

After Recording Return to:

Washington State Housing Finance Commission  
Washington Works Program  
1000 Second Ave., Suite 2700  
Seattle, WA 98104-1046  
Attention: Sharonn Meeks



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Skagit County Auditor

8/9/2011 Page 1 of 26 3:20PM



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8/3/2011 Page 1 of 25 11:51AM

RE-REC TO ADD PAGE

GUARDIAN NORTHWEST TITLE CO.  
DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING

GRANTOR: LA VENTURE WORKFORCE HOUSING LLC 94881-8  
GRANTEE/BENEFICIARY: WASHINGTON STATE HOUSING FINANCE COMMISSION  
GRANTEE/TRUSTEE: FIRST AMERICAN TITLE INSURANCE COMPANY

Legal Description:

Abbreviated Form: Section 17, Township 34, Range 4; SE NE

Additional Legal is on Exhibit A attached to document

Assessor's Tax Parcel ID Nos. P25889, 340417-1-014-0207

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## DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING

This DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING ("Deed of Trust") is made as of this 3<sup>rd</sup> day of August, 2011, by LA VENTURE WORKFORCE HOUSING LLC, a Washington limited liability company (the "Grantor"), as grantor and debtor, whose address is 100 23<sup>rd</sup> Avenue South, Seattle, Washington 98144, to PACIFIC NORTHWEST TITLE COMPANY, as trustee ("Trustee"), whose address is 215 Columbia Street, Fourth Floor, Seattle, Washington 98104, for the benefit of the WASHINGTON STATE HOUSING FINANCE COMMISSION, or its successor agency ("Beneficiary"), as beneficiary and secured party, whose address is 1000 Second Ave., Suite 2700, Seattle, Washington 98104-1046.

### ARTICLE 1

#### GRANTING PROVISIONS AND DEFINITIONS

1.1 Granting Clauses. Grantor hereby irrevocably grants, bargains, sells, conveys, transfers and assigns to Trustee, in trust, with power of sale and right of entry and possession, for the benefit of Beneficiary, the following property and rights, whether now owned or held or hereafter acquired (collectively, the "Property"), and Grantor further grants to Trustee and Beneficiary a security interest and assigns for security purposes all right, title and interest in and to the following Property:

1.1.1 All Land, Interests in Land, Improvements and Fixtures, as defined hereafter (collectively, the "Real Property").

1.1.1.1 All present and future estate, right, title and interest in and to that certain real property more particularly described in Exhibit A attached hereto and made a part hereof, and all additional land, estates and rights hereafter acquired by Grantor for use in connection with such real property (collectively, the "Land").

1.1.1.2 All appurtenances, easements, rights-of-way, strips and gores of land, streets, ways, alleys, passages, sewer rights, water, water courses, water rights, oil, gas and mineral rights, air rights and development rights, zoning rights, tax credits or benefits and all estates, rights, titles, interest, privileges, liberties, tenements, hereditaments and appurtenances of any nature whatsoever in any way belonging, relating or pertaining to the Land or any part thereof; the reversions, remainders and all land lying in the bed of any street, road or avenue, opened or proposed, adjoining the Land to the center line thereof; and all estates, rights, titles, interests, possession, claim and demand whatsoever, both in law and in equity, of Grantor in, of and to the Land (collectively, the "Interests in Land").

1.1.1.3 All buildings, structures and improvements of every kind and description now or hereafter affixed to, erected or placed on the Land, including all decks, loading docks, outbuildings, sheds, fences, patios, sports courts, carports and parking improvements and landscaping (collectively, the "Improvements").

1.1.1.4 All fixtures (excluding movable trade fixtures owned by tenants leasing space in the Improvements), machinery, boilers, elevators, escalators, equipment (including, without limitation, all equipment for the generation or distribution of air, water, heat, electricity, light, telephone, fuel or refrigeration or for the purpose of ventilation, air conditioning, sanitary or drainage purposes, or removal of dust, refuse or garbage), conduits, wiring, plumbing, fire sprinklers, safety systems and equipment, alarms, control devices, security systems, intercoms, partitions, appliances, cabinets, awnings,



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window coverings, screens, carpeting, floor coverings, incinerators, pools, fountains, spas and saunas (collectively, the "Fixtures").

1.1.2 All Property that is not Real Property, as described hereafter (collectively, the "Personal Property").

1.1.2.1 All personal property of every kind now or at any time hereafter located on or appurtenant to the Real Property or used in connection with the use, enjoyment, occupancy or operation of the Real Property and in which Grantor has an interest. Without limiting the foregoing general description, such property includes all furniture, furnishings, washers, dryers, refrigerators, appliances, mailboxes, recreational and clubhouse supplies and equipment, office equipment and supplies, inventory, keys and other access devices, plants, decorations, art of any medium, tools, musical systems, plants, cleaning supplies and equipment, telephone systems, cables, computers, software, books, supplies, kitchen equipment, tractors, lawn mowers, ground sweepers, pools and recreational and play equipment.

1.1.2.2 All deposits or other security or advanced payments, including, without limitation, rental payments and unearned premiums made by or on behalf of the owner of the Property with respect to (a) utility service for any part of the Property; (b) insurance policies relating to the Property or any improvements thereon; (c) cleaning, maintenance, repair or similar services for the Property; (d) rental of equipment used in the operation of the Property; and (e) parking services for the Property.

1.1.2.3 All damages, proceeds and claims arising on account of any damage to or taking of the Property or any part thereof and all causes of action and recoveries for any loss or diminution in the value of the Property, including the proceeds of any insurance policy covering the Property (whether or not such insurance is required by the terms hereof) and the proceeds of any condemnation action or transfer in lieu or anticipation of condemnation.

1.1.2.4 All goodwill, trademarks, trade names, all names by which the Property is operated or known, option rights, purchase contracts, goods, consumer goods, documents, books and records, rights of action, general intangibles, accounts receivable, accounts, payment intangibles, deposit accounts, financial assets, investment property, contract rights, letter of credit rights, instruments, chattel paper, electronic chattel paper and other rights of Grantor for payment of money, for property sold or lent, for services rendered, for money lent or for advances or deposits made and any other intangible property of Grantor related to the Property.

1.1.2.5 All water stock relating to the Real Property, shares of stock or other evidence of ownership of any part of the Real Property that is owned by Grantor in common with others, and all documents of membership in any owners' or members' association or similar group having responsibility for managing or operating any part of the Property or common areas appurtenant to the Real Property.

1.1.2.6 All plans and specifications (including, without limitation, the Approved Plans) prepared for construction of the Improvements; all related surveys, maps, plats, studies, data and drawings related; together with all contracts and agreements relating to such plans, specifications, studies, data or drawings or to the construction, maintenance or repair of Property.

1.1.2.7 All licenses (including, but not limited to, any liquor licenses, operating licenses or similar matters), contracts, management agreements, franchise agreements, permits,



authorizations, approvals and certificates required or used in connection with the construction, ownership, operation, repair or maintenance of the Property.

1.1.2.8 All substitutions, accessions, additions and replacements to any of the foregoing and all proceeds and products of any of the foregoing Property.

These definitions are descriptive only and are not intended to characterize property. All of the Real Property and the Personal Property is referred to herein collectively as the "Property." The parties intend that the definition of Property is to be broadly construed and in the case of doubt as to whether a particular item is included in the definition of Property, the doubt should be resolved in favor of inclusion. The filing of this financing statement shall not be construed to derogate from or impair the lien or provisions of the deed of trust from Grantor to Beneficiary encumbering the Real Property with respect to any property described therein which is real property or which the parties have agreed to treat as real property.

TO HAVE AND TO HOLD said Property bargained and described, together with all and singular the lands, tenements, privileges, water rights, hereditaments and appurtenances thereto belonging or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof, and all of the estate, right, title, claim and demands whatsoever of Grantor, either in law or in equity, of, in and to the above bargained property forever.

1.2 Obligations Secured. Grantor grants this Deed of Trust for the purpose of securing:

1.2.1 Grantor's performance of all its obligations under that certain Loan Agreement between Grantor and Beneficiary of even date herewith concerning Beneficiary's loan of Two Million Five Hundred Thousand and No/100 Dollars (\$2,500,000.00) to Grantor (the "Loan Agreement") for the Compliance Period (as defined in the Loan Agreement).

1.2.2 Grantor's performance of each agreement, term and condition set forth in this Deed of Trust.

1.3 Definitions.

1.3.1 "Building Laws" means collectively, all environmental, air quality, zoning, flood plain, planning, subdivision, building, health, labor, discrimination, fire, traffic, safety, wetlands, shoreline and other governmental or regulatory rules, laws, ordinances, statutes, codes and requirements applicable to the Property.

1.3.2 "Contracts" means collectively, all contracts relating to the construction, maintenance or management of the Property.

1.3.3 "Event of Default" means the occurrence of any event as defined in Article 5.

1.3.4 "Permitted Encumbrances" means collectively, the lien of the Senior Deed of Trust and those other liens or encumbrances against or upon the Real Property permitted by Beneficiary or its mortgagee's policy of title insurance insuring the second monetary-lien of this Deed of Trust.

1.3.5 "Personal Property" has the meaning set forth in Section 1.1 above.

1.3.6 "Property" has the meaning set forth in Section 1.1 above.

1.3.7 "Real Property" has the meaning set forth in Section 1.1 above.

1.3.8 "Senior Deed of Trust" means that certain Construction Deed of Trust Assignment of Rents and Leases, Security Agreement and Fixture Filing, dated August 3, 2011, by Grantor, as grantor, to U.S. Bank National Trust Association, as trustee, for the benefit of U.S. Bank National Association, as the same may be amended from time to time.

1.3.9 "Senior Lender" means the beneficiary of the Senior Deed of Trust, from time to time.

1.3.10 "UCC" means the applicable Uniform Commercial Code, as adopted in the State of Washington.

## ARTICLE 2 COVENANTS

Grantor represents, warrants, covenants and agrees as follows:

2.1 Performance of Loan Agreement and Deed of Trust. Grantor will perform and comply with each and every term, covenant and condition hereof, and of the Loan Agreement.

2.2 Warranty of Title. Grantor represents and warrants that at the time of the delivery of this Deed of Trust, (a) Grantor is seized in fee simple of the Real Property and owns outright every part thereof; (b) there are no liens or encumbrances against or upon the Real Property other than Permitted Encumbrances, and none will be created or suffered to be created by Grantor during the term of this Deed of Trust, except as have been disclosed to and approved by Beneficiary in writing and upon such terms and conditions as may be satisfactory to Beneficiary; (c) Grantor has good right to make this Deed of Trust; (d) Grantor has good and absolute title to all existing Personal Property, and has good right, full power and lawful authority to convey and encumber the same in the manner and form conveyed and encumbered hereby; (e) except for liens, charges and encumbrances created under the Senior Deed of Trust, the Personal Property is free and clear of all liens, charges, and encumbrances whatsoever, including, security agreements, conditional sales contracts and anything of a similar nature, and none will be created or suffered to be created by Grantor; (f) except for any financing statement in favor of the Senior Lender in connection with the Senior Deed of Trust, there is no financing statement covering the Property, or any part thereof, on file in any public office; (g) the Real Property constitutes one or more tax parcels, each with a separate tax assessment independent of any land or improvements not covered by this Deed of Trust; (h) the Real Property constitutes one or more legal lots capable of being conveyed without violation of any subdivision or platting laws or regulations; (i) Grantor will warrant and forever defend the title to the Property against the claims of all persons whomsoever; (j) Grantor has fully disclosed to Beneficiary all facts material to the Property and other security for the Loan Agreement, to Grantor and its business operations; and (k) there is no action, litigation or proceeding, pending or threatened against Grantor or the Property.

2.3 Reserved.

2.4 Taxes, Liens and Other Charges. Grantor will pay when due:



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2.4.1 All taxes, assessments and other governmental or public charges affecting the Property, including any accrued interest, cost or penalty thereon and will submit receipts therefor to Beneficiary at least thirty (30) days before delinquency;

2.4.2 All encumbrances (including any debt secured by deeds of trust), ground rents, liens or charges, with interest, on the Property or any part thereof, and all costs and fees related thereto (provided that nothing in this section shall be construed as a consent by Beneficiary to any such encumbrances, ground rents, liens, or charges). Grantor shall have the right to contest the amount or validity, in whole or in part, of any such encumbrances, liens, or charges by appropriate proceedings conducted in good faith and with due diligence, in which event, Grantor, upon prior written notice to Beneficiary, may postpone or defer payment of such encumbrance, lien, or charge, if and so long as:

2.4.2.1 Such proceedings shall operate to prevent the collection of the encumbrance, lien, or charge;

2.4.2.2 Neither the Property nor any part thereof would by reason of such postponement or deferment be in danger of being forfeited or lost; and

2.4.2.3 Grantor, before the date such encumbrance, lien, or charge becomes delinquent, gives such reasonable security as may be requested by Beneficiary to insure payment of such encumbrance, lien, or charge and prevent any forfeiture or loss of the Property or any part thereof;

2.4.3 All charges for utilities or services, including, but not limited to, electricity, gas, garbage, sewer and water; and

2.4.4 All costs, fees and expenses of this Deed of Trust, including cost of title insurance, Trustee's fees and attorneys' fees required to be paid herein.

2.5 Further Taxes. In the event of the passage, after the date of this Deed of Trust, of any law deducting from the value of the Property for the purposes of taxation, any lien thereon, or changing in any way the laws now in force for the taxation of deeds of trust or debts secured by deeds of trust, or the manner of the collection of any such taxes, so as to affect the Beneficiary's interest in this Deed of Trust, or imposing payment of the whole or any portion of any taxes, assessments or other similar charges against the Property upon Beneficiary, the indebtedness secured hereby shall immediately become due and payable at the option of Beneficiary; provided, however, that such election by Beneficiary shall be ineffective if such law either (a) shall not impose a tax upon Beneficiary nor increase any tax now payable by Beneficiary, or (b) shall impose a tax upon Beneficiary or increase any tax now payable by Beneficiary and prior to the due date of such tax: (i) Grantor is permitted by law and can become legally obligated to pay such tax or the increased portion thereof (in addition to all interest, and other charges payable hereunder and under the Loan Agreement) without exceeding the limits imposed by applicable interest rate laws; (ii) Grantor does pay such tax or increased portion; and (iii) Grantor agrees with Beneficiary in writing to pay, or reimburse Beneficiary for the payment of, any such tax or increased portion thereof when thereafter levied or assessed against the Property or any portion thereof. The obligations of Grantor under such agreement shall be secured hereby.

2.6 Insurance. Grantor will at all times provide, maintain and keep in force:

2.6.1 Policies of insurance insuring the Property against loss or damage by fire and all other causes of loss embraced by coverage of the type now known as special form cause of loss coverage.



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and against such other risks or hazards as Beneficiary from time to time reasonably may designate. Such policies shall be in an amount sufficient to prevent Beneficiary or Grantor from becoming a co-insurer under the terms of the applicable policies, but in any event in an amount not less than 100% of the then full replacement cost of the Improvements without deduction for physical depreciation. Such policies shall contain agreed amount, replacement cost and inflation guard endorsements.

2.6.2 Flood insurance upon the Property in the event that the Property is located in a designated flood plain and such insurance is available pursuant to the provisions of the Flood Disaster Protection Act of 1973 as the same has been or may be amended, or other applicable legislation (Beneficiary reserves the right to require that Grantor secure flood insurance in excess of the amount provided by the Flood Disaster Protection Act of 1973, if such insurance is commercially available, up to the amount of insurance required in Section 2.6.1 hereof).

2.6.3 During the period of any construction of or on the Improvements, builder's risk insurance under special form cause of loss coverage in an amount satisfactory to Beneficiary.

Grantor shall furnish Beneficiary with certificates evidencing each policy required to be provided by Grantor hereunder and certified copies of each policy. All policies for such insurance shall be issued by companies approved by Beneficiary, shall be on the new simplified ISO forms or other forms approved by Beneficiary, shall be subject to the approval of Beneficiary as to amount, content, form, and expiration date, and shall provide that they may not be cancelled without thirty (30) days prior written notice to Beneficiary. The builder's risk policies shall name Beneficiary as an additional insured. All policies shall contain a lender's loss payable endorsement satisfactory to and in favor of Beneficiary insuring that the proceeds thereof shall be payable to Beneficiary; provided that Grantor shall be relieved of the foregoing obligation so long as the Senior Deed of Trust is outstanding and the Senior Lender requires a lender's loss payable endorsement with respect to such policy.

At least thirty (30) days before expiration of any policy required to be provided by Grantor hereunder, Grantor shall furnish Beneficiary proof of issuance of a policy continuing in force the insurance covered by the policy so expiring. Grantor shall furnish Beneficiary receipts for the payment of premiums on such insurance policies or other evidence of such payment reasonably satisfactory to Beneficiary. In the event that Grantor does not deposit with Beneficiary evidence of renewal of expiring insurance and evidence of payment of premium thereon at least thirty (30) days before expiration of any policy, then Beneficiary may, but shall not be obligated to, procure such insurance and pay the premiums therefor. In such event, Grantor agrees to repay to Beneficiary the premiums thereon promptly on demand.

Notwithstanding the foregoing, so long as the Senior Deed of Trust remains outstanding, Grantor shall maintain such insurance policies and coverages as shall be required thereunder, and (i) Grantor shall be relieved of the obligations set forth in Sections 2.6.1, 2.6.2 and 2.6.3 and (ii) any approvals required to be obtained from Beneficiary hereunder shall be deemed granted to the extent that Senior Lender's approval is also required and Senior Lender has approved the same.

2.7 Casualty. Subject to the rights of the Senior Lender under the Senior Deed of Trust, in the event of any fire or other casualty to the Property or any part thereof, Grantor shall have the right to rebuild the Property, and to use all available insurance proceeds therefor, provided that (a) Beneficiary shall have the right to approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance for rebuilding under a construction escrow or similar arrangement, and such



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approval shall not be unreasonably withheld, and (b) no material default then exists under the Works Program Regulatory Agreement or this Deed of Trust.

In the event that Senior Lender is entitled to receive any insurance proceeds with respect to the Property, then any portion thereof remitted to Grantor by Senior Lender or permitted by Senior Lender to be disbursed to Grantor, excluding in each case amounts being made available to Grantor for the restoration of the Property in accordance with the terms of the Senior Deed of Trust, shall be promptly delivered to Beneficiary and thereafter shall be applied in accordance with the preceding paragraph.

2.8 Condemnation. Subject to the rights of Senior Lender under the Senior Trust Deed, if the Property or any part thereof is taken or damaged by reason of any public improvement, regulation, condemnation proceeding, or conveyance in lieu thereof, or in any other manner, Grantor shall have the right to rebuild the Property, and to use all available condemnation proceeds therefor, provided that (a) Beneficiary shall have the right to approve plans and specifications for any major rebuilding and the right to approve disbursements of condemnation proceeds for rebuilding under a construction escrow or similar arrangement, and such approval shall not be unreasonably withheld, and (b) no material default then exists under the Works Program Regulatory Agreement or this Deed of Trust.

In the event that Senior Lender is entitled to receive any condemnation award with respect to the Property, then any portion thereof remitted to Grantor by Senior Lender or permitted by Senior Lender to be disbursed to Grantor, excluding in each case amounts being made available to Grantor for the restoration of the Property in accordance with the terms of the Senior Deed of Trust, shall be promptly delivered to Beneficiary and thereafter shall be applied in accordance with the preceding paragraph.

2.9 Care of the Property. Grantor will:

2.9.1 Keep the Property in good condition and repair and not commit or permit any waste or deterioration of the Property or suffer any act or occurrence that would impair the security for the debt secured hereby;

2.9.2 Not remove, demolish or substantially alter any portion of the Property or permit or suffer such to be done, without Beneficiary's prior written consent (except such alterations as may be required by laws, ordinances or regulations of governmental authorities);

2.9.3 Replace any work or materials that are not in accordance with the plans and specifications previously approved by Beneficiary and unsatisfactory to Beneficiary within 15 days after written notice from Beneficiary or, if such replacement requires more than 15 days to commence replacement, within 15 days and diligently proceed thereafter;

2.9.4 Comply with all laws, ordinances, rules, regulations and orders of governmental authorities now or hereafter affecting the Property or requiring any alterations or improvements to be made thereon, and perform all of its obligations under any covenant, condition, restriction or agreement of record affecting the Property;

2.9.5 Not commit, suffer or permit any act to be done in, upon or to the Property in violation of any law or ordinance or any covenant, condition or restriction affecting the Property;



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2.9.6 Do any and all acts which, from the character or use of the Property, may be reasonably necessary to protect and preserve the security of Beneficiary, the specific enumerations herein not excluding the general;

2.9.7 Perform all of Grantor's obligations or covenants under any encumbrance affecting the Property, including without limitation, declarations, covenants, conditions, restrictions or other agreements relating to or affecting the Property;

2.9.8 Not create, suffer or permit any lien or encumbrance against or affecting the Property except the Permitted Encumbrances;

2.9.9 Not take or permit to be taken any actions that might invalidate any insurance carried on the Property;

2.9.10 Except for the improvements contemplated by the Approved Plans, not permit any new building or additions to existing structures to be erected on the Property without the prior written consent of Beneficiary, and not construct any improvements on the Property or undertake any site development work unless approved by Beneficiary;

2.9.11 Not initiate or acquiesce in any change in the use or nature of the occupancy of the Property or in any zoning or other land use classification affecting the Property, including without limitation the filing of any documentation to place the Property in a condominium or cooperative status or form of ownership without the prior written consent of Beneficiary; and

2.9.12 Insure that at all times the Property constitutes one or more tax parcels and one or more legal lots capable of being conveyed without violation of any subdivision or platting laws, ordinances, rules or regulations, or other laws regulating the dimension or separation of real property.

2.10 Further Assurances. If required by Beneficiary at any time during the term of this Deed of Trust, Grantor will execute, acknowledge and deliver to Beneficiary, in form satisfactory to Beneficiary, such chattel mortgages, security agreements or other similar security instruments, in form and substance satisfactory to Beneficiary, covering all property of any kind whatsoever situated on the Property owned by Grantor or in which Grantor has any interest which, in the sole opinion of Beneficiary, is essential to the operation of the Real Property covered by this Deed of Trust. Grantor shall further, from time to time, within fifteen (15) days after request by Beneficiary, execute, acknowledge and deliver any financing statement, renewal, affidavit, certificate, continuation statement or other document as Beneficiary may request in order to perfect, preserve, continue, extend or maintain the security interest under and the priority of this Deed of Trust and any such chattel mortgage or other security instrument. Grantor further agrees to pay to Beneficiary on demand all costs and expenses incurred by Beneficiary in connection with the preparation, execution, recording, filing and refiling of any such instrument or document including the charges for examining title and the attorney's fee for rendering an opinion as to the validity and priority of the lien of this Deed of Trust and of such chattel mortgage or other security instrument. However, neither a request so made by Beneficiary nor the failure of Beneficiary to make such request shall be construed as a release of such Property, or any part thereof, from the conveyance of title by this Deed of Trust, it being understood and agreed that this covenant and any such chattel mortgage, security agreement or other similar security instrument, delivered to Beneficiary, are cumulative and given as additional security. Any breach of such security agreement shall constitute an Event of Default under this Deed of Trust.



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2.11 Agreements Affecting the Property; Assignment.

2.11.1 Grantor will fully and promptly keep, observe, perform and satisfy each obligation, condition, covenant and restriction affecting the Property or imposed on it under any agreement between Grantor and a third party relating to the Property (including, without limitation, any Contracts) so that there will be no default thereunder and so that the persons obligated thereon shall be and remain at all times obligated to perform thereunder. Grantor will not permit to exist any condition, event or fact which could allow or serve as a basis or justification for any such person to avoid such performance. Subject to the rights of the Senior Lender under the Senior Deed of Trust, all right, title and interest of Grantor in the Contracts, are hereby collaterally assigned to Beneficiary as additional security for the obligations hereunder and under the Loan Agreement.

Without the prior written consent of Beneficiary, Grantor shall not:

2.11.1.1 Enter into any agreement to lease all or any portion of the Property to any person.

2.11.1.2 Make or permit any termination (other than expiration according to the terms of the agreement) or material amendment of any of the Contracts;

2.11.2 All Contracts now or hereafter entered into shall be subject to the prior written approval of Beneficiary.

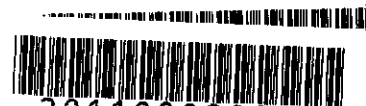
2.12 Expenses.

2.12.1 Beneficiary and Trustee shall have the right to employ attorneys in connection with their rights hereunder and under the Loan Agreement and in any action, proceeding or case in bankruptcy involving Grantor or the Property. Grantor shall pay all attorneys' fees, costs and expenses in connection therewith, including expenses of retaking, holding, preparing for sale or selling (including cost of evidence or search of title, the costs of appraisals and the costs and expenses of an investigation of the Property for Hazardous Waste and other environmental characteristics) in connection with any action or actions that may be brought for the foreclosure of this Deed of Trust, possession of the Property, the protection of or the defense of the priority of the lien of this Deed of Trust, the appointment of a receiver, the enforcement of any covenants or rights contained in or secured by this Deed of Trust, any fees and costs incurred in any appeal related to any of the foregoing and in any proceedings under any federal or state bankruptcy, forfeiture, receivership, insolvency or similar law involving Grantor or the Property.

2.12.2 Grantor will pay immediately upon demand after expenditure all sums expended or expense incurred by Trustee or Beneficiary, including, without limitation, attorneys' fees, under any of the terms of this Deed of Trust, with interest from the date of expenditure at the Default Rate.

2.12.3 Grantor will pay any reasonable amount required by Beneficiary for any statement requested by Grantor regarding the obligations secured hereby.

2.12.4 Grantor will pay on demand all administrative fees and reimburse Beneficiary for all costs and expenses, including attorneys' fees, associated with reviewing and processing Grantor's post-closing requests.



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2.13 Books, Records and Accounts. Grantor will keep and maintain, or cause to be kept and maintained, in the county where the Property is located, proper and accurate books, records and accounts reflecting all items of income and expense in connection with the operation of the Property or in connection with any services, equipment or furnishings provided in connection with the operation of the Property. Beneficiary or its designee shall have the right from time to time at all times during normal business hours to examine such books, records and accounts at the office of Grantor or other person or entity maintaining such books, records and accounts and to make copies or extracts thereof as Beneficiary or its designee shall desire.

2.14 Subrogation. Beneficiary will be subrogated for further security to the lien of and to all rights of any beneficiary, mortgagee or lienholder under any encumbrance, whether or not released of record, paid out of the proceeds of the loan secured by this Deed of Trust or advanced pursuant to the terms hereof and any of the other Loan Documents.

2.15 Inspection of Property. Beneficiary is authorized, for itself, its agents or employees to enter at any reasonable time during normal business hours upon any part of the Property for the purpose of inspecting the same, determining Grantor's compliance with the provisions of this Deed of Trust and performing any of the acts it is authorized to perform under the terms of this Deed of Trust. Such inspections may include soil and water sampling and monitoring and inspections for Hazardous Materials (as defined in Section 1.3 above). Grantor agrees to cooperate with Beneficiary to facilitate such inspections.

2.16 Property Compliance.

2.16.1 The Improvements and their use comply fully with (and no notices of violation have been received in connection with) Building Laws. Grantor shall promptly deliver to Beneficiary copies of any certificates that may be required or customary and evidencing compliance with all building codes and permits, and approval of full occupancy of the Improvements and of all installations therein. Grantor shall cause the Property to be continuously in compliance with all Building Laws (as the same may be amended from time to time). All buildings constructed on the Real Property are higher than the 100-year flood plain or are covered by adequate flood insurance.

2.16.2 Grantor agrees to protect, defend, indemnify and hold Beneficiary harmless from and against all liability threatened against or suffered by Beneficiary by reason of a breach by Grantor of the foregoing representations and warranties contained in the preceding Section 2.16.1. The foregoing indemnity shall include the cost of all alterations to the Property (including architectural, engineering, legal and accounting costs), all fines, fees and penalties, and all legal and other expenses (including attorneys' fees), incurred in connection with the Property being in violation of any Building Law and for the cost of collection of the sums due under the indemnity. In the event that Beneficiary shall become the owner of the Property by foreclosure or deed in lieu of foreclosure of this Deed of Trust, the foregoing indemnification obligation shall survive such foreclosure or deed in lieu of foreclosure.

2.17 Collateral Security Instruments. Grantor covenants and agrees that if Beneficiary at any time holds additional security for any obligations secured hereby, it shall have the right to enforce the terms thereof or otherwise realize upon the same, at its option, either before or concurrently herewith or after a sale is made hereunder, and may apply the proceeds upon the indebtedness secured hereby without affecting the status of or waiving any right to exhaust all or any other security, including the security hereunder, and without waiving any breach or default or any right or power whether exercised hereunder or contained herein or in any such other security.



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2.18 Suits Affecting Property. Grantor agrees to appear in and defend any action or proceeding purporting to affect the Property or security of this Deed of Trust or any other security for the obligations secured hereby, the interest of Beneficiary or the rights, powers or duties of Trustee hereunder. Grantor agrees to notify Beneficiary before it commences any action or proceeding relating to any part of the Property or the security of this Deed of Trust. Grantor agrees to pay all costs and expenses, including cost of evidence of title and reasonable attorneys' fees in any action or proceeding in which Beneficiary or Trustee may appear or be made a party, including, but not limited to, foreclosure or other proceeding commenced by those claiming a right to any part of the Property under any prior or subordinate liens, any forfeiture proceeding, in any action to partition or condemn all or part of the Property, and in any action concerning the disposition or availability of insurance proceeds relating to the Property, whether or not such proceedings are pursued to final judgment. Grantor hereby assigns to Beneficiary all proceeds payable by third parties arising from claims or events of impairment or loss to the Property, and agrees that Beneficiary may require that such amount be paid directly to Beneficiary. In any claim, action or proceeding affecting the Property or Beneficiary's security in which Beneficiary appears (including any claim on the title insurance policy insuring the lien of this Deed of Trust), Grantor fully waives any rights to privacy or nondisclosure it may have with regard to information provided to Beneficiary in connection with the loan secured hereby.

2.19 Beneficiary's Right to Defend Action and Cure Certain Defaults. Beneficiary shall have the right to appear in and defend any action or proceeding at law or in equity or in bankruptcy purporting to affect the Property or any security for the obligations secured hereby. Beneficiary shall be allowed and paid all Beneficiary's costs, charges and expenses, including cost of evidence of title and reasonable attorneys' fees incurred in such action or proceeding in which Beneficiary may appear.

If Grantor fails to make any payment or to do any act as herein provided, then Beneficiary or Trustee shall have the right, but without obligation so to do and without notice to or demand upon Grantor and without releasing Grantor from any obligation hereof, to: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon the Property for such purposes; commence, appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien that in the judgment of either appears to be prior or superior hereto; and, in exercising any such power, incur any liability, and expend whatever amounts in Beneficiary's or Trustee's absolute discretion it may deem necessary therefor, including cost of evidence of title and attorneys' fees.

Grantor hereby agrees to pay on demand, with interest at the Default Rate from the date of expenditure, all of Beneficiary's costs, charges, expenses and amounts referred to above in this section, including cost of evidence of title and reasonable attorneys' fees incurred in such action or proceeding in which Beneficiary may appear. All costs, charges and expenses so incurred, together with interest thereon as aforesaid, shall be secured by the lien of this Deed of Trust.

2.20 Qualified Entity. As a condition to disbursement of funds under the Loan Agreement, it is required that Grantor (and any successor holding title to the Property) be, and at all times remain, pursuant to RCW 43.180.160(2), an entity that is a public agency or public corporation or nonprofit organization, or an entity whose managing member or general partner is a public agency, public corporation or nonprofit organization (a "Qualified Entity"). Any conveyance of the whole or any part of the Property to any entity that is not a Qualified Entity in good standing at the time of such conveyance



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shall be deemed an event of default hereunder entitling Beneficiary to foreclosure and any other remedy available at law or in equity.

## 2.21 Anti-forfeiture and Anti-Terrorism.

2.21.1 Grantor hereby further expressly represents and warrants to Beneficiary that neither Grantor nor any other person involved with the Property has committed or engaged in any act, enterprise or omission affording the federal government or any state or local government the right of forfeiture as against the Property or any part thereof or any monies paid in performance of its obligations under the Loan Agreement. Grantor hereby covenants and agrees not to commit, permit or suffer to exist any act or omission or engage in any enterprise affording such right of forfeiture. In furtherance thereof, Grantor hereby indemnifies Beneficiary and agrees to defend and hold Beneficiary harmless from and against any loss, damage or injury by reason of the breach of the covenants and agreements or the warranties and representations set forth in the preceding sentence. Without limiting the generality of the foregoing, the filing of formal charges or the commencement of proceedings against Grantor, Beneficiary or all or any part of the Property under any federal or state law for which forfeiture of the Property or any part thereof or of any monies paid in performance of Grantor's obligations under the Loan Documents shall, at the election of the Beneficiary, constitute an Event of Default hereunder without notice or opportunity to cure.

2.21.2 Grantor is not a person or associated with a person blocked under Executive Order 13224 and the related anti-terrorism regulations, including without limitation 31 CFR Pts. 595-597, as the same may be amended from time to time; and the acquisition of the Property and the loan secured by this Deed of Trust are not transactions blocked by such order and regulations.

2.22 Construction Mortgage . This Deed of Trust is a "construction mortgage" for the purposes of Sections 9-334 and 2A-309 of the UCC.

## ARTICLE 3 RESERVED

## ARTICLE 4 SECURITY AGREEMENT AND FIXTURE FILING

4.1 Security Agreement. This Deed of Trust creates a lien on the Property, and to the extent the Property is not real property under applicable law this Deed of Trust constitutes a security agreement under the applicable UCC and any other applicable law. Grantor, by executing and delivering this Deed of Trust, grants to Beneficiary and Trustee a security interest and assigns, all right, title and interest for security purposes to Beneficiary and Trustee, in and to the Personal Property. Grantor authorizes Beneficiary to file financing statements covering all Personal Property or Fixtures. If required by Beneficiary, at any time during the term of this Deed of Trust, Grantor will authorize, execute and deliver to Beneficiary, in form satisfactory to Beneficiary, additional security agreements, financing statements and other instruments covering all Personal Property or Fixtures of Grantor that may at any time be furnished, placed on, or annexed or made appurtenant to the Real Property or used, useful or held for use in the operation of the Improvements. Grantor further agrees that:

4.1.1 The obligations covered by this Security Agreement include future advances in all forms;



4.1.2 Beneficiary may: commingle any personal property that comes into its possession; repledge such personal property upon terms that impair Grantor's right to redeem such; and require Grantor to assemble the personal property and make it available to Beneficiary at a place to be designated by Beneficiary which is reasonably convenient to both parties. To the extent Beneficiary is required for any reason to provide commercially reasonable notice to Grantor, Grantor agrees that notice mailed by first class mail five (5) days before the event of which notice is given, is commercially reasonable notice;

4.1.3 The standard by which Beneficiary's rights and duties under Article 9 of the UCC, including but not limited to Part 5 thereof, shall be measured is gross negligence or willful misconduct;

4.1.4 Grantor shall notify Beneficiary in writing within thirty (30) days of any change in name of Grantor or its structure or status. Nothing herein shall be construed as a consent by Beneficiary to a change in corporate structure otherwise prohibited hereby.

Grantor hereby irrevocably constitutes and appoints Beneficiary the attorney-in-fact of Grantor, to execute, deliver and file with the appropriate filing officer or office such security agreements, financing statements or other instruments as Beneficiary may request or require in order to impose and perfect the lien and security interest hereof more specifically on the Personal Property or any fixture.

If Grantor enters into a separate security agreement with Beneficiary relating to any of the Personal Property or fixtures, the terms of such security agreement shall govern the rights and remedies of Beneficiary in the event of default thereunder. Any breach of or default under any such security agreement shall constitute an Event of Default under this Deed of Trust.

4.2 Fixtures. Grantor agrees that if (a) Grantor intends to purchase any goods which may become fixtures attached to the Property, or any part thereof, and (b) such goods will be subject to a purchase money security interest held by a seller or any other party:

4.2.1 Grantor shall, before executing any security agreement or other document evidencing such security interest, obtain the prior written approval of Beneficiary, and all requests for such written approval shall be in writing and contain the following information:

4.2.1.1 A description of the fixtures to be replaced, added to, installed or substituted;

4.2.1.2 The address at which the fixtures will be replaced, added to, installed or substituted; and

4.2.1.3 The name and address of the proposed holder and proposed amount of the security interest.

Any failure of Grantor to obtain such approval shall be a material breach of Grantor's covenant under this Deed of Trust, and shall, at the option of Beneficiary, entitle Beneficiary to all rights and remedies provided for herein upon default, provided that Beneficiary shall be deemed to have approved such agreement if it fails to object to such agreement within 30 days of its actual receipt of Grantor's written request for such approval. No consent by Beneficiary pursuant to this subsection shall



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be deemed to constitute an agreement to subordinate the right of the Beneficiary in fixtures or other property covered by this Deed of Trust.

4.2.2 Beneficiary shall have the right to acquire by assignment from the holder of such security interest any and all contract rights, accounts receivable, negotiable or nonnegotiable instruments, or other evidence of Grantor's indebtedness for such Personal Property or fixtures, and, upon acquiring such interest by assignment, shall have the right to enforce the security interest as assignee thereof, in accordance with the terms and provisions of the UCC then in effect, and in accordance with any other provisions of law.

4.2.3 Whether or not Beneficiary has paid the indebtedness secured by or taken an assignment of such security interest, Grantor covenants to pay all sums and perform all obligations secured thereby, and if Grantor at any time shall be in default for a period of ten (10) days under such security agreement, it shall be a material breach of Grantor's covenants under this Deed of Trust, and Beneficiary may, at its option, declare the principal sum secured hereby immediately due and payable, time being of the essence.

4.3 Fixture Filing. To the extent that any of the Property constitutes a fixture, this Deed of Trust shall serve as a fixture filing pursuant to the UCC.

## ARTICLE 5 DEFAULTS AND REMEDIES

5.1 Events of Default. If any of the following events shall occur ("Events of Default") then the Beneficiary shall be entitled to exercise all rights, and shall have the benefit of all remedies provided by law, at equity, or set forth in this Deed of Trust or in any other instrument given to secure the obligations contained in the Loan Agreement:

5.1.1 Any "Event of Default" (as such term is defined in the Loan Agreement) occurs and continues beyond any applicable notice and cure periods; or

5.1.2 Failure by Grantor to comply with any of the covenants, terms, conditions, restrictions or agreements contained in this Deed of Trust or the Loan Agreement; or

5.1.3 Grantor applies for or consents to the appointment of a receiver or trustee for it or any portion of its property, or if such receiver or trustee is appointed for Grantor or its property, or Grantor makes an assignment for the benefit of creditors, or Grantor admits in writing its inability to pay its debts as they become due, or Grantor becomes insolvent, or a petition is filed by Grantor pursuant to any of the provisions of the United States Bankruptcy Code, as amended; or

5.1.4 A petition is filed against Grantor pursuant to any of the provisions of the United States Bankruptcy Code, as amended, or there is an attachment or sequestration of any of the property of Grantor and the same is not discharged or bonded within ninety (90) days; or

5.1.5 Any representation or disclosure made to Beneficiary by Grantor proves to be materially false or misleading on the date when such representation or disclosure was made, whether or not that representation or disclosure appears in this Deed of Trust, or Grantor omits to provide any information that makes any such representation or disclosure materially false or misleading; or



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5.1.6 A transfer of the Property in violation of Section 2.20 hereof occurs; or

5.1.7 Grantor incurs any additional indebtedness, whether or not secured by an interest in the Property, except for: (a) indebtedness outstanding as of the date hereof, including any future capitalized interest or fees thereon; (b) trade payables incurred in connection with the construction of the Improvements in accordance with the Approved Plans and intended to be paid or reimbursed with the proceeds of a subsequent advance under the Loan Agreement; and (d) any other indebtedness that Beneficiary approves in Beneficiary's sole discretion; or

5.1.8 The occurrence of any default under the Senior Deed of Trust or any other document or agreement secured thereby, which default continues beyond any applicable notice or cure period set forth therein; or

5.1.9 Grantor enters into any material amendment or modification to the terms of the Senior Deed of Trust or any document secured thereby, or any document evidencing any other Permitted Encumbrance, in each case without the prior written consent of Beneficiary.

Notwithstanding the foregoing, in the case of a default specified in Section 5.1.2 above, if such default is susceptible of cure by Grantor, Beneficiary shall not exercise any such remedies unless Grantor fails to cure such default within thirty (30) days after written notice thereof from Beneficiary; provided that, if such default is of such nature that it cannot reasonably be cured within such thirty (30) day period, such thirty (30) day period shall be extended (to a period not exceeding ninety (90) days) if and so long as, in Beneficiary's sole judgment, Grantor is diligently prosecuting such cure. No waiver by Beneficiary of any default on the part of Grantor shall be construed as a waiver of any subsequent default hereunder.

5.2 Foreclosure Sale. If an Event of Default occurs and Beneficiary so requests, Trustee shall sell the Property in accordance with the Deed of Trust Act of the State of Washington (RCW Ch. 61.24 as existing now or hereafter amended) at public auction to the highest bidder. Any person except Trustee may bid at the Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (a) to the expenses of sale, including Trustee's fee and attorneys' fees; (b) to all the indebtedness secured by this Deed of Trust; (c) the surplus, if any, shall be distributed to the person or persons entitled thereto. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the Property which Grantor had or had the power to convey at the time of its execution of this Deed of Trust and such as it may have acquired thereafter. Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of the law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchasers and encumbrancers for value. Beneficiary shall have all rights to obtain a deficiency judgment following a nonjudicial foreclosure as permitted under the Deed of Trust Act. The power of sale conferred by this Deed of Trust and by the Deed of Trust Act of the State of Washington is not an exclusive remedy, and when not exercised Beneficiary may foreclose this Deed of Trust as a mortgage.

Beneficiary shall have the right to proceed as to the Personal Property in accordance with Beneficiary's rights and remedies in respect to real property or sell the Personal Property separately and without regard to the remainder of the Property in accordance with Beneficiary's rights and remedies provided by the UCC as well as other rights and remedies available at law or in equity.

5.3 Other Remedies Upon Default. Upon the occurrence of an Event of Default, Beneficiary is authorized, either by itself or by its agent to be appointed by it for that purpose or by a receiver



appointed by a court of competent jurisdiction, to enter into and upon and take and hold possession of any portion or all of the Property, both real and personal, exclude Grantor and all other persons therefrom and perform such reasonable acts of repair or protection as may be reasonably necessary or proper to conserve the value thereof.

Neither Trustee nor Beneficiary shall be under any obligation to make any of the payments or do any of the acts referred to in this section, and any of the actions referred to in this section may be taken by Beneficiary regardless of whether any notice of default or notice of sale has been given hereunder and without regard to the adequacy of the security for the obligations evidenced by the Loan Agreement.

5.4 Reserved.

5.5 Sale in Parcels, Marshalling. The Property, real, personal or mixed, may be sold as an entirety or in parcels, by one sale or by several sales held at one time or at different times, all as Trustee or Beneficiary, in its unrestricted discretion, may elect. Grantor, for and on behalf of itself and all persons claiming by, through or under Grantor, waives any and all right to have the Property marshaled upon any foreclosure sale and agrees that, upon foreclosure, the Property may be sold as an entirety and not in parcels.

5.6 Appointment of Receiver. Beneficiary, separately or in any action to foreclose this Deed of Trust, shall be entitled (without notice and without regard to the adequacy of any security for the Loan Agreement, the absence of waste or deterioration of the Property or other arguments based on equity), to the appointment of a receiver of the Rents of the Property who shall have, in addition to all the rights and powers customarily given to and exercised by such receiver, all the rights and powers granted to Beneficiary by the covenants contained herein. Once appointed, at Beneficiary's option, such receiver may remain in place until all amounts secured hereby are paid in full.

5.7 Payment of Proceeds. Whenever this Deed of Trust requires that amounts payable by a third party be paid directly to Beneficiary (for example, insurance proceeds and proceeds of claims of loss or damage to the Property), Beneficiary may enforce such right with a preliminary injunction or temporary restraining order. Grantor agrees that irreparable harm may result if such payments are not made directly to Beneficiary. Grantor agrees not to oppose a motion for such injunction or restraining order provided that arrangements are made to deposit such sums in a third party depository.

5.8 Indemnity and Beneficiary's Costs. Grantor agrees to pay all costs, including, without limitation, attorneys' fees and expenses, incurred by Beneficiary or Trustee in enforcing the terms hereof and/or the terms of the Loan Agreement, whether or not suit is filed and waives to the full extent permitted by law all right to plead any statute of limitations as a defense to any action hereunder. Grantor agrees to indemnify and hold Beneficiary and Trustee harmless from any and all liability, loss, damage or expense (including, without limitation, attorneys' fees and disbursements) that Beneficiary or Trustee incurs hereunder or in connection with the enforcement of any of their rights or remedies hereunder, in any action taken by Beneficiary or Trustee hereunder or by reason or in defense of any claims and demands whatsoever that may be asserted against Beneficiary or Trustee arising out of the Property. If Beneficiary or Trustee incurs any such liability, loss, damage or expense, the amount thereof with interest thereon at the Default Rate shall be payable by Grantor immediately without demand, and shall be secured by this Deed of Trust.

ARTICLE 6



## GENERAL COVENANTS

6.1 No Waiver. Grantor covenants and agrees that the acceptance by Beneficiary of any sum secured hereby after its due date, or in an amount less than the sum then due, shall not constitute a waiver by Beneficiary of its rights either to require prompt payment when due of all other sums so secured or to declare a default or exercise such other rights as herein provided for failure so to pay. No failure by Beneficiary to insist upon strict performance of any term, covenant or condition hereof, nor failure to exercise any right or remedy hereunder, shall constitute a waiver of any such breach of such term, covenant or condition or of the later exercise of such right or remedy. All waivers shall be in writing.

6.2 Remedies Cumulative. No remedy herein conferred upon or reserved to Trustee or Beneficiary is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

6.3 Reserved.

6.4 Notices. All notices shall be in writing and be deemed to have been duly given if mailed by U.S. certified mail (return receipt requested and postage prepaid), sent by a reputable overnight delivery service, personally delivered to the parties or sent by facsimile transmission, all of the foregoing at the addresses set forth (or at such other addresses and facsimile numbers as shall be given in writing by any party to the other). Notice addresses are as follows:

If to Beneficiary: Washington State Housing Finance Commission  
1000 Second Avenue, Suite 2700  
Seattle, Washington 98104  
Attn: Washington Works Program Coordinator  
Loan No.: 10-80A

with a copy to:  
Pacifica Law Group LLP  
Attn: Faith Li Pettis  
1191 Second Avenue, Suite 2100  
Seattle, WA 98101

If to Grantor: La Venture Workforce Housing LLC  
c/o Catholic Housing Services of Western Washington  
100-23<sup>rd</sup> Ave. South  
Seattle WA 98144

with a copy to:  
NEF Assignment Corporation  
120 S. Riverside Drive  
15<sup>th</sup> Floor  
Chicago, IL 60606  
Attn: General Counsel



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Unless otherwise specified, notices shall be deemed given as follows: (a) if delivered personally, when delivered; (b) if delivered by nationally recognized overnight courier delivery service, on the business day following the day such material is sent; (c) if delivered by certified mail, on the third business day after the same is deposited with the United States Postal Service as provided above; or (d) if sent via facsimile transmission to the facsimile number listed above, notice is deemed received on the day sent, provided that completion of such transmission is confirmed by the sending machine and telephone notification of the sent transmission is given to the recipient during regular business hours. If confirmation and telephone notification of the fax is not given during regular business hours then notice is deemed given on the next business day. Notices shall not be given by e-mail.

6.5 Heirs and Assigns. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The obligations of Grantor hereunder shall be joint and several, binding on any community of which any Grantor is a part and on any separate, community or quasi-community property of any Grantor.

6.6 Terminology. The term "Grantor" shall mean both the original Grantor and any subsequent owner or owners of any of the Property. The term "Beneficiary" shall mean the Washington State Housing Finance Commission and any successor agency, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural. The term "and/or" as used herein means one or the other or both, or any one or all, or any combination of the things or persons in connection with which the words are used. Whenever Beneficiary's consent is required hereunder or it has discretion or an option, Beneficiary may act in giving or withholding such consent or in exercising such discretion or option in its sole and absolute discretion.

The captions or headings are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope or intent of this Deed of Trust nor in any way affect this Deed of Trust.

6.7 Severability. If any provision hereof should be held unenforceable or void, then such provision shall be deemed separable from the remaining provisions and shall in no way affect the validity of this Deed of Trust. Notwithstanding the foregoing, if such provision relates to the payment of any monetary sum then Beneficiary may, at its option, declare the indebtedness and all other sums secured hereby immediately due and payable, except that no prepayment fee shall be payable in the event Beneficiary elects to exercise the option to accelerate contained in this section.

Grantor acknowledges and agrees that this document constitutes, among others, two separate agreements: a Deed of Trust and a Security Agreement, each of which may be construed and enforced independently of the others even though the provisions hereof are common to all.

6.8 Time is of the Essence. Time is of the essence hereof in connection with all obligations of Grantor herein or in the Loan Agreement. By accepting any performance or payment of any sum secured hereby after its due date, Beneficiary does not waive its right either to require prompt performance or payment when due of all other sums so secured or to declare default for failure so to perform or pay.



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6.9 Foreign Person. Grantor certifies that it is not a foreign person within the meaning of § 1445(f)(3) of the Internal Revenue Code of 1986, as amended and the related Treasury Department Regulations, including temporary regulations.

6.10 Subrogation. Grantor and Beneficiary agree that this Deed of Trust shall have, and Beneficiary intends and expects to have, the priority of any security instrument that has been paid and discharged with the proceeds of the loan secured by this Deed of Trust.

6.11 Jury Trials. GRANTOR AND BENEFICIARY EACH WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY EITHER OF THEM AGAINST THE OTHER ON ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE LOAN AGREEMENT, THIS DEED OF TRUST OR THE OBLIGATIONS SECURED HEREBY.

6.12 Oral Agreements. NOTICE IS HEREBY GIVEN THAT ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, MODIFY LOAN TERMS, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

6.13 Non-Agricultural Use. The Real Property which is the subject of this Deed of Trust is not used principally for agricultural purposes.

6.14 Governing Law. This Deed of Trust is to be governed by and construed in accordance with the laws of the State of Washington.

*[signature on the following page]*



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IN WITNESS WHEREOF, Grantor has executed this instrument as of the date first written above.

**GRANTOR:**

LA VENTURE WORKFORCE HOUSING LLC, a  
Washington limited liability company

By LA VENTURE HOLDINGS LLC  
Its Managing Member

By ARCHDIOCESAN HOUSING AUTHORITY,  
a Washington nonprofit corporation d/b/a Catholic Housing Services of Western Washington

Its Sole Member and Manager

By: QR Hickman  
John R. Hickman, Vice President

STATE OF WASHINGTON                    )  
  ) ss.  
COUNTY OF KING )

I certify that I know or have satisfactory evidence that John R. Hickman is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Vice President of Archdiocesan Housing Authority d/b/a Catholic Housing Services of Western Washington, the Sole Member and Manager of La Venture Holdings LLC, the Managing Member of La Venture Workforce Housing LLC, a Washington limited liability company..

Dated: 7-28-11



Faith Li Pettis  
Notary Public  
Print Name Faith Li Pettis  
My commission expires 5/19/2015

K:\2025546\00832\20199\_CHR\LA VENTURE\20199A22XC



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**Exhibit A**

**LEGAL DESCRIPTION**

**PARCEL "A"**

THE SOUTH 1,122.50 FEET OF THE EAST HALF OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 34 NORTH, RANGE 4 EAST OF THE WILLAMETTE MERIDIAN; EXCEPT THE SOUTH 550.00 FEET THEREOF; EXCEPT THE EAST 214.00 FEET THEREOF; AND EXCEPT THE NORTH 15.33 FEET OF THE SOUTH 565.33 FEET OF THE WEST 333.00 FEET OF THE EAST HALF OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 17; AND ALSO EXCEPT TRACT A OF SURVEY RECORDED AUGUST 4, 1997 UNDER AUDITOR'S FILE NO. 9708040071 IN VOLUME 19 OF SURVEYS, PAGE 153, RECORDS OF SKAGIT COUNTY, WASHINGTON. SITUATED IN SKAGIT COUNTY, WASHINGTON.

**PARCEL "B"**

THE SOUTH 1,122.50 FEET OF THE EAST 15.00 FEET OF THE WEST HALF OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 34 NORTH, RANGE 4 EAST OF THE WILLAMETTE MERIDIAN; EXCEPT THE SOUTH 565.33 FEET THEREOF; SITUATED IN SKAGIT COUNTY, WASHINGTON

**PARCEL "C"**

A NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS, DRAINAGE AND UTILITIES OVER AND ACROSS THE WEST 30.00 FEET OF THE FOLLOWING DESCRIBED TRACT:  
THE NORTH 285.33 FEET OF THE SOUTH 565.33 FEET OF THE WEST 333.00 FEET OF THE EAST HALF OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 34 NORTH, RANGE 4 EAST OF THE WILLAMETTE MERIDIAN. TOGETHER WITH THE NORTH 285.33 FEET OF THE SOUTH 565.33 FEET OF THE EAST 15 FEET OF THE WEST HALF OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 34 NORTH, RANGE 4 EAST, OF THE WILLAMETTE MERIDIAN. SITUATED IN SKAGIT COUNTY, WASHINGTON

**PARCEL "D"**

A NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS, DRAINAGE AND UTILITIES OVER AND ACROSS THE WEST 30.00 FEET OF THE FOLLOWING DESCRIBED TRACT:  
THE EAST 98.50 FEET OF THE WEST 143.50 FEET OF THE NORTH 250.00 FEET OF THE SOUTH 280.00 FEET OF THE EAST HALF OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 34 NORTH, RANGE 4 EAST OF THE WILLAMETTE MERIDIAN; TOGETHER WITH THE WEST 45.00 FEET OF THE NORTH 250.00 FEET OF THE SOUTH 280.00 FEET OF THE EAST HALF OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 34 NORTH, RANGE 4 EAST OF THE WILLAMETTE MERIDIAN; TOGETHER WITH THE EAST 15.00 FEET OF THE NORTH 250.00 FEET OF THE SOUTH 280.00 FEET OF THE WEST HALF OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 34 NORTH, RANGE 4 EAST OF THE WILLAMETTE MERIDIAN. SITUATED IN SKAGIT COUNTY, WASHINGTON

**PARCEL "F"**

A NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS AND UTILITIES OVER AND ACROSS THE WEST 354.56 OF THE EAST 568.56 FEET OF THE NORTH 25.00 FEET OF THE SOUTH 1,147.50 FEET OF THE EAST HALF OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 17. SITUATED IN SKAGIT COUNTY, WASHINGTON



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Skagit County Auditor



**PARCEL "G"**

A NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS AND UTILITIES OVER AND ACROSS THE FOLLOWING DESCRIBED TRACT:

BEGINNING AT THE SOUTHWEST CORNER OF THE WEST 184.00 FEET OF THE EAST 214.00 FEET OF THE NORTH 60.00 FEET OF THE SOUTH 1,182.50 FEET OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 17; THENCE SOUTH 87°55'03" EAST, 184.03 FEET TO THE SOUTHEAST CORNER OF SAID WEST 184.00 FEET OF THE EAST 214.00 OF THE NORTH 60.00 FEET OF THE SOUTH 1,182.50 FEET; THENCE NORTH 01°01'55" EAST, 60.01 FEET ALONG THE EAST LINE THEREOF TO THE NORTHEAST CORNER THEREOF; THENCE NORTH 87°55'03" WEST 90.14 FEET ALONG THE NORTH LINE OF SAID SOUTH 1,182.50 FEET TO A POINT OF CURVATURE; THENCE ALONG THE ARC OF SAID CURVE CONCAVE TO THE SOUTHEAST HAVING A RADIUS OF 130.00 FEET, THROUGH A CENTRAL ANGLE OF 32°03'12", AN ARC DISTANCE OF 72.73 FEET TO A POINT OF TANGENCY; THENCE SOUTH 60°01'45" WEST, 0.34 FEET TO THE NORTH LINE OF THE SOUTH 1,162.50 FEET OF SAID SUBDIVISION; THENCE NORTH 87°55'03" WEST, 24.24 FEET ALONG SAID NORTH LINE TO THE WEST LINE OF SAID EAST 214.00 FEET TO THE NORTH 1,182.50 FEET OF SAID SUBDIVISION; THENCE SOUTH 01°01'55" WEST, 40.01 FEET ALONG SAID WEST LINE TO THE POINT OF BEGINNING.

SITUATED IN SKAGIT COUNTY, WASHINGTON

**PARCEL "H"**

AN NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS AND UTILITIES OVER AND ACROSS THE FOLLOWING DESCRIBED TRACT:

BEGINNING AT THE NORTHWEST CORNER OF SAID WEST 184.00 FEET OF THE EAST 214.00 FEET OF THE SOUTH 1,122.00 FEET OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 17; THENCE SOUTH 87°55'03" EAST, 92.79 FEET ALONG THE NORTH LINE OF SAID SOUTH 1,122.50 FEET TO A CUSP; THENCE ALONG THE ARC OF A CURVE CONCAVE TO THE SOUTHEAST HAVING A RADIUS OF 70.00 FEET AND AN INITIAL TANGENT BEARING OF NORTH 87°55'03" WEST, THROUGH A CENTRAL ANGLE OF 32°03'12", AN ARC DISTANCE OF 39.16 FEET TO A POINT OF TANGENCY; THENCE SOUTH 60°01'45" WEST, 28.62 FEET TO A POINT OF CURVATURE; THENCE ALONG THE ARC OF A CURVE CONCAVE TO THE NORTHWEST HAVING A RADIUS OF 130.00 FEET; THROUGH A CENTRAL ANGLE OF 14°54'00", AN ARC DISTANCE OF 33.81 FEET TO THE WEST LINE OF SAID EAST 214.00 FEET OF THE SOUTH 1,122.50 FEET TO THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 17; THENCE NORTH 01°01'55" EAST, 39.90 FEET ALONG SAID WEST LINE TO THE POINT OF BEGINNING.

SITUATED IN SKAGIT COUNTY, WASHINGTON

**PARCEL "I"**

A NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS AND UTILITIES OVER AND ACROSS THE FOLLOWING DESCRIBED TRACT, AS RESERVED BY DOCUMENT RECORDED AS AUDITOR'S FILE NO. 9510100091:

COMMENCING AT THE SOUTHEAST CORNER OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 34 NORTH, RANGE 4 EAST OF THE WILLAMETTE MERIDIAN; THENCE NORTH 01°01'55" EAST ALONG THE EAST LINE OF SAID SUBDIVISION A DISTANCE OF 843.99 FEET; THENCE NORTH 87°55'04" WEST PARALLEL TO THE SOUTH LINE OF SAID SUBDIVISION TO A POINT ON A LINE PARALLEL WITH AND 214.00 FEET DISTANT, AS MEASURED PERPENDICULARLY FROM SAID EAST LINE OF SAID SUBDIVISION, SAID POINT BEING THE TRUE POINT OF BEGINNING; THENCE NORTH 87°55'04" WEST A DISTANCE OF 30.01 FEET; THENCE SOUTH 01°01'55" WEST, A DISTANCE OF 71.60 FEET TO THE BEGINNING OF A TANGENT CURVE OF 95.00 FOOT RADIUS CONCAVE NORTHEASTERLY; THENCE SOUTHEASTERLY THROUGH A CENTRAL ANGLE OF 46°49'35" FOR A DISTANCE OF 77.64 FEET, TO A POINT ON THE WEST LINE OF LOT 2 OF MOUNT VERNON SHORT PLAT 4-87, AS FILED IN VOLUME 8, PAGE 8 OF SHORT PLATS, UNDER AUDITOR'S FILE NO. 8712210075, RECORDS OF SKAGIT COUNTY, WASHINGTON; THENCE NORTH 01°01'55" EAST ALONG THE WEST LINE OF SAID LOT 2 AND THE NORTHERLY PROJECTION THEREOF, A DISTANCE OF 140.33 FEET TO THE TRUE POINT OF BEGINNING.

SITUATED IN SKAGIT COUNTY, WASHINGTON



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Skagit County Auditor

**PARCEL "K"**

A NON-EXCLUSIVE EASEMENT ESTABLISHED BY DOCUMENT RECORDED UNDER AUDITOR'S FILE NO. 9510100090, FOR INGRESS, EGRESS AND UTILITIES OVER AND ACROSS THE SOUTH 30.00 FEET OF LOT 2 OF MOUNT VERNON SHORT PLAT NO. MV-4-87, APPROVED DECEMBER 17, 1987 AND RECORDED DECEMBER 21, 1987, AS AUDITOR'S FILE NO. 8712210075, IN BOOK 8 OF SHORT PLATS, PAGE 8, RECORDS OF SKAGIT COUNTY, BEING A PORTION OF THE EAST HALF OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 34 NORTH, RANGE 4 EAST OF THE WILLAMETTE MERIDIAN; TOGETHER WITH A NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS AND UTILITIES OVER AND ACROSS BOTH THE SOUTH 15.00 FEET OF LOT 1 AND SAID SHORT PLAT, AND THE NORTH 15.00 FEET OF THE SOUTH 45.00 FEET OF LOT 2 OF SAID SHORT PLAT.  
SITUATED IN SKAGIT COUNTY, WASHINGTON.



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Skagit County Auditor