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Land Title Co.

Document Title:

Washington Deed of Trust, Assignments, & Leases
Security Agreement + Fixture Filing

Reference Number:

Grantor(s):

☐ additional grantor names on page ____

1. Northwest Restaurants Inc
2. Northwest Restaurants Oregon Inc
Spokane Inc

Grantee(s):

☐ additional grantee names on page ____

1. Bank of America, n.a. as administrative agent
2. Transnational Title

Abbreviated legal description:

☐ full legal on page(s) ____

Ptn Lts 1-8 Law Vacated Alley Blk 46 Ama

Assessor Parcel / Tax ID Number:

☐ additional tax parcel number(s) on page ____

P55158

P1174187

**RECORDED AT THE REQUEST OF
AND AFTER RECORDING RETURN TO:**

Catherine P. Powell, Esquire
Tatum Levine & Powell, LLP
1199 Oxford Road, N.E.
Atlanta, Georgia 30306
126315-TA

**LAND TITLE OF SKAGIT COUNTY
WASHINGTON DEED OF TRUST, ASSIGNMENT OF RENTS
AND LEASES, SECURITY AGREEMENT AND FIXTURE FILING
(LEASEHOLD)**

Grantor: NORTHWEST RESTAURANTS, INC.
NORTHWEST RESTAURANTS OREGON, INC.
SPOKANE, INC.

Grantee #1 (Trustee): TRANSNATION TITLE INSURANCE COMPANY

Grantee #2 (Beneficiary): BANK OF AMERICA, N.A., as ADMINISTRATIVE
AGENT

This Deed of Trust is one of Four (4) original counterparts; one original will be filed in each of the counties listed below:

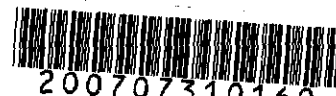
Store Name and #	Address	County	Type	Abbreviated legal descriptions:	Assessor's Tax Parcel Id#
44 - Twenty Ninth	2819 E. 29 th Ave. Spokane, WA 99223	Spokane, WA	Ground Lease	SE SE 28-45-43	35284.0015
47 - Veradale	15330 E. Sprague Ave., Spokane Valley, WA 99037	Spokane, WA	Ground Lease	BLK 65 Vera	45231.0114
48 - Airway Heights	11921 W. Sunset Hwy., Airway Heights, WA 99001	Spokane, WA	Ground Lease	Parcel "B" SP03-02	15252.0169
062 - Bellingham	1120 Barkley Boulevard, Bellingham, WA 98226	Whatcom, WA	Ground Lease	Lot C-22, Sunset Parcel C LLA #2006-A	380320 108427 0000
073 - Issaquah TB	555 NW Gilman Issaquah, WA 98207	King, WA	Ground Lease	Lot 1 S/P No. 78-04 REC No. 7812180874	282406924 5
075 - Factoria	12611 SE 38th Bellevue, WA 98006	King, WA	Ground Lease	Lot 5, Factoria Square Div 1	244270 0050



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080 Anacortes TB	1702 Commercial Avenue Anacortes, WA 98221	Skagit, WA	Ground Lease	Lots 1-8 & 16- 20, TGW vacated alley, Blk 46, Ana.	3772-046- 008-00005, 3772-046- 020-0000 and 7718
82- Sammamish	22911 NE 4th Street, Sammamish, WA 98074	King, WA	Ground Lease	NW ¼, Section 34, Township 25 N, Range 6E	34205 9058



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**WASHINGTON DEED OF TRUST, ASSIGNMENT OF RENTS AND LEASES,
SECURITY AGREEMENT AND FIXTURE FILING (LEASEHOLD)**

THIS WASHINGTON DEED OF TRUST, ASSIGNMENT OF RENTS AND LEASES, SECURITY AGREEMENT AND FIXTURE FILING (LEASEHOLD)(herein "Instrument") is made this 19th day of July, 2007, collectively by **NORTHWEST RESTAURANTS, INC.**, a Washington corporation, **NORTHWEST RESTAURANTS OREGON, INC.**, an Oregon corporation, and **SPOKANE, INC.**, a Washington corporation, each having an address of 17331 135th Avenue NE, Suite B, Woodinville, WA 98072 (hereinafter collectively called "Grantor"), to **TRANSNATION TITLE INSURANCE COMPANY**, having an address of 601 UNION STREET #1100, SEATTLE WA 98101, or any successor or substitute appointed and designated as herein provided from time to time acting hereunder as trustee (hereinafter called "Trustee"), for the benefit of BANK OF AMERICA, N.A., a national banking association organized and existing under the laws of the United States of America, as Administrative Agent on behalf of itself, the Lenders and the other Secured Parties (hereinafter referred to as the "Administrative Agent" or the "Beneficiary", in each case, which term shall include each of its successors and assigns), having address of Bank of America, N.A., Mail Code: IL1-231-08-30, 231 South LaSalle Street, Chicago, Illinois 60697, Attention: Agency Services. *All terms used but not otherwise defined herein shall have the meanings given thereto in the Credit Agreement (defined below).*

WITNESSETH:

WHEREAS, Grantor, Coastal Plains Restaurants, LLC, a North Carolina limited liability company ("CPR"), and Plains Coastal Properties, LLC, a North Carolina limited liability company ("PCP"), (Grantor, CPR, and PCP, together with their respective successors and assigns, are sometimes hereinafter collectively called "Borrower" or "Borrowers"), the Administrative Agent and those certain lenders party from time to time thereto (the "Lenders") are party to that certain Credit Agreement dated as of July 19th, 2007 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement" or the "Agreement"); and

WHEREAS, pursuant to the terms of the Credit Agreement and the other Loan Documents, the Lenders have extended to the Borrowers certain credit facilities, including (i) a Term Facility in the original principal amount of Sixty Million and No/100 Dollars (\$60,000,000.00) as evidenced by the Term Notes, including without limitation the Term Notes identified on Schedule 1 attached hereto (the "Term Notes"), and (ii) a Revolving Credit Facility in the original maximum principal amount of Ten Million and No/100 Dollars (\$10,000,000.00) as evidenced by the Revolving Credit Notes, including without limitation the Revolving Credit Notes identified on Schedule 1 (the "Revolving Credit Notes"), which includes a Swing Line Sublimit for Swing Line Loans, as evidenced by a Swing Line Note (collectively, with the Term Notes and the Revolving Credit Notes, the "Notes", and the Loans evidenced thereby are collectively referred to herein as the "Loans", it being understood that the Swing Line Loans (and the Swing Line Note) are

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a part of the Revolving Credit Facility and not in addition thereto), or, in the each case with respect to amounts, so much thereof as has been advanced, in lawful money of the United States of America, with interest thereon at the rates and times, and in the manner and according to the terms and conditions specified in the Credit Agreement, the Notes and the other Loan Documents, all of which are incorporated herein by reference; and

WHEREAS, Beneficiary shall hold the interests and exercise the rights granted hereunder in trust as agent for the benefit of and as security for the Secured Parties, as more fully provided in the Credit Agreement.

NOW, THEREFORE, for and in consideration of the indebtedness, and to secure the payment of the Obligations and all other sums provided for in the Credit Agreement, the Notes, the other Loan Documents and in this Deed of Trust according to their respective terms and conditions, and all future or additional advances as may be made by Beneficiary to Grantor pursuant to the provisions of this Deed of Trust, and for performance of the agreements, conditions, covenants, provisions and stipulations contained herein and therein, and in certain other agreements and instruments made and given by Grantor to Beneficiary in connection therewith, and also for and in consideration of the sum of Ten Dollars (\$10.00) paid by Beneficiary at or before the execution and delivery of these presents, the receipt hereof and legal sufficiency of which are hereby acknowledged, Grantor has granted, bargained, sold, remised, released, conveyed, given and assigned, and by these presents does grant, bargain, sell, remise, release, convey, give and assign unto Trustee, his heirs, successors and assigns forever upon the trusts, terms and conditions and for the uses hereinafter set forth the following:

Grantor hereby irrevocably grants, bargains, assigns, conveys and transfers unto the Trustee, in trust for the benefit and security of the Beneficiary **IN TRUST WITH POWER OF SALE AND RIGHT OF ENTRY AND POSSESSION**, the following:

ALL OF GRANTOR'S RIGHT TITLE AND INTEREST IN AND TO THE FOLLOWING:

ALL THOSE TRACTS OR PARCELS OF LAND lying and being in Spokane, Whatcom, King and Skagit Counties, Washington, and being more particularly described on Exhibit "A", attached hereto and incorporated herein by reference (hereinafter collectively called the "Real Property"); TOGETHER WITH:

ALL OF GRANTOR'S (i) leasehold estates arising under those leases described on Schedule I, attached hereto and by this reference made a part hereof (collectively, the "Lease"), and all estates, tenancies, terms, options, rights, title and interest of Grantor, whether now owned or hereafter acquired in and to such leasehold parcel whether arising under said lease or otherwise; (ii) all modifications, extensions and renewals of the Lease, and all rights to renew or extend the Lease; and (iii) all credits, deposits, options, rights of first refusal, privileges and other rights of Grantor under the Lease; and

TOGETHER WITH all estate, right, title and interest of Grantor in and to the Real Property

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arising upon any acquisition of fee title to the Real Property, or any part thereof, while the Obligations remain outstanding; and

TOGETHER with all of Grantor's right, title and interest in all buildings, other improvements, structures and tenements now situated or hereafter erected on the premises described above, and all heretofore or hereafter vacated alleys and streets abutting said premises, and all easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights and profits, water, water rights, and water stock appurtenant to said premises, and all fixtures, machinery, equipment, engines, boilers, incinerators, building materials, appliances and goods of every nature whatsoever, now owned or hereafter acquired by Grantor, now existing or hereafter arising and now or hereafter located in, on, or about said premises, or used or intended to be used in connection with said premises, or intended and designated (wherever located) to be incorporated into the structure(s) situated on said premises, including without limitation fixtures and equipment for supplying or distributing heating, cooling, electricity, gas, water, sewage, air and light, and all fire prevention and extinguishing apparatus, security and access control apparatus, plumbing, water heaters, water closets, sinks, ranges, stoves, refrigerators, dishwashers, disposals, washers, dryers, awnings, storm windows, storm doors, screens, blinds, shades, curtains and curtain rods, mirrors, cabinets, paneling, unattached rugs, carpet and other attached floor coverings, restaurant equipment, furniture, furnishings, computer equipment, office equipment, pictures, antennas, trees and plants; and Grantor's rights under equipment leases; and all accounts arising from all rents and revenues, whether now due, past due, or to become due by virtue of any lease, license or other agreement for the occupancy or use of all or any part of the premises and improvements; and all permits, licenses and approvals necessary to operate the improvements; and Grantor's rights in the plans and specifications for the improvements; and all of Grantor's accounts receivable, contract rights and all other intangible personal property owned by Grantor and arising from or used in connection with Grantor's business on the Property, including without limitation Grantor's rights in those certain Franchise Agreements entered into with (i) KFC National Management Company, Inc. with respect to the operation of the KFC Restaurants, (ii) Taco Bell Corp., with respect to the operation of the Taco Bell Restaurants, and (iii) A&W Corp. with respect to the A&W Restaurants, and all other property now owned or hereafter acquired and used in or about the above-described premises; all of which, including replacements therefor and proceeds thereof, being hereby deemed a part of the premises encumbered by this Instrument and, together with the Real Property, being hereinafter referred to collectively as the "Property".

TO HAVE AND TO HOLD the same, with all the rights, privileges and appurtenances thereunto belonging, to Trustee, on behalf of Beneficiary, their respective successors and assigns forever, AS AN ESTATE FOR YEARS, subject to the terms, provisions and conditions herein set forth, to secure the Obligations of Borrower under the Credit Agreement, the Notes and Loan Documents and all other Obligations and matters defined as "Indebtedness" in this Deed of Trust upon this special trust: that should the indebtedness secured hereby be paid according to the tenor and effect thereof when the same shall be due and payable and should Grantor timely and fully discharge its obligations hereunder, then the Premises shall be reconveyed to Grantor or the title thereto shall be revested according to the provisions of law.



Grantor covenants that Grantor is lawfully seized of the leasehold estates hereby conveyed and has the right to mortgage, grant, convey and assign the Property; that the Property is unencumbered except for the lien of this Instrument and the lien of real estate taxes and assessments not yet due; and that Grantor will warrant and defend generally the title to the Property against all claims and demands, whatsoever, except for those items approved by Beneficiary for inclusion in the title insurance policy to be issued to insure the lien of this Instrument.

THIS INSTRUMENT is intended as a deed of trust pursuant to the laws of the State of Washington governing such instruments, and is also a security agreement granting a present and continuing security interest in, and lien on, the portion of the Premises constituting personal property or fixtures, and a financing statement filed as a fixture filing, pursuant to the Uniform Commercial Code of the State of Washington. This Instrument is made and intended to secure payment and performance of: (i) the Obligations under the Credit Agreement, (ii) all indebtedness of Borrowers to the Secured Parties under the Notes; (iii) any and all renewals, extension or extensions, modification or modifications of the Obligations or the Notes, and substitution or substitutions for the Obligations or the Notes, either in whole or in part; (iv) all advances, if any, made by any Secured Parties pursuant to the terms of this Instrument or the other Loan Documents (hereinafter defined); (v) all expenses incident to the collection of the Indebtedness secured by this Instrument; (vi) all duties and Obligations of the Borrowers under this Instrument or other instruments executed in connection herewith or as part hereof, including but not limited to the Credit Agreement and the other Loan Documents; and (vii) provided the instruments which evidence the same recite that they are secured by this Instrument, all Indebtedness now or hereafter owing by Borrowers to the Secured Parties, however or whenever created, incurred, arising or evidenced, whether direct or indirect, primary or secondary, joint or several, absolute or contingent, or due or to become due, and whether from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred, and any and all renewal or renewals, extension or extensions, modification or modifications of said indebtedness, and substitution or substitutions for said indebtedness, either in whole or in part, including but not limited to, all Obligations incurred by Borrowers under any agreement between any Borrower and the Beneficiary or any other Secured Party, now existing or hereafter entered into, which provides for any Secured Hedge Agreement or Secured Cash management Agreement; all of which Obligations and indebtedness of Borrower which this Instrument is given to secure are hereinafter sometimes collectively called the "Indebtedness".



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Grantor and Beneficiary covenant and agree as follows:

1. **PAYMENT AND PERFORMANCE.** Borrowers shall promptly pay when due the principal of and interest on the secured Indebtedness. Grantor shall timely perform or cause to be performed the other Obligations under the Notes and under other instruments given to evidence and/or secure the Indebtedness secured by this Instrument.

2. **FUNDS FOR TAXES, INSURANCE AND OTHER CHARGES.** Upon default in payment of any of the following described items, or upon the occurrence of any other Event of Default (as hereinafter defined), Beneficiary shall have the right, at its option, and if Beneficiary does not elect to accelerate the Indebtedness secured hereby and to pursue its other remedies, to require Grantor to pay to Beneficiary monthly, until the Notes are paid in full, a sum (herein "Funds") equal to one-twelfth of (a) the yearly water and sewer rates and taxes and assessments which may be levied on the Property; (b) the yearly premium installments for fire and other hazard insurance, rent loss insurance and such other insurance covering the Property as Beneficiary may require pursuant to paragraph 5 hereof; and (c) such other Funds for other taxes, charges, premiums, assessments and impositions in connection with Grantor or the Property which Beneficiary shall reasonably deem necessary to protect Secured Parties' interests (herein "Other Impositions"); all as reasonably estimated initially and from time to time by Beneficiary.

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

If the amount of the Funds held by Beneficiary at the time of the annual accounting thereof shall exceed the amount deemed necessary by Beneficiary to provide for the payment of water and sewer rates, rents, taxes, assessments, insurance premiums, and Other Impositions, as they fall due, such excess shall be credited to Grantor on the next installment or installments of Funds due. If at any time the amount of the Funds held by Beneficiary shall be less than the amount deemed necessary by Beneficiary to pay water and sewer rates, rents, taxes, assessments, insurance premiums, and Other Impositions, as they fall due, Grantor shall pay to Beneficiary any amount necessary to make up the deficiency immediately after notice from Beneficiary to Grantor requesting payment thereof.



Upon the subsequent occurrence of an Event of Default, Beneficiary may apply, in any amount and in any order as Beneficiary shall determine in Beneficiary's sole discretion, any Funds held by Beneficiary at the time of application (a) to pay rates, rents, taxes, assessments, insurance premiums and Other Impositions which are now or will hereafter become due, or (b) as a credit against sums secured by this Instrument. Upon payment in full of all sums secured by this Instrument, Beneficiary shall promptly refund to Grantor any Funds held by Beneficiary.

3. **APPLICATION OF PAYMENTS.** Unless applicable law provides otherwise, all payments received by Beneficiary from Grantor shall be applied in such order and manner as is set forth in the Credit Agreement.

4. **CHARGES; LIENS.** Grantor shall pay all water and sewer rates, rents, taxes, assessments, premiums, and Other Impositions attributable to the Property and, upon Beneficiary's written request, shall promptly furnish to Beneficiary receipts evidencing such payments; provided that Grantor may contest taxes and assessments in good faith and by appropriate proceedings and shall establish and maintain an adequate book reserve with respect thereto; further provided that Grantor's title to and right to use the individual property for which taxes and/or assessments are being contested are not adversely affected thereby; further provided that, if the amount of taxes and assessments being contested exceeds the threshold of materiality established by Grantor's independent public accountants for the purposes of their audit of the then-current year, then the appropriateness of such proceedings shall be supported by the opinion of the independent counsel responsible for such proceedings, and the adequacy of such reserves shall be supported by the opinion of the independent accountants; further provided that Beneficiary shall retain the right to protect the security of this Instrument pursuant to paragraph 8 hereof.

Except as otherwise provided in the Credit Agreement, Grantor shall (i) promptly discharge any lien which has, or may have, priority over or equality with, the lien of this Instrument, (ii) pay, when due, the claims of all persons supplying labor or materials to or in connection with the Property; provided that Grantor may contest such claims in good faith by appropriate proceedings if the enforcement of any lien which has arisen or may arise with respect to such claim is effectively stayed; further provided that all such claims against Borrowers may not at any time exceed the aggregate amount permitted under the Credit Agreement; further provided that Beneficiary shall retain the right to protect the security of this Instrument pursuant to paragraph 8 hereof, (iii) not allow any lien, encumbrance, or other interest in the Property inferior to the lien of this Instrument to be perfected against the Property.

5. **HAZARD INSURANCE.** Grantor shall obtain and maintain at Grantor's sole expense insurance in such amounts and with such insurance companies as is required pursuant to the terms and conditions of the Credit Agreement.

6. **PRESERVATION AND MAINTENANCE OF PROPERTY; PRESERVATION OF LEASE.** Grantor (a) shall not commit waste or permit impairment or deterioration of the Property, (b) shall not abandon the Property, (c) shall restore or repair

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promptly and in a good and workmanlike manner all or any part of the Property to the equivalent of its original condition, or such other condition as Beneficiary may approve in writing, in the event of any damage, injury or loss thereto, whether or not insurance proceeds are sufficient to cover in whole or in part the costs of such restoration or repair, (d) shall keep the Property, including improvements, fixtures, equipment, machinery and appliances thereon in good repair and shall replace fixtures, equipment, machinery and appliances on the Property when necessary to keep such items in good repair, (e) shall comply with all laws, ordinances, regulations and requirements of any governmental body applicable to the Property, (f) shall operate and maintain the Property as KFC, A&W, and Taco Bell restaurants and maintain the franchise agreements therefor in good standing, (g) shall maintain any and all leases in full force and effect and unmodified, and (h) shall give notice in writing to Beneficiary of and, unless otherwise directed in writing by Beneficiary, appear in and defend any action or proceeding purporting to affect the Property, the security of this Instrument or the rights or powers of Beneficiary. Except as permitted by the Credit Agreement, neither Grantor nor any tenant or other person shall remove, demolish or alter any improvement now existing or hereafter erected on the Property or any fixture, equipment, machinery or appliance in or on the Property except when incident to the replacement of fixtures, equipment, machinery and appliances with items of like kind.

Grantor represents and warrants to Beneficiary that the Lease has not been further amended, that Grantor has not received any notice of default thereunder nor does Grantor have knowledge of the occurrence of any event or the existence of any circumstance which, with notice or passage of time or both, would constitute a default by Grantor under the Lease, and the Lease continues in full force and effect in accordance with its terms. Grantor (a) shall comply with the provisions of the Lease, (b) shall give immediate written notice to Beneficiary of any default by lessor under the Lease or of any notice received by Grantor from Lessor of any default under the Lease by Grantor, (c) shall exercise any option to renew or extend the Lease and give written confirmation thereof to Beneficiary within 30 days after such option becomes exercisable, (d) shall give immediate written notice to Beneficiary of the commencement of any remedial proceedings under the Lease by any party thereto and, if required by Beneficiary, shall, after an Event of Default, permit Beneficiary as Grantor's attorney-in-fact to control and act for Grantor in any such remedial proceedings and (e) shall use good faith efforts to, within 30 days after request by Beneficiary, obtain from the lessor under the Lease and deliver to Beneficiary the lessor's estoppel certificate required thereunder, if any. Subject to the terms and conditions of the Lease and/or of any separate leasehold financing agreement or consent executed by the lessor, Grantor hereby expressly transfers and assigns to Beneficiary the benefit of all covenants contained in the Lease, whether or not such covenants run with the land, but Beneficiary shall have no liability with respect to such covenants nor any other covenants contained in the Lease. Except as otherwise permitted in the Credit Agreement, Grantor shall not (i) surrender the leasehold estate and interests herein conveyed nor terminate or cancel the Lease creating said estate and interests, and nor (ii) without express written consent of Beneficiary, which consent shall not be unreasonably delayed or withheld, alter or amend said Lease. Grantor covenants and agrees that there shall not be a merger of the Lease, or of the leasehold estate created thereby, with the fee estate or with any greater leasehold estate covered by the Lease by reason of said leasehold estate or the fee estate or any greater leasehold estate, or any part of any such estate,



coming into common ownership, unless Beneficiary shall consent in writing to such merger; and if Grantor shall acquire such fee estate or a greater leasehold estate, then this Instrument shall simultaneously and without further action be spread so as to become a lien on such fee estate or greater leasehold estate. Notwithstanding the foregoing, prior to an Event of Default, Grantor shall retain the benefit of the covenants contained in the Lease, including but not limited to the use and enjoyment of the Property and the right to the profits arising from the use of the Property.

7. **USE OF PROPERTY.** Unless required by applicable law or unless Beneficiary have otherwise agreed in writing, Grantor shall not allow changes in the use for which all or any part of the Property was intended at the time this Instrument was executed. Grantor shall not initiate or acquiesce in a change in the zoning classification of the Property without Beneficiary's prior written consent. **At no time shall the Property, or any part thereof, be used principally or at all for agricultural purposes.**

8. **PROTECTION OF BENEFICIARY'S SECURITY.** If any Event of Default occurs or if any action or proceeding is commenced which affects the Property or title thereto or the interest of Secured Parties therein, including, but not limited to, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or decedent, then Beneficiary, at Beneficiary's option, may make such appearances, disburse such sums and take such action as Beneficiary deem necessary, in their sole discretion, to protect Secured Parties' interest, including, but not limited to, (a) disbursement of attorney's fees, (b) entry upon the Property to make repairs, (c) procurement of satisfactory insurance as provided in paragraph 5 hereof, and (d) exercising of any right to renew the term of any lease or curing of any defaults under any lease. The foregoing notwithstanding, Beneficiary shall have the right to obtain insurance during the notice/cure period if the Property is or may become uninsured during the notice/cure period.

Any amounts disbursed by Beneficiary pursuant to this paragraph, with interest thereon, shall become additional Indebtedness of Borrowers secured by this Instrument. Unless Borrowers and Beneficiary agree to other terms of payment, such amounts shall be immediately due and payable and shall bear interest from the date of disbursement at the default rate stated in the Notes unless collection from Borrowers of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate which may be collected from Borrowers under applicable law. Grantor hereby covenants and agrees that Beneficiary shall be subrogated to the lien of any mortgage or other lien discharged, in whole or in part, by the indebtedness secured hereby. Nothing contained in this paragraph shall require Beneficiary to incur any expense or take any action hereunder.

9. **INSPECTION.** Beneficiary may make or cause to be made reasonable entries upon and inspections of the Property in accordance with the terms and conditions of the Credit Agreement.



10. **BOOKS AND RECORDS.** Grantor shall keep and maintain at all times complete and accurate books of accounts and records in accordance with the terms and conditions of the Credit Agreement 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 upon 10 days' prior written notice. Grantor shall furnish to Beneficiary the financial statements required by the terms of the Credit Agreement.

11. **CONDEMNATION.** Grantor shall promptly notify Beneficiary of any action or proceeding relating to any condemnation or other taking, whether direct or indirect, of the Property, or part thereof, and thereafter Grantor shall comply with, and perform, in accordance with the terms and conditions relating to condemnation as set forth in the Credit Agreement.

12. **GRANTOR AND LIEN NOT RELEASED.** From time to time, Beneficiary may, at Beneficiary's option, without giving notice to or obtaining the consent of Grantor (except as provided in this paragraph), its successors or assigns or of any junior lienholder or guarantor, without liability on Beneficiary's part and notwithstanding Grantor's breach of any covenant or agreement of Grantor in this Instrument or existence of any other Event of Default, extend the time for payment of said indebtedness or any part thereof, reduce the payments thereon, release anyone liable on any of said indebtedness, accept a renewal note or notes therefor, release from the lien of this Instrument any part of the Property or take or release other or additional security or reconvey any part of the Property or consent to any map or plan of the Property or consent to the granting of any easement, join in any extension or subordination agreement or agree in writing with Borrowers to modify the rate of interest on the Notes or to change the amount of the installments payable thereunder. Any actions taken by Beneficiary pursuant to the terms of this paragraph shall not affect the obligation of Borrowers and their successors or assigns to pay the sums secured by this Instrument and to observe the covenants of Grantor contained herein, shall not affect the guaranty of any person, corporation, partnership or other entity for payment of the indebtedness secured hereby, and shall not affect the lien or priority of lien hereof on the Property. Grantor shall pay Beneficiary a reasonable service charge, together with such title insurance premiums and attorney's fees as may be incurred at Beneficiary's option for any such action if taken at Grantor's request.

13. **FORBEARANCE BY BENEFICIARY NOT A WAIVER.** Any forbearance by Beneficiary in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any right or remedy. The acceptance by Beneficiary of payment of any sum secured by this Instrument after the due date of such payment shall not be a waiver of Beneficiary's right to either require prompt payment when due of all other sums so secured or to declare a default for failure to make prompt payment. The procurement of insurance or the payment of taxes or other liens or charges by Beneficiary shall not be a waiver of Beneficiary's right to accelerate the maturity of the indebtedness secured by this Instrument. Beneficiary's receipt of any awards, proceeds or damages under paragraphs 5 or



11 hereof shall not operate to cure or waive Borrowers' default in payment of sums secured by this Instrument.

14. **ESTOPPEL CERTIFICATE.** Grantor shall, within 10 days of a written request from Beneficiary, furnish Beneficiary with a written statement, duly acknowledged, setting forth the sums secured by this Instrument and any right of set-off, counterclaim or other defense which exists against such sums and the obligations of this Instrument.

15. **UNIFORM COMMERCIAL CODE SECURITY AGREEMENT.** In addition to being a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, Grantor hereby grants the Trustee, on behalf of the Beneficiary, a security interest, pursuant to the Uniform Commercial Code, in the items listed below and in and to any items specified which under applicable law, may be subject to a security interest pursuant to the Uniform Commercial Code. **THIS INSTRUMENT CONSTITUTES A FIXTURE FILING.** Grantor agrees that Beneficiary may file this Instrument, or a reproduction thereof, in the real estate records or other appropriate index, as a financing statement for any of the items specified above as part of the Property. Any reproduction of this Instrument or of any other security agreement or financing statement shall be sufficient as a financing statement. In addition, Grantor agrees to execute and deliver to Beneficiary, upon its request, any financing statements, as well as extensions, renewals and amendments thereof, and reproductions of this Instrument in such form as Beneficiary may require to perfect a security interest with respect to said items on behalf of the Beneficiary. Grantor shall pay all costs of filing such financing statements and any extensions, renewals, amendments and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements Beneficiary may reasonably require. Without the prior written consent of Beneficiary, Grantor shall not create or suffer to be created pursuant to the Uniform Commercial Code any other security interest in said items, including replacements and additions thereto, except for "purchase money" security interests permitted by the Credit Agreement. Upon occurrence of an Event of Default, including the covenants to pay when due all sums secured by this Instrument, the Beneficiary shall have the remedies of a secured party under the Uniform Commercial Code and, at its option, may also invoke the remedies provided in paragraph 25 of this Instrument as to such items. In exercising any of said remedies, Beneficiary, as agent, may proceed against the items of real property and any items of personal property specified above as part of the Property separately or together and in any order whatsoever, without in any way affecting the availability of the Beneficiary's remedies under the Uniform Commercial Code or of the remedies provided in paragraph 25 of this Instrument.

16. **LEASES OF THE PROPERTY.** Grantor shall comply with and observe Grantor's obligations as landlord under all leases of the Property or any part thereof. Grantor shall furnish Beneficiary with executed copies of all leases now existing or hereafter made of all or any part of the Property, and all leases now or hereafter entered into will be in form and substance subject to the approval of Beneficiary. The foregoing notwithstanding, Grantor has covenanted to operate the Property, and agrees not to enter into any lease or any management agreement with respect to any portion of the Property without the prior written consent of



Beneficiary, which may be given or withheld in Beneficiary's sole and absolute discretion. As used in this paragraph 16, "lease" means a "lease" or a "sublease."

Grantor does hereby assign to Beneficiary, as additional security, all leases now existing or hereafter made of all or any part of the Property and, to the extent permitted by applicable law, all security deposits made by tenants in connection with such leases of the Property. Upon Grantor's default, Beneficiary, as agent, at its option, shall have all of the rights and powers possessed by Grantor prior to such assignment.

17. REMEDIES CUMULATIVE. Each remedy provided in this Instrument is distinct and cumulative to all other rights or remedies under this Instrument or afforded by law or equity, and may be exercised concurrently, independently, or successively, in any order whatsoever.

18. ACCELERATION IN CASE OF GRANTOR'S INSOLVENCY. If Grantor shall voluntarily file a petition under the Federal Bankruptcy Code, as such Code may from time to time be amended, or under any similar or successor Federal Statute relating to bankruptcy, insolvency, arrangements or reorganizations, or under any state bankruptcy or insolvency act, or file an answer in an involuntary proceeding admitting insolvency or failure to pay debts as they come due, or if any Grantor shall fail within 60 days to obtain a vacation, stay or dismissal of involuntary proceedings brought for the reorganization, dissolution or liquidation of Grantor, or if an order for relief under the Federal Bankruptcy Code shall be entered against Grantor, or if a trustee, receiver or custodian shall be appointed for Grantor or its property, or if any portion of the Property shall become subject to the jurisdiction of a Federal bankruptcy court or similar state court, or if any Grantor shall make an assignment for the benefit of its creditors, or if there is an attachment, execution or other judicial seizure of any portion of any Grantor's assets and such seizure is not discharged within 60 days, then Beneficiary may, at Beneficiary's option, declare all of the sums secured by this Instrument to be immediately due and payable without prior notice to Grantor, and Beneficiary may invoke any remedies permitted by paragraph 25 of this Instrument. Any attorney's fees and other expenses incurred by Beneficiary in connection with Grantor's bankruptcy or any of the other aforesaid events shall be additional indebtedness of Grantor secured by this Instrument pursuant to paragraph 8 hereof.

19. TRANSFERS OF THE PROPERTY OR BENEFICIAL INTERESTS IN GRANTOR. On sale, encumbrance, or transfer of (a) all or any part of the Property, or any interest therein, or (b) beneficial interests in Grantor, Beneficiary may, at Beneficiary's option, declare all of the sums secured by this Instrument to be immediately due and payable, and Beneficiary may invoke any remedies permitted by paragraph 25 of this Instrument. This option shall not apply to: (i) sales or transfers of fixtures or any personal property pursuant to paragraph 6 hereof; or (ii) those transfers of beneficial interests in Grantor permitted in the Credit Agreement; or (iii) those dispositions of personal property permitted in the Credit Agreement.



20. **NOTICE.** Except for any notice required under applicable law to be given in another manner, all notices shall be given as prescribed in the Credit Agreement.

21. **SUCCESSORS AND ASSIGNS BOUND; AGENTS; JOINT AND SEVERAL OBLIGATIONS; CAPTIONS.** The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Beneficiary and Borrowers, subject to the provisions of paragraph 19 hereof. All covenants of Borrowers in the Notes, the Credit Agreement, and the other Loan Documents shall be joint and several with other obligors. In exercising any rights hereunder or taking any actions provided for herein, Beneficiary may act through their employees, agents or independent contractors as authorized by Beneficiary. The captions and headings of the paragraphs of this Instrument are for convenience only and are not to be used to interpret or define the provisions hereof.

22. **GOVERNING LAW; SEVERABILITY.** The remedial provisions and real property covenants of this Instrument shall be governed by the law of Washington, , but the Notes, the Credit Agreement, and the other Loan Documents and the Loan transactions secured by this Instrument are governed by Georgia law. In the event that any provision of this Instrument or the Notes or the Credit Agreement conflicts with applicable law, such conflict shall not affect other provisions of this Instrument, the Notes, the Credit Agreement or any other Loan Document which can be given effect without the conflicting provisions, and to this end the provisions of such documents are declared to be severable. In the event that any applicable law limiting the amount of interest or other charge permitted to be collected from Grantor is interpreted so that any charge provided for in this Instrument, in the Notes or in the Credit Agreement, whether considered separately or together with other charges levied in connection with this Instrument and the Notes, violates such law, and Grantor is entitled to the benefit of such law, such charge is hereby reduced to the extent necessary to eliminate such violation. The amounts, if any, previously paid to Beneficiary in excess of the amounts payable to Beneficiary pursuant to such charges as reduced shall be applied by Beneficiary to reduce the principal of the indebtedness evidenced by the Notes. For the purpose of determining whether any applicable law limiting the amount of interest or other charges permitted to be collected from Grantor has been violated, all Indebtedness which is secured by this Instrument, or evidenced by the Notes, or the Credit Agreement, and which constitutes interest, as well as all other charges levied in connection with such Indebtedness which constitute interest, shall be deemed to be uniformly allocated and spread over the stated terms of the Notes.

23. **WAIVER OF STATUTE OF LIMITATIONS.** To the extent permitted by law, Grantor hereby waives the right to assert any statute of limitations as a bar to the enforcement of the lien of this Instrument or to any action brought to enforce the Notes, the Credit Agreement or any other Obligation secured by this Instrument.

24. **WAIVER OF MARSHALLING; WAIVER OF VALUATION AND APPRAISEMENT.** Notwithstanding the existence of any other security interests in the Property held by Beneficiary or by any other party, Beneficiary shall have the right to determine the order in which any or all of the Property shall be subjected to the remedies provided herein.



Beneficiary shall have the right to determine the order in which any or all portions of the indebtedness secured hereby are satisfied from the proceeds realized upon the exercise of the remedies provided herein. Grantor, any party who consents to this Instrument, and any party who now or hereafter acquires a security interest in the Property and who has actual or constructive notice hereof hereby waives any and all right to require the marshalling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided herein, to the extent permitted by law.

Grantor hereby waives the benefit of all valuation and appraisal laws.

25. **DEFAULT; ACCELERATION; REMEDIES.** An "Event of Default" shall have the meaning ascribed to it in the Credit Agreement and the Note.

Upon the occurrence of an Event of Default, Beneficiary, at Beneficiary's option, may declare all of the sums secured by this instrument to be immediately due and payable in full, without notice or demand, and may exercise any and all remedies permitted by applicable law including, without limitation, the following: (i) foreclose this Deed of Trust judicially, in the same manner as a mortgage; (ii) cause the Trustee to exercise its power of sale in accordance with the Deed of Trust Act of the State of Washington, RCW Chapter 61.24, as now existing or hereafter amended; or (iii) sue on the Note or Credit Agreement in accordance with applicable law.

The procedure for exercise of the Trustee's power of sale shall be as follows:

Upon written request therefore by Beneficiary specifying the nature of the default, or the nature of the several defaults, and the amount or amounts due and owing, Trustee shall execute a written notice of breach and of its election to cause the property to be sold to satisfy the obligations secured hereby, and shall cause such notice to be recorded and otherwise given according to law.

Notice of sale having been given is then required by law and not less than the time then required by law having elapsed after recordation of such notice of breach, Trustee, without demand on Grantor, shall sell the Property at the time and place of sale specified in the notice, as provided by statute, either as a whole or in separate parcels and in such order as it may determine, at public auction to the highest and best bidder for cash and lawful money of the United States, payable at time of sale. Grantor agrees that such a sale (or sheriff's sale pursuant to judicial foreclosure) of all the Property as real estate constitutes a commercially reasonable disposition thereof, but that with respect to all or any part of the Property which may be personal property Trustee shall have and exercise, at Beneficiary's sole election, all the rights and remedies of a secured party under the UCC. Whenever notice is permitted or required hereunder or under the UCC, ten (10) days shall be deemed reasonable. Trustee may postpone sale of all or any portion of the Property, and from time to time thereafter may postpone such sale, as provided by statute. Trustee shall deliver to the purchaser its deed and bill of sale conveying the property so sold, but without any covenant or warranty, express or implied. The recital and such deed and



bill of sale of any matters or facts shall be conclusion proof of the truthfulness thereof. Any person other than Trustee, including Grantor or Beneficiary, may purchase at such sale.

The proceeds of any sale held by Trustee or Beneficiary or any receiver or public officer in foreclosure of the liens and security interests evidenced hereby shall be applied in accordance with the requirements of applicable laws and to the extent consistent therewith, FIRST, to the payment of all necessary costs and expenses incident to such foreclosure sale, including but not limited to all attorneys' fees and legal expenses for legal services actually performed, advertising costs, auctioneer's fees, costs of title rundowns and lien searches, inspection fees, appraisal costs, fees for professional services, environmental assessment and remediation fees, all court costs and charges of every character, and a reasonable fee to Trustee; SECOND in accordance with Section 8.03 of the Credit Agreement; provided, however, that with respect to any remainder of such proceeds after the foregoing application thereof, Beneficiary is uncertain which person or persons entitled to such proceeds, Beneficiary may interplead such remainder in any court of competent jurisdiction, and the amount of any attorneys' fees, court costs and expenses incurred in such action shall be a part of the secured indebtedness and shall be reimbursable (without limitation) from such remainder.

26. ASSIGNMENT OF RENTS; APPOINTMENT OF RECEIVER; LENDER IN POSSESSION. As part of the consideration for the Indebtedness evidenced by the Notes, the Credit Agreement and the Obligations, Grantor hereby absolutely and unconditionally assigns and transfers to Beneficiary, all the rents and revenues of the Property, including those now due, past due, or to become due by virtue of any lease or other agreement for the occupancy or use of all or any part of the Property, regardless of to whom the rents and revenues of the Property are payable. Grantor hereby authorizes Beneficiary or its agents to collect the aforesaid rents and revenues and hereby directs each tenant of the Property to pay such rents to Beneficiary or its agents; provided, however, that prior to written notice given by Beneficiary to Grantor of the existence of an Event of Default, Grantor shall collect and receive all rents and revenues of the Property as trustee for the benefit of Beneficiary and Grantor, to apply the rents and revenues so collected to the sums secured by this Instrument in the order provided in paragraph 3 hereof with the balance, so long as no such Event of Default has occurred, to the account of Grantor, it being intended by Grantor and Beneficiary that this assignment of rents constitutes an absolute assignment and not an assignment for additional security only. Upon delivery of written notice by Beneficiary to Grantor of the existence of an Event of Default, and without the necessity of Beneficiary entering upon and taking and maintaining full control of the Property in person, by agent or by a court-appointed receiver, Beneficiary shall immediately be entitled to possession of all rents and revenues of the Property as specified in this paragraph as the same become due and payable, including but not limited to rents then due and unpaid, and all such rents shall immediately upon delivery of such notice be held by Grantor as trustee for the benefit of Beneficiary only; provided, however, that the written notice by Beneficiary to Grantor of the Event of Default shall contain a statement that Beneficiary exercises its rights to such rents.

Grantor hereby covenants that Grantor has not executed any prior assignment of said rents, that Grantor has not performed, and will not perform, any acts or has not executed, and



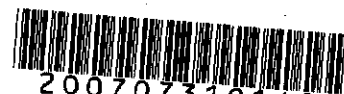
will not execute, any instrument which would prevent Beneficiary from exercising its rights under this paragraph, and that at the time of execution of this Instrument there has been no anticipation or prepayment of any of the rents of the Property. Grantor covenants that Grantor will not hereafter collect or accept payment of any rents of the Property more than one month prior to the due dates of such rents. Grantor further covenants that Grantor will execute and deliver to Beneficiary such further assignments of rents and revenues of the Property as Beneficiary may from time to time request.

Upon the occurrence of an Event of Default, Beneficiary may, in person, by agent or by a court-appointed receiver, regardless of the adequacy of Beneficiary's security, enter upon and take and maintain full control of the Property in order to perform all acts necessary and appropriate for the operation and maintenance thereof including, but not limited to, the execution, cancellation or modification of leases, the collection of all rents and revenues of the Property, the making of repairs to the Property and the execution or termination of contracts providing for the management or maintenance of the Property, all on such terms as are deemed best to protect the security of this Instrument. In the event Beneficiary elects to seek the appointment of a receiver for the Property, Grantor hereby expressly consents to the appointment of such receiver. Beneficiary or the receiver shall be entitled to receive a reasonable fee for so managing the Property.

All rents and revenues collected subsequent to delivery of written notice by Beneficiary to Grantor of existence of an Event of Default shall be applied first to the costs, if any, of taking control of and managing the Property and collecting the rents, including, but not limited to, attorney's fees, receiver's fees, premiums on receiver's bonds, costs of repairs to the Property, premiums on insurance policies, taxes, assessments and other charges on the Property, and the costs of discharging any obligation or liability of Grantor as lessor or landlord of the Property and then to the sums secured by this Instrument. Beneficiary or the receiver shall have access to the books and records used in the operation and maintenance of the Property and shall be liable to account only for those rents actually received. Beneficiary shall not be liable to Grantor, anyone claiming under or through Grantor or anyone having an interest in the Property by reason of anything done or left undone by Beneficiary under this paragraph.

If the rents of the Property are not sufficient to meet the costs, if any, of taking control of and managing the Property and collecting the rents, any funds expended by Beneficiary for such purposes shall become indebtedness of Grantor to Beneficiary secured by this Instrument pursuant to paragraph 8 hereof. Unless Beneficiary and Grantor agree in writing to other terms of payment, such amounts shall be payable upon notice from Beneficiary to Grantor requesting payment thereof and shall bear interest from the date of disbursement at the default rate stated in the Note.

Any entering upon and taking and maintaining of control of the Property by Beneficiary or the receiver and any application of rents as provided herein shall not cure or waive any Event of Default or invalidate any other right or remedy of Beneficiary under applicable law or as



provided herein. This assignment of rents shall terminate at such time as this Instrument ceases to secure Indebtedness held by Beneficiary.

27. **BENEFICIARY.** The term "Beneficiary" shall include the Administrative Agent, acting on behalf of the owners and holders of the Notes and other Obligations secured hereby whether or not named as Beneficiary herein.

28. **PRIORITY OF LIEN.** This Instrument shall remain in full force and effect notwithstanding any extension or extensions of the maturity date or other modification of the obligations which this Instrument secures and notwithstanding the fact that such extensions and modifications may be evidenced by a note or notes signed and dated after the date of this Instrument.

29. **RECONVEYANCE.** Upon receipt of a written request from Beneficiary reciting that all sums secured hereby have been paid and upon surrender of this Instrument and the Loan Documents to Trustee for cancellation and retention and upon the payment of the Trustee's fees by Grantor, the Trustee shall reconvey without warranty the Property then held hereunder. The recitals in such conveyance of any matters of fact shall be conclusive proof of the truth thereof. The grantee in such reconveyance may be described in general terms as "The person or persons legally entitled thereto," and Trustee is authorized to retain this Instrument and the Loan Documents.

30. **SUBSTITUTE TRUSTEE.** Beneficiary or assigns may, at any time, by instrument in writing, appoint a successor or successors to the Trustee named herein or acting hereunder, which instrument, executed and acknowledged by Beneficiary and recorded in the Office of the County Recorder of the County or Counties wherein the Property is situated, shall be conclusive proof of the proper substitution of such successor or Trustee, who shall have all the estate, powers, duties and trusts in the Property vested in or conferred on the original Trustee. If there be more than one Trustee, either may act alone and execute the Trusts upon the request of Beneficiary and his acts shall be deemed to be the acts of all Trustees, and the recital in any conveyance executed by such sole Trustee of such requests shall be conclusive evidence thereof, and of the authority of such sole Trustee to act. Beneficiary agrees to provide prompt written notice to Grantor of the name and address of any substitute trustee.

31. **TRUSTEE'S ACCEPTANCE.** Trustee accepts these trusts when this Instrument, executed and acknowledged by Grantor, is made a public record as provided by law.


32. **EXCLUSION OF ENVIRONMENTAL INDEMNITY.** Neither this Instrument nor any of the other Loan Documents secures, nor shall be deemed to secure, that certain Environmental Indemnity Agreement given by Grantor to Beneficiary of even date herewith, nor any other environmental indemnification provisions set forth elsewhere in any of the Loan Documents.




IN WITNESS WHEREOF, Grantor, by its duly authorized officer, has executed and delivered this Instrument under seal. **PLEASE BE ADVISED THAT ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.**

GRANTOR:

NORTHWEST RESTAURANTS, INC.

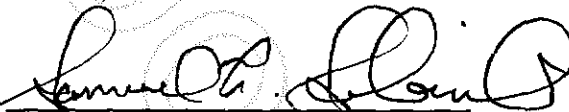
By: 
Samuel L. Sibert
President

NORTHWEST RESTAURANTS OREGON, INC.

By: 
Samuel L. Sibert
President

[CORPORATE SEAL]

SPOKANE, INC.

By: 
Samuel L. Sibert
President

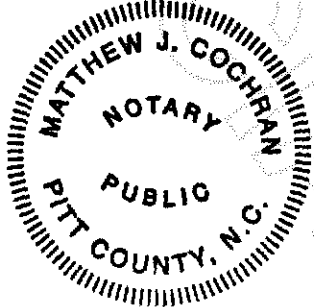
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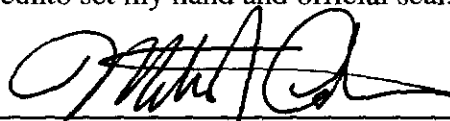


STATE OF North Carolina
COUNTY OF Pitt, SS:

On this 19th day of July, 2007, before me, a Notary Public in and for said County and State, personally appeared Samuel L. Sibert, with whom I am personally acquainted, known to me to be the person who as President of NORTHWEST RESTAURANTS, INC., the corporation which executed the foregoing instrument, signed the same, and acknowledged to me that he did so sign said instrument in the name and upon behalf of said corporation as such officer and by authority of a resolution of its management board; and that the same is his free act and deed as such officer and the free and corporate act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.




Notary Public

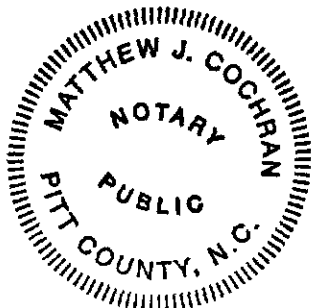
My Commission Expires: April 9, 2011

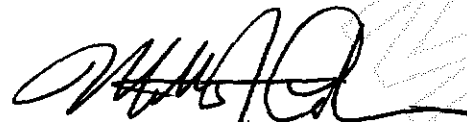
County of Residence: Pitt County, NC

STATE OF North Carolina
COUNTY OF Pitt, SS:

On this 19th day of July, 2007, before me, a Notary Public in and for said County and State, personally appeared Samuel L. Sibert, with whom I am personally acquainted, known to me to be the person who as President of NORTHWEST RESTAURANTS OREGON, INC., the corporation which executed the foregoing instrument, signed the same, and acknowledged to me that he did so sign said instrument in the name and upon behalf of said corporation as such officer and by authority of a resolution of its management board; and that the same is his free act and deed as such officer and the free and corporate act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.




Notary Public

My Commission Expires: April 9, 2011

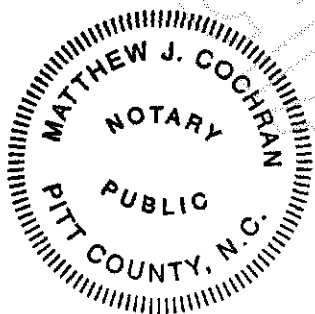
County of Residence: Pitt County, NC



STATE OF North Carolina,
COUNTY OF Pitt, SS:

On this 19th day of July, 2007, before me, a Notary Public in and for said County and State, personally appeared Samuel L. Sibert, with whom I am personally acquainted, known to me to be the person who as President of SPOKANE, INC., the corporation which executed the foregoing instrument, signed the same, and acknowledged to me that he did so sign said instrument in the name and upon behalf of said corporation as such officer and by authority of a resolution of its management board; and that the same is his free act and deed as such officer and the free and corporate act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.





Notary Public

My Commission Expires: April 9, 2011

County of Residence: Pitt County, NC

THIS INSTRUMENT PREPARED BY:

Catherine P. Powell, Esquire
Tatum Levine & Powell, LLP
1199 Oxford Road, N.E.
Atlanta, Georgia 30306



200707310160
Skagit County Auditor

SCHEDULE 1

NOTES

Term Notes:

1. Term Notes dated July ~~19th~~, 2007 made by Grantors, NRI, Oregon and Spokane in favor of Bank of America, N.A. in the aggregate principal amount of \$25,714,285.71.
2. Term Notes dated July ~~19th~~, 2007 made by Grantors, NRI, Oregon and Spokane in favor of Citicorp Leasing, Inc. in the aggregate principal amount of \$19,285,714.29.
3. Term Notes dated July ~~19th~~, 2007 made by Grantors, NRI, Oregon and Spokane in favor of General Electric Capital Corporation in the aggregate principal amount of \$15,000,000.00.

Revolving Credit Notes:

1. Revolving Credit Notes dated July ~~19th~~, 2007 made by Grantors, NRI, Oregon and Spokane in favor of Bank of America, N.A. in the aggregate principal amount of \$4,285,714.29.
2. Revolving Credit Notes dated July ~~19th~~, 2007 made by Grantors, NRI, Oregon and Spokane in favor of Citicorp Leasing, Inc. in the aggregate principal amount of \$3,214,285.71.
3. Revolving Credit Notes dated July ~~19th~~, 2007 made by Grantors, NRI, Oregon and Spokane in favor of General Electric Capital Corporation in the aggregate principal amount of \$2,500,000.00.

Swing Line Notes:

1. Swing Line Notes dated July ~~19th~~, 2007 made by Grantors, NRI, Oregon and Spokane in favor of Bank of America, N.A., as Swing Line Lender, in the aggregate principal amount of \$6,500,000



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Skagit County Auditor

EXHIBIT "A"
DESCRIPTION OF PROPERTY
(WA Leasehold Sites)



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Skagit County Auditor

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080 – Anacortes TB
1702 Commercial Avenue
Anacortes, WA 98221

Fee Owner – Madrona Real Estate Investors, LLC

EXHIBIT "A"
LEGAL DESCRIPTION

LOTS 1 THROUGH 8, INCLUSIVE. BLOCK 46, EXCEPT THE SOUTH 21 FEET OF LOTS 1 THRU 5, INCLUSIVE, "MAP OF THE CITY OF ANACORTES, SKAGIT COUNTY, WASHINGTON", AS PER PLAT RECORDED IN VOLUME 2 OF PLATS, PAGE 4, RECORDS OF SKAGIT COUNTY, WASHINGTON.

SITUATE IN THE CITY OF ANACORTES, COUNTY OF SKAGIT, STATE OF WASHINGTON.



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Skagit County Auditor

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SCHEDULE I
SCHEDULE OF LEASES

c:\BOA\North\WA.Leasehold.Mtg.2

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Skagit County Auditor

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SCHEDULE OF LEASES

<u>PROPERTY NAME/ADDRESS</u>	<u>LEASE INFORMATION</u>	<u>LANDLORD INFORMATION</u>
051 - Lacey 4521 Lacey Boulevard SE, Lacey, WA 98503	Lease dated 9/21/1995 by and between Paul Gyls and Ruth Gyls as Landlord and South Sound Restaurants as tenant Term: 9/25/95 - 9/25/05, plus 3 - 5 year options	Paul Gyls and Ruth Gyls 634 Kenwood Street, S.E. Olympia, WA 98503
052 - Centralia 619 West Main Centralia, WA 98531 Lewis, WA	Lease dated 9/21/1995 by and between Paul Gyls and Ruth Gyls as Landlord and South Sound Restaurants as tenant Term: 9/25/95 - 9/25/05, plus 3 - 5 year options	Paul Gyls and Ruth Gyls 634 Kenwood Street, S.E. Olympia, WA 98503
054 - Tumwater 5110 Capital Blvd Tumwater, WA 98501 Thurston, WA	Lease dated 9/21/95 by and between Zita Zviridy's as landlord and Southbound Restaurants, Inc. as tenant Term: 9/25/95 - 9/25/2005 plus 2 - 5 year options	Ms. Zita Zviridy's P.O. Box 3569 Lacey, WA 98509-3569
057 - Woodinville 17101 - 140th Ave NE Woodinville, WA 98072 King, WA	Lease dated 3/31/99 by and between Pickle Point Properties, LLC as Landlord and South Sound Restaurants, Inc. as tenant Term: 04/01/99 - 03/30/2019	Pickle Point Properties, LLC 501 94 th Avenue, SE Bellevue, WA 98004
058 - Evergreen 7407 Evergreen Way Everett, WA 98203 Snohomish, WA	Lease dated 06/02/99 by and between Koehler Family Partnership as Landlord and South Sound Restaurants, Inc. as tenant Memorandum of Lease recorded 06/14/99 as 199906140624 Term: 08/01/99 - 08/04/2014	Koehler Family Partnership 3319 Colby Avenue, #305 Everett, WA 98201
059 - Marysville 1234 State Street Marysville, WA 98270 Snohomish, WA	Lease dated 06/18/99 by and between Captec Net Lease Realty, Inc. as landlord and South Sound Restaurants, Inc. as tenant Term: 08/01/99 - 08/01/2019	Captec Net Lease Realty 24 Frank Lloyd Wright Drive, Lobby L, Ann Arbor, Michigan 48106
062 - Bellingham 1120 Barkley Boulevard, Bellingham, WA 98226 Whatcom, WA	Lease dated August 20, 2003 between Sunset Barkley Investors, L.L.C., as landlord, and Northwest Restaurants, Inc., as tenant Term:	Sunset Barkley Investors, L.L.C. 3700 Beazer Road, Bellingham, WA 98226
066 - Broadway 2702 Broadway Everett, WA 98201	Lease dated July 19, 2007 between CSLS, Inc., as landlord, and Northwest Restaurants, Inc., as tenant	CSLS, Inc. 17331 135th Avenue, NE, Suite B



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Skagit County Auditor

<u>PROPERTY NAME/ADDRESS</u>	<u>LEASE INFORMATION</u>	<u>LANDLORD INFORMATION</u>
Snohomish, WA		
072 - Redmond 7870 - 159th Place Redmond, WA 98052 King, WA	<p>Lease agreement dated 3/29/71 by and between Carl Hossman and Martha B. Hossman, a marital community, per Carl Hossman, II, their duly appointed attorney in fact, together with R. Alex Polson, as his separate property as lessor and Gill A. Centioli and Alma Centioli as lessee</p> <p>Amendment to lease dated 04/20/1971</p> <p>Second Amendment to Lease dated 08/15/79</p> <p>Third Amendment to Lease dated 10/12/1984</p> <p>Fourth Amendment to Lease dated 06/19/1998</p> <p>Assignment of Lease to Collins Food International, Inc. dated 07/18/1983</p> <p>Second Assignment of Lease to Kentucky Fried Chicken on California, Inc. dated 03/14/1991</p> <p>Third Assignment of Lease to South Sound Restaurants, Inc. dated 06/18/1998</p> <p>Memorandum of Lease recorded 09/22/1998 as Instrument Number 9809221295</p> <p>Term: 7/1/98-6/30/08, plus 2 five year options</p> <p>Second Amendment extends term of lease until 6/30/2018</p>	<p>Carl Hossman and Martha B. Hossman, a marital community, per Carl Hossman, II, their duly appointed attorney in fact, together with R. Alex Polson</p> <p>College Club Building Suite 209 505 Madison Street Seattle, WA 98104</p>
073 - Issaquah TB 555 NW Gilman Issaquah, WA 98207 King, WA	<p>Lease agreement dated 07/01/1983 by and between Gill and Alma Centioli as landlord and Collins Food International, Inc. as tenant</p> <p>Amendment to Lease dated 10/10/1986</p> <p>Assignment of Lease to Kentucky Fried Chicken of California, Inc. as tenant dated 3/14/91</p> <p>As further assigned to South Sound Restaurants, Inc. dated 9/3/1998</p> <p>Memorandum of Lease recorded 9/3/1998 as 9809221298</p> <p>Term: 07/01/1983 - 06/30/1993, plus 3 five year options: expires: 6/30/2008</p>	Centioli Family, LLC



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<u>PROPERTY NAME/ADDRESS</u>	<u>LEASE INFORMATION</u>	<u>LANDLORD INFORMATION</u>
075 - Factoria 12611 SE 38th Bellevue, WA 98006 King, WA	<p>Lease dated 05/19/1997 by and between Gill A. Centioli and Alma Centioli as tenant and Factoria Square as landlord</p> <p>Assignment of Lease from Gill A. Centioli and Alma Centioli to Collins Food International, Inc. dated 08/15/1983</p> <p>Assignment of Lessor's Interest in Lease recorded as 20041229002042 to Kimschott Factoria Mall, LLC</p> <p>Assignment of Lease from Collins Food International, Inc. to Kentucky Fried Chicken of California, Inc. dated 3/14/91 Modification agreement MOL recorded 2/22/98 as 9809221304</p> <p>As last assigned to South Sound Restaurants, Inc. dated 9/15/98</p> <p>Term: 06/01/1977 - 12/31/1997 Last expiration date: 2002 with one - 6 year option</p> <p>Expires: 12/31/2013</p>	Kimschott Factoria Mall, LLC PO Box 5787 Bellevue, WA 98006
077 - Smokey Point 3433 - 169th Place NE Arlington, WA 98223 Snohomish, WA	Lease dated July 19, 2007 between CSLS, Inc., as landlord, and Northwest Restaurants, Inc., as tenant	CSLS, Inc. 17331 135th Avenue, NE, Suite B Woodinville, WA 98072
080 - Anacortes TB 1702 Commercial Avenue Anacortes, WA 98221 Skagit, WA	<p>Lease Agreement between Madrona Real Estate Investors One, LLC as landlord and Orchard Partners as tenant dated 12/ /1998</p> <p>As assigned to Northwest Restaurants, Inc. dated 2/7/2003</p> <p>Term: 10/31/1999 - 10/31/2019</p> <p>200006290112 200302130097</p>	Madrona Real Estate Investors One 500 Union Street, Suite 900, Seattle, WA 98101



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<u>PROPERTY NAME/ADDRESS</u>	<u>LEASE INFORMATION</u>	<u>LANDLORD INFORMATION</u>
081 - Oak Harbor 130 S Barrington Drive Oak Harbor, WA 98277 Island, WA	Lease dated 2/27/1980 by and between Gary L. Powlesland as landlord and Gil's Enterprises, Inc. as tenant First Amendment to Lease dated 8/4/1980 Second Amendment to Lease dated 8/9/1998 Term: 2/20/1980 - 1/31/2005 Second amendment to lease extends term until 12/31/2008	Island Ventures, LLC, Richard D. Knight and Karen L. Knight
82-Sammammish	Lease dated 2/1/06 between SR Development, LLC as landlord and Northwest restaurants, inc. as tenant Term: 15 year lease - expires 2021	Plateau Associates, LLC
305 - 50th and Powell 5009 SE Powell Blvd. Portland, OR 97206 Multnomah, OR	Lease agreement between Auramae P. Lawson as landlord and Mt. Hood Food Company as tenant dated 06/29/1979 Assignment of Lease to Kentucky Fried Chicken of California, Inc. Assignment of Lease to Northwest Restaurants Oregon, Inc recorded 7/22/98 as 98129379 Expires 1994 Continuation of lease dated 1/26/04 to extend lease until 8/5/2009	Newmark Properties
306 - Glisan 12124 NE Glisan Street Portland, OR 97230 Multnomah, OR	Lease agreement by and between Rogers Construction Company as landlord and Collins Food International, Inc. as tenant Assignment to Kentucky Fried Chicken of California dated 3/14/1991 Last assigned to Northwest Restaurants, Inc. Memorandum of Lease recorded 7/22/98 as Document 9812382 Term: 10/17/1977 - 10/31/1997 goes through Expires: 10/31/2007	Powell Glisan Associates, LLC d/b/a Glisan Street Station c/o Powell Development Company PO Box 97070 Portland, OR 97230
311 - Barbur 7641 SW Barbur Blvd Portland, OR 97219 Multnomah, OR	Lease dated 2/1/1983 between Fred Raymon Lawless and Hilomi Lawless, Co- Trustees or their successors in trust, under the lawless Family Living Trust dated 8/9/09 as landlord and Kentucky Fried Chicken of California, Inc. Assignment of Lease to Northwest	Fred Raymon Lawless and Hilomi Lawless, Co-Trustees or their successors in trust, under the Lawless Family Living Trust dated 8/9/09 c/o Kenneth M. Montgomery 311 B. Avenue, Suite D PO Box 991



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<u>PROPERTY NAME/ADDRESS</u>	<u>LEASE INFORMATION</u>	<u>LANDLORD INFORMATION</u>
	Restaurants Oregon, Inc. Memorandum of Lease recorded 7/22/98 as Document 98129385 Term: 7/21/1998 – 12/31/2012	Lake Oswego, OR 97034
313 - McLoughlin 14715 SE McLoughlin Blvd Milwaukie, OR 97222 Clackamas, OR	Lease dated 09/14/1973 between American Property Investors, II as tenant and Collins Food International as Lessee Modification of Lease dated 10/31/1973 Modification of Lease to Northwest restaurants recorded 7/22/98 as 98-066644 Assignment of lease to Northwest Restaurants Oregon, Inc. recorded 7/22/98 as 98129392 Term: 10/01/1974 – 12/31/1996, plus four five year options Option to extend lease until 12/31/2016	EJM Properties Real Estate Holding, LP as to a 50% interest and Maverick Decatur Georgia, LLC as to 50% interest
314 – MLK 5721 NE Martin Luther King Blvd Portland, OR 97211 Multnomah, OR	Lease dated 12/14/78 by and between Auramae P. Lawson as landlord and Mt. Hood Food Company as tenant First Amendment dated 7/1/96 Second Amendment to Lease dated 4/1/2002 Assignment of Lease to Northwest Restaurants Oregon, Inc. recorded 7/22/98 as 98129390 Term: 09/01/1978 – 09/01/1993, plus original options 4/1/07, then renegotiated options of 4, five year options commencing on April 1, 2002, and all options to renew terminating on: March 31, 2022	A.Kay Lawson Trustee, successor to A. Kay Lawson (formerly known as Auramae P. Lawson)
322 – Tigard 11433 SW Pacific Hwy Tigard, OR 97223 Washington, OR	Lease dated 9/4/1973 between American Property Investors II as landlord and Collins Food International, Inc. as tenant Assignment of Lease to Kentucky Fried Chicken of California, Inc. dated 3/ /1991 Assignment of Lease to Northwest Restaurants Oregon, Inc. recorded 7/22/98 as 98079777 Term: 10/01/1974 – 12/31/1996, plus four five year options Option to extend lease until 12/31/2016	EJM Properties Real Estate Holding, LP as to a 50% interest and Maverick Decatur Georgia, LLC as to 50% interest
327 - Hillsboro 115 SW Oak Street Hillsboro, OR 97123	Lease dated 9/1/99 between Alfred Furie and Carole E. Furie as landlord and Northwest Restaurants Oregon, In. as tenant	Alfred Furie and Carole E. Furie 518 SE Oak, Suite 2020, Hillsboro, OR 97123



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<u>PROPERTY NAME/ADDRESS</u>	<u>LEASE INFORMATION</u>	<u>LANDLORD INFORMATION</u>
Washington, OR	Assignment of lease to Northwest Restaurants recorded Term: 09/01/1999 – 09/01/2004, plus 3 five year options Expiration: 9/1/2019	
332 - Oregon City 1101 Main Street Oregon City, OR 97045 Clackamas, OR	Lease dated 7/30/71 between John C. Busch and Cecilia K. Busch as landlord and Speck Enterprises, Inc. as tenant Amendment to Lease dated 7/1/98 Assignment of Lease to Dorothy Orth as new landlord Assignment of Lease to Kentucky Fried Chicken of California, Inc. as tenant dated 3/14/91 Assignment of Lease to Northwest Restaurants Oregon, Inc. Memorandum of Lease recorded as document 980066650 Term: 11/1/71 – 11/1/91, plus 8 ten year options Renewal extending term 2071	Elizabeth J. Caldwell , Thomas E. Busch, Sr., Robert G. Orth Trust dated 5/7/1993 and Dorothy Ann Orth Trust dated 5/7/1993
345 – Sandy 37495 Highway 26 Sandy, OR 97055 Clackamas, OR	Lease dated 7/19/83 between Brad G. Picking as landlord and Kentucky Fried Chickent of California, Inc. as tenant Assignment of Lease to Northwest Restaurants Oregon, Inc. dated 7/21/98 and recorded 7/22/98 in Book 98, Page 066652 Amendment to Lease dated 12/5/2002 Term: 3/30/84 – 2/28/04, exercised one option to extend lease to 2/2009, plus 3 remaining 5 year options Expires 2/2024	Bradford and Vickie Pickings PO Box 632 Sandy, OR 97055
347 – Lake Oswego 15645 Boones Ferry Rd Lake Oswego, OR 97035 Clackamas, OR	Lease dated 1/9/84 between Effie Morgan Carson, and Louis H. Moran, Trust Effie Moran Carlson, Trustee as tenants and Kentucky Fried Chickent of California, Inc. as tenant First Amendment to lease dated 7/1/86 Transfer of Landlord interest via. Letter to Moran, LLC Second Amendment to Lease dated 5/1/03 MOL evidencing assignment to Northwest Restaurants Oregon, Inc. recorded as 8-066655 Term: 7/1/85 – 6/30/00, plus 3 five year options	Moran, LLC PO Box 6 Seaside, OR 97138



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	Plus original 3 year options, NWR has exercised 2 options, and has 3 more five year options Expires: 6/30/2025	
349 - Western 10190 Beaverton Hillsdale Hwy Beaverton, OR 97005 Washington, OR	Lease dated 8/10/87 between G.O. S. as landlord and Kentucky Fried Chicken of California, Inc. as tenant MOL recorded Term: 12/01/87 - 11/30/02, plus four five year options Lease expires 11/30/2022	G.O.S. 2005 Eighth Avenue, Seattle, WA
390 - Orenco 7340 NW Butler Rd. Hillsboro, OR 97124 Washington, OR	Lease dated 7/30/02 between Pacific Realty Associates, LP as landlord and Northwest Restaurants Oregon, Inc. as tenant MOL recorded Term: 8/4/03 - 8/31/2023	Pacific Realty Associates 15350 S.W. Sequoia Parkway, Suite 300 Portland, OR 97220
391-Sherwood	Lease dated 8/1/2002 between Juniper Ridge Investments, LLC as landlord and Northwest Restaurants Oregon, Inc. as tenant Term: 8/1/2002 - 8/1/2020	Juniper Ridge Investments, LLC 6095 NW Century Blvd., Hillsboro, OR 97124
024228 (f/k/a 20910) - Rocky Mount 2 1451 Benvenue Rd., Rocky Mount, NC 27804 Nash, NC	Lease agreement dated 12/8/99 between Cobb Corners Limited Partnership as landlord and McLean Foods, Inc. as tenant, as assigned to NC Income Properties, Limited Partnership Term: 12/8/99 - 12/8/19	NC Income Properties, Limited Partnership
024220 (f/k/a 3941) - Memorial Drive 655 Memorial Dr., Greenville, NC 27834 Pitt, NC	Lease dated 1/26/89 between Taylor Foods Associates as Landlord and McLean Foods, Inc. as tenant, as assigned to Taco Properties, Inc. 20 year lease - expires 2009	Taco Properties, Inc.
024221 (f/k/a 3950 - Wilson 1825 Tarboro St., Wilson, NC 27839 Wilson, NC	Lease agreement dated 11/30/88 between The Group as Lessor and Grananco Development Company, Inc. as tenant Expires 10/31/08	The Group
024229 (f/k/a 21273)- Nashville 475 W. Washington St., Nashville, NC 27856 Nash, NC	Lease Agreement dated 10/30/01 between Wayne J. Land as landlord and McLean Foods, Inc. as tenant Lease dated: 10/1/2001 Term: 5 years, plus 3 five year options Expires 10/30/2021 (in first option period now)	Wayne J. Land PO Box 699 Nashville, NC 27856



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<u>PROPERTY NAME/ADDRESS</u>	<u>LEASE INFORMATION</u>	<u>LANDLORD INFORMATION</u>
024223 (f/k/a 16532) - Arlington Blvd. 330 Arlington Blvd., Greenville, NC 27858 Pitt, NC	Lease dated 2/19/94 between McLean Foods, Inc. as tenant and Greenville Associates as Landlord Term: 2/19/94 - 2/19/2014, plus 4 five year options Expires: 2/19/2034	Greenville Associates Attn: Stephen C. Leverton PO Box 21234 Greenville, NC 27858
22955 - Ash Street 2507 E. Ash Creek, Goldboro, NC 27530 Wayne, NC	Lease agreement dated 1/3/06 between Charles S. Norwood, Jr. as landlord and McLean Foods, Inc. as tenant Term: 5/1/06 - 4/30/27	Charles S. Norwood, Jr. c/o Crawford-Norwood Realty, Inc. PO Box 10767 Goldboro, NC 27532
024226 (f/k/a 19635)- North Myrtle Beach 1209 Hwy 17 S., N. Myrtle Beach, SC 29583 Horry, SC	Lease agreement dated 2/26/97 between McLean Foods, Inc. as tenant and Jarrell oil Company, Inc. as landlord Assignment of landlord's interest to B & B Convenience Stores, Inc. dated 01/2006 Initial Term: 7/1/97 - 7/1/07 Present Term: Month to Month	B & B Convenience Stores, Inc. 1700 East North Street Greenville, SC 29601 Attn: J.E. Farish, Jr., President
44 - Twenty Ninth 2819 E. 29 th Ave. Spokane, WA 99203	Lease Agreement dated 12/8/88 between Donald A. Gumenberg and Marguerite A. Gumenberg as landlord and Valenti, and Spokane, Inc. as tenant Lease renewal agreement dated 10/7/94 Second renewal agreement dated 07/2002 MOL recorded 10/3/94 as 9410130432 Term: Lease expires 12/31/23	Donald A. Gumenberg and Marguerite A. Gumenberg
47 - Veradale 15330 E. Sprague, Verdale, WA 99037	Lease Agreement dated 9/1/05 between Airway Heights KFC as landlord and Spokane, Inc. as tenant First Addendum to lease dated 11/21/06 MOL recorded 10/20/05 as 5293120 Term: 20 year lease: 2025	Airway Heights, KFC
48 - Airway Heights 11921 W. Sunset Hwy., Spokane, WA 99001	Lease Agreement dated 6/1/04 between Airway Heights, KFC as landlord and Spokane, Inc. as tenant First Addendum to Lease dated 11/21/06 MOL recorded 6/3/04 as 5080168 Term: 20 year lease - expires 2024	Airway Heights KFC



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