a partner or member of Borrower for estate planning purposes; provided that if Lender shall consent to any such transfer, Borrower shall pay all of Lender's out-of-pocket expenses incurred in connection with the transfer including, but not limited to, Lender's legal fees and expenses, and such consent shall not release the liability of Borrower or any guarantor to the Lender under the documents evidencing, securing or otherwise relating to the Loan.

If ownership of the Property or any part thereof become vested in a person or persons other than Borrower (with or without Lender's consent), Lender may, without notice to Borrower deal with such successor or successors in interest with reference to this Deed of Trust and the Loan, without in any way releasing, discharging or otherwise affecting Borrower's liability hereunder or thereunder. No sale of the Property, and no forbearance or extension by Lender, shall in any way whatever operate to release, discharge or otherwise affect the lien of this Deed of Trust or the liability of Borrower hereunder.

If Lender shall approve the conveyance of the Property or any portion thereof, Lender shall have the right to charge one and one-half percent (1.5%) of the then outstanding principal balance of the Loan as an assumption fee. Nothing herein or in any other document shall be construed as an obligation of Lender to approve any such conveyance.



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7. **No Secondary Financing.** Borrower will not, without the prior written consent of Lender, mortgage or pledge the Property or any part thereof as security for any other loans obtained by Borrower. If any such mortgage or pledge is entered into without the prior written consent of Lender, the entire indebtedness secured hereby may, at the option of Lender, be declared immediately due and payable without notice. Further, Borrower also shall pay any and all other obligations, liabilities or debts which may become liens, security interests, or encumbrances upon or charges against the Property for any repairs or improvements that are now or may hereafter be made thereon, and shall not, without Lender's prior written consent, permit any lien, security interest, encumbrance or charge of any kind to accrue and remain outstanding against the Property or any part thereof, or any improvements thereon, irrespective of whether such lien, security interest, encumbrance or charge is junior to the lien of this Deed of Trust. Notwithstanding the foregoing, if any personal property by way of additions, replacements or substitutions is hereafter purchased and installed, affixed or placed by Borrower on the Property under a security agreement the lien or title of which is superior to the lien created by this Deed of Trust, all the right, title and interest of Borrower in and to any deposits or payments made thereon by Borrower, shall nevertheless be and are hereby assigned to Lender and are covered by the lien of this Deed of Trust.

8. **Default.** The occurrence of an Event of Default as defined in the Loan Agreement shall be an Event of Default under this Deed of Trust and shall entitle Lender to exercise any one or any combination of the remedies available to Lender under Section 9 hereof or under the Loan Agreement.

9. **Remedies.** Immediately upon the occurrence of an Event of Default, Lender shall immediately have the option without further notice, except as may be required by law, in addition to and not in lieu of or substitution for, all other rights and remedies provided herein or at law or in equity, to do all or any of the following:

(a) After any Event of Default, Lender may, at its option and without notice to or demand upon Borrower, independently, concurrently or successively exercise any one or more of the following rights and remedies: (i) declare all of the Secured Obligations immediately due and payable, (ii) bring a court action to enforce its rights and remedies, (iii) judicially foreclose this Deed of Trust as a mortgage, (iv) nonjudicially foreclose this Deed of Trust under the power of sale, (v) exercise its rights with respect to the leases and the rents of the Property pursuant to this Deed of Trust, (vi) bring an action against any Guarantor, and/or (vii) exercise any other rights and remedies provided in this Deed of Trust, the Loan Agreement, the Note and under any other document that evidences, secures or otherwise relates to the Loan, or available at law or equity. Without limiting the generality of the foregoing, to the extent permitted by RCW 61.24.100 or otherwise permitted by law, Lender may seek and obtain a deficiency judgment following the completion of a trustee's sale of all or part of the Property.



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(b) Advance such sums as Lender, in its sole discretion, deems necessary to cure the default. In making any such advance, Lender shall be entitled to rely upon the genuineness and accuracy of any demand, document, claim, statement or invoice presented to Lender, and Lender shall be under no duty whatever to independently investigate or confirm the genuineness or accuracy of, or any other fact pertaining to, the demand, document, claim, statement or invoice so presented. Repayment of all monies so advanced by Lender shall be secured hereby and shall constitute a further lien upon the Property, payable upon demand with interest from the date of each advance to the date of payment at the default rate set forth in the notes that evidence the Loan. Lender shall in no event be obligated to make any advance to or for the benefit of Borrower and no advance by Lender shall cure Borrower's default nor preclude Lender from foreclosing this Deed of Trust or from exercising any other right or remedy available to Lender on account of such default.

(c) For any sale under the power of sale granted by this Deed of Trust, Trustee shall record and give all notices required by law, after which the Property may be sold upon such terms and conditions as may be specified by Lender and permitted by applicable law. Trustee may postpone any sale by public announcement at the time and place designated for the sale. If the Property includes separate lots or parcels, Lender may designate their order of sale or elect to sell them as a whole. Any personal property may be sold separately or as a whole at the same time and place as a sale of any real property or at different times and places. Borrower and the holder of any subordinate lien on any portion of the Property waive any right to require the marshaling of assets or to otherwise direct the order in which any of the Property is sold. Trustee shall be acting as the agent of Lender if directed to sell any personal property. Upon any sale, Trustee shall execute and deliver to the purchaser a deed or bill of sale conveying the Property sold, without any covenant or warranty, express or implied. The recitals in the Trustee's deed indicating that the sale was conducted in compliance with all the requirements of law shall be presumptive evidence of compliance.

(d) With respect to any personal property, Lender shall have all of the rights and remedies of a secured party under the Uniform Commercial Code and all other rights and remedies provided in this Deed of Trust, the Loan Agreement, the Note and under the power of sale granted by this Deed of Trust. In exercising its remedies, Lender may proceed against the real property and personal property separately or together and in any order whatsoever. The personal property may be sold at any one or more public or private sales as permitted by applicable law. Lender shall give Borrower five (5) days' prior written notice of the time and place of any public or private sale of the personal property, which notice Borrower agrees is commercially reasonable.

(e) Borrower shall pay on demand all of Lender's and Trustee's costs and expenses incurred in administering and enforcing this Deed of Trust, collecting any amounts payable under this Deed of Trust, and realizing on the Property and any other collateral securing any portion of the Secured Obligations; including legal and other professional fees, foreclosure



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costs and title charges, together with interest from the date of payment at the Default Rate (defined in the Note).

(f) Except as otherwise required by law, the proceeds of any sale under this Deed of Trust shall be applied against the Secured Obligations in such order of priority as Lender shall determine in its sole discretion.

(g) If the Property is sold at a judicial foreclosure sale, the purchaser may make such repairs or alterations to the Property as the purchaser deems appropriate in its sole discretion for the proper operation, care, preservation and protection of the Property. The costs of the repairs or alterations, together with interest from the date of payment at the default rate under the Note, shall be added to and become a part of the amount required to be paid upon any redemption.

(h) Except as otherwise specifically provided in the Loan Agreement or this Deed of Trust, any prepayment premium required under the Note shall be payable by Borrower upon any voluntary or involuntary payment of principal before the original due date under the Note. Without limiting the generality of the foregoing, Borrower expressly agrees that any principal payment made after an Event of Default shall constitute a prepayment requiring payment of the prepayment premium notwithstanding an acceleration of the Note by Lender. The debt owing to Lender at the time of any judicial or nonjudicial foreclosure sale of the Property shall include the prepayment premium calculated on the principal balance owing on the date of sale.

(i) Every right and remedy provided in this Deed of Trust, the Loan Agreement, the Note and under any other document that evidences, secures or otherwise relates to the Loan, or by law or equity shall be distinct and cumulative to all other rights or remedies, and may be exercised concurrently, independently or successively in any order whatsoever, without regard to the adequacy of Lender's security. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of the right or remedy, and no waiver by Lender of any particular default shall constitute a waiver of any other default in the future. The exercise of any right or remedy shall not constitute a cure or waiver of any Event of Default or otherwise prejudice Lender of any of its other rights or remedies.

(j) To the extent the Deed of Trust Act of the State of Washington (RCW Chapter 61.24, as now existing or hereafter amended) or other statute requires that the "fair market value" or "fair value" of the Property be determined as of the foreclosure date in order to enforce a deficiency against Borrower or any other party liable for repayment of the obligations secured by this Deed of Trust, the term "fair market value" or "fair value" shall include those matters required by law and shall also include the additional factors set forth below:

(1) The property shall be valued "AS IS" and "WITH ALL FAULTS" and there shall be no assumption of restoration or refurbishment of improvements, if any, after the date of the foreclosure; and



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(2) An offset to the fair market value or fair value of the Property, as determined hereunder, shall be made by deducting from such value the reasonable estimated closing costs relating to the sale of the Property, including but not limited to brokerage commissions, title policy expenses, tax prorations, escrow fees, and other common charges which are incurred by a seller of property.

Borrower shall pay the costs of any appraisals and other expenses incurred in connection with any such determination of fair market value and/or fair value.

10. **Condemnation.** In the event the Property or any part thereof is taken under the power of eminent domain, the entire award or payment in lieu of condemnation, to the full extent of the indebtedness secured hereby, shall be paid to Lender and applied toward reimbursement of all of Lender's costs and expenses incurred in connection with collecting such award or payment, and all or any portion of the balance, at Lender's option, to the indebtedness due or to become due under the Loan, to satisfy any other Secured Obligation or to repair or restore the Property. Lender is hereby empowered in the name of Borrower to receive, and give acquittance for, any such award or payment, whether it is joint or several; provided, however, that Lender shall not be held responsible for failure to collect any such award or payment, regardless of the cause of such failure. Application by Lender of any condemnation proceeds toward payment of any principal and interest due or to become due under the Loan shall not excuse Borrower from making any regularly scheduled payments due thereunder, nor shall such application extend or reduce the amount of such payments.

11. **Assignment of Rents, Income and Profits.** As additional security for the due and punctual performance and observance of the Secured Obligations, Borrower assigns, transfers and sets over unto Lender, all the rents, issues, profits and income under all leases or occupancy agreements or arrangements, however evidenced or denominated, upon or affecting the Property (including any extensions, amendments or renewals thereof), whether such rents, issues, profits and income are due or are to become due, including all such leases in existence or coming into existence during the period this Deed of Trust is in effect. This Deed of Trust shall run with the land and be good and valid as against Borrower and those claiming by, under or through Borrower, from the date of recording of this Deed of Trust. This Deed of Trust shall continue to be operative during the foreclosure or any other proceedings taken to enforce this Deed of Trust. In the event of a foreclosure sale which results in a deficiency, this Deed of Trust shall stand as security during the redemption period for the payment of such deficiency. This Deed of Trust is given as collateral security only and does not and shall not be construed as obligating Lender to perform any of the covenants or undertakings required to be performed by Borrower in any leases.

Prior to any Event of Default, Borrower shall collect and receive all rents for the benefit of Lender and Borrower. Borrower shall apply the rents first to the payment of taxes, assessments and other charges on the Property, second to the costs of insurance, maintenance and repairs required under this Deed of Trust, third to the costs of discharging the obligations of



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Borrower under the Leases, and fourth to the Secured Obligations then due and payable, with the balance, if any, for the account of Borrower. Upon Lender's delivery of written notice to Borrower of an Event of Default stating that Lender is exercising its rights to the Rents, and without the necessity of Lender or a receiver taking control of the Property, Borrower shall pay to Lender all Rents then held or subsequently collected by Borrower, and direct each tenant to pay all future Rents to Lender. Borrower appoints Lender as Borrower's attorney-in-fact to make such direction to tenants upon Borrower's failure to do so. Borrower agrees that all payments made to Lender by any tenant shall be in full discharge of the Tenant's obligations to Borrower.

After any Event of Default, Borrower appoints Lender as Borrower's attorney-in-fact to take full control of the Property and perform all acts necessary and appropriate for the operation and maintenance of the Property; including (i) the execution, enforcement, cancellation or modification of any Lease, (ii) the collection of Rents, (iii) the removal and eviction of tenants, (iv) the making of alterations and repairs to the Property, and (v) the execution and termination of contracts providing for management or maintenance of the Property, all on such terms as Lender deems appropriate in its sole discretion to protect the security of this Deed of Trust. After an Event of Default, Borrower agrees that Lender shall be entitled to the appointment of a receiver, regardless of the adequacy of Lender's security. Borrower waives any right to notice of any application for a receiver, it being intended that Lender may seek the appointment of a receiver *ex parte*. The receiver shall serve without bond and may be Lender or an employee or agent of Lender. The receiver shall have, in addition to all the rights and powers customarily given to and exercised by receivers, all the rights and powers granted to Lender in this Article. Lender or the receiver shall receive a reasonable fee for managing the Property. Entry upon and taking possession by a receiver other than Lender shall not constitute possession by Lender, and Lender shall not be a "mortgagee in possession" before its actual entry upon and taking possession of the Property. Lender shall not be liable to Borrower, anyone claiming under or through Borrower or anyone having an interest in the Property by reason of anything done or left undone by Lender under this Article.

All Rents collected after the delivery of written notice to Borrower of an Event of Default shall be applied first to the costs of managing the Property and collecting the Rents; including attorneys' fees, receiver's fees and costs, costs of maintenance and repairs to the Property, premiums on insurance policies, taxes, assessments and other charges on the Property, and the costs of discharging the obligations of Borrower under the Leases. All remaining Rents shall be applied to the other Secured Obligations in such order of priority as Lender may determine in its sole discretion. To the extent the costs of managing the Property, collecting the Rents and discharging the obligations of Borrower under the Leases exceed the Rents collected, the excess costs shall be payable by Borrower upon demand, together with interest from the date of payment at the default rate under the Note.

Lender shall at no time have any obligation whatever to attempt to collect rent from any tenant or occupier of the Property notwithstanding that such tenants and occupiers may not be



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paying rent to either Borrower or Lender. Further, Lender shall at no time have any obligation whatever to enforce any other obligations owed by tenants or occupiers of the Property to Borrower.

Borrower shall at no time collect advance rent under any lease upon, affecting or pertaining to the Property or any part thereof in excess of one month (other than as a security deposit) and Lender shall not be bound in any respect by any rent prepayment made or received in violation of the terms hereof.

Borrower expressly covenants and agrees that if the lessee or any of the lessees under any lease or leases heretofore or hereafter entered into by Borrower with respect to the Property, shall fail to perform and fulfill any term, covenant, condition or provision in any said lease or leases, or any of them, on its or their part to be performed or fulfilled, at the times and in the manner in said lease or leases provided, or if Borrower shall suffer or permit to occur any breach or default under the provisions of any such lease or leases of the Property and such failure, breach or default shall continue for thirty (30) days without Borrower commencing and pursuing in good faith and with due diligence its available remedies under the lease or leases, if commercially reasonable under the circumstances, then, and in any such event, such failure to act by Borrower shall constitute an Event of Default hereunder and under the Loan Agreement executed of even date herewith and at the option of Lender, and without notice to Borrower, all unpaid indebtedness secured by this Deed of Trust shall, notwithstanding any thing in the Loan Agreement, the Note or in this Deed of Trust to the contrary, become immediately due and payable.

12. **Attorneys' Fees and Expenses.** Borrower shall reimburse Lender for all costs, including reasonable attorneys' fees, incurred by Lender in enforcing any of its rights or remedies on account of a default under this Deed of Trust. Borrower shall reimburse Lender for all costs, including reasonable attorneys' fees, incurred by Lender in case Lender becomes a party, either as plaintiff or defendant, to any legal proceedings in relation to the Property or the lien granted hereby. Payment of such sums shall be secured hereby and shall be payable upon demand with interest from the date of each advance to the date of payment at the Default Rate set forth in the Note.

13. **Additional Documents and Security Agreement.** Borrower shall execute, acknowledge and deliver any and all such further conveyances, documents, mortgages and assurances as Lender may reasonably require for accomplishing the purposes hereof, including financing statements required by Lender to protect its interest under the provisions of the Washington Uniform Commercial Code, as amended, forthwith upon the written request of Lender. Upon any failure of Borrower to do so after written request, Lender may execute, record, file, rerecord and refile any and all such documents for and in the name of Borrower, and Borrower hereby irrevocably appoints Lender as agent and attorney-in-fact of Borrower for the foregoing purposes. This instrument is intended by the parties to be, and shall be construed as, a security agreement, as that term is defined and used in Article 9 of the Washington



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Uniform Commercial Code, as amended, and shall grant to Lender a security interest in that portion of the Property with respect to which a security interest can be granted under Article 9 of the Washington Uniform Commercial Code, as amended, which security interest shall also include a security interest in the personalty described in Schedule B hereto, a security interest in all other tangible and intangible personal property, including without limitation, to the extent of Borrower's present or future interest and subject to the limitations set forth in Section 15 below, all licenses, permits and general intangibles now or hereafter located upon the Property, or related to or used or usable in connection with any present or future operation upon such property, and a security interest in the proceeds of all insurance policies now or hereafter covering all or any part of such collateral.

14. **Other Contracts.** Borrower hereby assigns to Lender, as further security for the indebtedness secured hereby, Borrower's interest in all agreements, contracts (including contracts for the lease or sale of the Property or any portion thereof), licenses and permits affecting the Property. Such assignment shall not be construed as a consent by Lender to any agreement, contract, license or permit so assigned, or to impose upon Lender any obligations with respect thereto. Borrower shall not cancel or amend any of the agreements, contracts, licenses and permits hereby assigned (nor permit any of the same to terminate if they are necessary or desirable for the operation of the Property) without first obtaining, on each occasion, the written approval of Lender. This Section shall not be applicable to any agreement, contract, license or permit that terminates if it is assigned without the consent of any party thereto (other than Borrower) or issuer thereof, unless such consent has been obtained or this Deed of Trust is ratified by such party or issuer; nor shall this Section be construed as a present assignment of any contract, license or permit that Borrower is required by law to hold in order to operate the Property for the purposes intended.

15. **Notices.** All notices, demands and requests required or permitted to be given hereunder or by law shall be deemed given when delivered or sent in the manner set forth in the Loan Agreement.

16. **Successors and Assigns.** All of the covenants and conditions hereof shall run with the land and shall be binding upon the successors and assigns of Borrower, and shall inure to the benefit of the successors and assigns of Lender.

17. **No Waiver.** No waiver by Lender of any right or remedy granted hereunder shall affect or extend to any other right or remedy of Lender hereunder, nor affect the subsequent exercise of the same right or remedy by Lender for any further or subsequent default by Borrower hereunder, and all such rights and remedies of Lender hereunder are cumulative. Time is of the essence.

18. **Controlling Law and Severance.** This Deed of Trust shall be construed in each and every respect in accordance with the laws of the State of Washington. If any provision hereof is in conflict with any such law, however, or is otherwise unenforceable for any reason whatever, such provision shall be deemed null and void to the extent of such conflict or



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unenforceability, and shall be severed from and shall not invalidate any other provision of this Deed of Trust.

19. **Lender's Rights.** Without affecting the liability of any person for payment or performance of the Secured Obligations, and without affecting the priority of the lien of this Deed of Trust, Lender may (i) extend the time for payment of the Secured Obligations, (ii) release anyone liable on the Secured Obligations, (iii) accept a renewal note or notes for the Secured Obligations, (iv) modify the terms and time of payment of the Secured Obligations, (v) release the lien of this Deed of Trust on any part of the Property, (vi) take or release other collateral for the Secured Obligations, (vii) consent to the making of any map or plan of the Property, the granting of any easement over the Property or the creation of any restriction on the Property, or (viii) join in any subordination or other agreement affecting the lien of this Deed of Trust.

20. **Partial Reconveyance.** Lender agrees, upon Borrower's written request, to direct the Trustee to execute and record a partial reconveyance of this Deed of Trust, upon and subject to satisfaction of each of the following terms and conditions:

(a) The portion of the Property ("Release Parcel") to be released from the lien of this Deed of Trust shall consist of "Proposed Lot B" as depicted on the survey by GeoDimensions (revised November 15, 2005) designated as Job No. 5227. The remainder of the Property shall be the "Primary Parcel."

(b) At the time of the partial reconveyance, there shall exist no Event of Default under this Deed of Trust, nor any event which, with the giving of notice and/or passage of time, would constitute an Event of Default.

(c) At the time of the partial reconveyance, the Property shall have been subdivided into separate parcels of land, consisting of the Release Parcel and the Primary Parcel.

(d) Lender shall receive satisfactory evidence that the Primary Parcel complies with all zoning, subdivision and platting laws and regulations, including access, setbacks, lot coverage ratio, floor area ratio, and parking.

(e) The Primary Parcel shall constitute a separate parcel of land that may be legally and practically operated independently from the Release Parcel. Any easements ("Easements") necessary to so operate the Primary Parcel and the Release Parcel must be established of record in form and content acceptable to Lender and its counsel. For example, Easements must be established for the use of any utilities, parking lots, driveways or other improvements located on the Release Parcel that are necessary for the legal and practical operation of the Primary Parcel as a separate parcel of land, and reciprocal Easements must be established for the use of any utilities, parking lots, driveways or other improvements that are



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shared between the Release Parcel and Primary Parcel. All Easements benefiting the Primary Parcel shall be encumbered by this Deed of Trust.

(f) Lender shall receive endorsements to its title insurance policy relating to this Deed of Trust, insuring the Primary Parcel and all appurtenant Easements, insuring the continued validity, enforceability and priority of this Deed of Trust after the partial reconveyance, and insuring that the Primary Parcel is a separate tax parcel and is in compliance with all subdivision and platting laws and regulations. None of the Easements benefiting the Primary Parcel shall be subject to any prior lien or charge.

(g) In the event any tenant exclusives, radius clauses, architectural control restrictions or other matters in the leases affecting the Primary Parcel and the Release Parcel apply to the entire Property, then the leases shall be modified to affect only the Primary Parcel or the Release Parcel, as the case may be.

(h) Borrower shall pay all fees and costs in connection with the subdivision of the Property, the variances required in connection therewith and the reconveyance of the Release Parcel, including without limitation all fees and costs, including attorneys' fees, incurred by Lender in connection with the same.

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

IN WITNESS WHEREOF, this Deed of Trust is executed by the undersigned as of the date first set forth above.

**BORROWER:**

SKAGIT I-5 BUSINESS PARK, LLC, a  
Washington limited liability company

By:   
William J. Youngsman, Manager



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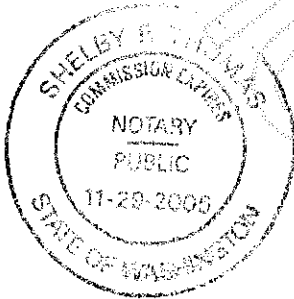
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STATE OF Washington )  
County of Skagit ) ss.

I certify that I know or have satisfactory evidence that **WILLIAM J. YOUNGSMAN** is the person who appeared before me and acknowledged that he or she signed the foregoing instrument, on oath stated that he or she was authorized to execute the instrument and acknowledged it as the manager of **SKAGIT I-5 BUSINESS PARK, LLC**, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED this 30 day of November, 2005.



[Signature]  
Notary Public in and for the State of WA  
Printed Name: Sheley Thomas  
Residing at: Skagit County  
Appointment Expires: 11/29/2006



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**SCHEDULE A  
TO  
DEED OF TRUST**

**Legal Description**

The real property which is the subject of this Deed of Trust is situated in the County of Skagit, State of Washington, and is legally described as follows:

LOT 92, "AMENDMENT TO RED HAWK ESTATES", AS RECORDED JULY 26, 2005,  
UNDER SKAGIT COUNTY AUDITOR'S FILE NO. 200507260199.



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**SCHEDULE B  
TO  
DEED OF TRUST**

**Additional Property**

All fixtures and all tangible and intangible personal property of Borrower/Debtor, which are related to or a part of the land and improvements described in Schedule A, whether now owned or hereafter acquired by Borrower/Debtor, or in which Borrower/Debtor may now have or hereafter acquire any interest, including, without limitation, (a) all equipment (including all machinery, tools and furniture), whether now owned or hereafter acquired by Borrower/Debtor, or in which Borrower/Debtor may now have or hereafter acquire an interest; (b) all instruments, leases, accounts, contracts, documents of title, policies and certificates of insurance, proceeds of insurance and condemnation awards, now or hereafter owned by Borrower/Debtor, or in which Borrower/Debtor may now have or hereafter acquire an interest; (c) all accessions, additions or improvements to, all replacements, substitutions and parts for, and all proceeds and products of, all of the foregoing; (d) all books, records (including environmental records) and documents relating to all of the foregoing; and (e) all properties and assets of every type relating to all of the foregoing.



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