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Skagit County Auditor

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When Recorded Return To:

Oppenheimer Wolff & Donnelly LLP
Plaza VII, Suite 3300
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Minneapolis, MN 55402
Attn: Kenneth Rowe

GUARDIAN NORTHWEST TITLE CO.

102973-1

Document Title
DEED OF TRUST AND SECURITY AGREEMENT AND FIXTURE FINANCING STATEMENT WITH ASSIGNMENT OF LEASES AND RENTS
Grantor
STEIN FAMILY LIMITED PARTNERSHIP, a Washington limited partnership
Grantee/Trustee
FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation
Grantee/Beneficiary
RIVERSOURCE LIFE INSURANCE COMPANY, a Minnesota corporation
Legal Description (Abbreviated: i.e., lot, block, plat or section, township, range)
<input checked="" type="checkbox"/> Additional legal on Exhibit "A" PTN BLOCK 8 WEST ADDN TO WOODLEY
Assessor's Tax Parcel Number: 4176-008-020-0009 (P77397)

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**DEED OF TRUST
AND
SECURITY AGREEMENT
AND
FIXTURE FINANCING STATEMENT
WITH
ASSIGNMENT OF LEASES AND RENTS**

THIS Indenture ("Deed of Trust") is made and delivered as of the ____ day of February, 2012 by STEIN FAMILY LIMITED PARTNERSHIP, a Washington limited partnership ("Grantor"), having a mailing address of 17065 Tenth Avenue Northwest, Seattle, Washington 98177, to FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation ("Trustee"), whose post office address is c/o National Commercial Services, 818 Stewart Street, Suite 800, Seattle, Washington 98101, for the benefit of RIVERSOURCE LIFE INSURANCE COMPANY, a Minnesota corporation ("Beneficiary"), having a mailing address of c/o Real Estate Loan Management, 25540 Ameriprise Financial Center, Minneapolis, Minnesota 55474.

WITNESSETH, that Grantor, in consideration of the Indebtedness (hereinafter described) and the sums advanced to Grantor in hand paid by Beneficiary, receipt whereof is hereby acknowledged, does hereby GRANT AND CONVEY unto Trustee, its successors and assigns, forever, in trust for the benefit of Beneficiary with power of sale and right of entry and possession, AND GRANTS TO BENEFICIARY A SECURITY INTEREST IN the following properties now owned or hereafter acquired by Grantor to secure (a) payment of the Note (as hereinafter defined) and all amounts owing under the Note and any documents securing the Note; and (b) due, prompt and complete observance and performance of each and every obligation, covenant and agreement of Grantor contained in the Note, this Deed of Trust and any other "Loan Documents" (as hereinafter defined) (all of the following being hereafter collectively referred to as the "Premises"):

**GRANTING CLAUSE
A
REAL PROPERTY**

All the tracts or parcels of real property lying and being in the County of Skagit, State of Washington, all as more fully described in Exhibit "A" attached hereto and made a part hereof, together with all the estates and rights in and to the real property, water, mineral or oil rights and in and to lands lying in streets, alleys and roads or gores of land adjoining the real property and all buildings, structures, improvements, fixtures and annexations, access rights, easements, rights of way or use, servitudes, licenses, tenements, hereditaments and appurtenances now or hereafter belonging or pertaining to the real property and all proceeds and products derived therefrom whether now owned or hereafter acquired; and



GRANTING CLAUSE
B
IMPROVEMENTS, FIXTURES, EQUIPMENT
AND PERSONAL PROPERTY

All buildings, equipment (including Grantor's interest in any lease of such equipment), fixtures, improvements, building supplies and materials and personal property now or hereafter attached to, located in, placed in or necessary to the use, operation or maintenance of the improvements on the Premises including, but without being limited to, all machinery, fittings, fixtures, apparatus, equipment or articles used to supply heating, gas, electricity, air conditioning, water, light, waste disposal, power, refrigeration, ventilation, and fire and sprinkler protection, as well as all elevators, escalators, overhead cranes, hoists and assists, and the like, and all furnishings, supplies, draperies, maintenance and repair equipment, window and structural cleaning rigs and equipment, floor coverings, appliances, screens, storm windows, blinds, awnings, shrubbery and plants (it being understood that the enumeration of specific articles of property shall in no way be held to exclude items of property not specifically enumerated), as well as renewals, replacements, proceeds, additions, accessories, increases, parts, fittings, insurance payments, awards and substitutes thereof, together with all interest of Grantor in any such items hereafter acquired, and all personal property which by the terms of any lease shall become the property of Grantor at the termination of such lease, all of which personal property mentioned herein shall be deemed fixtures and accessory to the freehold and a part of the realty and not severable in whole or in part without material injury to the Premises, but excluding therefrom the removable personal property owned by tenants in the Premises; and

GRANTING CLAUSE
C
RENTS, LEASES AND PROFITS

All rents, issues, income, revenue, receipts, fees, and profits now due or which may hereafter become due under or by virtue of and together with all right, title and interest of Grantor in and to any lease, license, sublease, contract or other kind of occupancy agreement, whether written or verbal, for the use or occupancy of the Premises or any part thereof together with all security therefor and all monies payable thereunder, including, without limitation, tenant security deposits, and all books and records which contain information pertaining to payments made thereunder and security therefor, subject, however, to the conditional permission herein given to Grantor to collect the rents, income and other normal income benefits arising under any agreements. Beneficiary shall have the right, not as a limitation or condition hereof but as a personal covenant available only to Beneficiary, at any time and from time to time, to notify any lessee of the rights of Beneficiary hereunder.

Together with all right, title and interest of Grantor in and to any and all contracts for sale and purchase of all or any part of the property described in Granting Clauses (A), (B) and (C) hereof, and any down payments, earnest money deposits or other sums paid or deposited in connection therewith; and



GRANTING CLAUSE
D
JUDGMENTS, CONDEMNATION AWARDS,
INSURANCE PROCEEDS,
AND OTHER RIGHTS

All awards, compensation or settlement proceeds made by any governmental or other lawful authorities for the threatened or actual taking or damaging by eminent domain of the whole or any part of the Premises, including any awards for a temporary taking, change of grade of streets or taking of access, together with all insurance proceeds resulting from a casualty to any portion of the Premises; all rights and interests of Grantor against others, including adjoining property owners, arising out of damage to the property including damage due to environmental injury or release of hazardous substances; and

GRANTING CLAUSE
E
LICENSES, PERMITS, EQUIPMENT LEASES
AND SERVICE AGREEMENTS

All right, title and interest of Grantor in and to any licenses, permits, regulatory approvals, government authorizations, franchise agreements and equipment or chattel leases, service contracts or agreements, tradenames, any and all other intangibles, including general intangibles, and all proceeds therefrom, arising from, issued in connection with or in any way related to the use, occupancy, operation, maintenance or security of the Premises, together with all replacements, additions, substitutions and renewals thereof, which may be assigned pursuant to agreement or law; and

GRANTING CLAUSE
F
PROCEEDS

All sale proceeds, refinancing proceeds or other proceeds, including deposits and down payments derived from or relating to the property described in A through E above.

AND GRANTOR for Grantor, Grantor's administrators, personal representatives, successors and assigns, covenants with Beneficiary, its successors and assigns, that Grantor is lawfully seized of the Premises and has good right to sell and convey the same; that the Premises are free from all encumbrances except as may be set forth in the ALTA Loan Policy to be issued to Beneficiary and insuring the first lien position of this Deed of Trust (hereinafter referred to as the "Permitted Encumbrances"); that Beneficiary, its successors and assigns, shall quietly enjoy and possess the Premises; and that Grantor, its successors and assigns, will WARRANT AND DEFEND the title to the same against all lawful claims not specifically excepted in this Deed of Trust.

TO HAVE AND TO HOLD THE SAME, unto Trustee for the benefit of Beneficiary, its successors and assigns, forever.



PROVIDED NEVERTHELESS, that if Grantor, Grantor's administrators, personal representatives, successors or assigns, shall pay to Beneficiary, its successors or assigns, the sum of Two Million Six Hundred Fifty Thousand and 00/100 Dollars (\$2,650,000.00), according to the terms of that certain Promissory Note in said principal amount (hereinafter referred to as the "Note") of even date herewith executed by Grantor and payable to Beneficiary, the terms and conditions of which are incorporated herein by reference and made a part hereof, together with any extensions, modification, substitutions, replacements, consolidations or renewals thereof, due and payable with interest thereon as provided therein, the balance of said principal sum together with interest thereon being due and payable in any event on March 1, 2024, and shall repay to Beneficiary, its successors or assigns, at the times demanded and with interest thereon at the same rate specified in the Note, all sums advanced in protecting the lien of this Deed of Trust, in payment of taxes on the Premises, in payment of insurance premiums covering improvements thereon, in payment of principal and interest on prior liens, in payment of expenses and attorneys' fees herein provided for and all sums advanced for any other purpose authorized herein (the Note and all such sums, together with interest thereon, and prepayment premium, if any, being hereinafter collectively referred to as the "Indebtedness"), and shall keep and perform all of the covenants and agreements herein contained, then this Deed of Trust shall become null and void, and shall be released at Grantor's expense.

Notwithstanding anything to the contrary set forth herein or in any other Loan Document, this Deed of Trust shall not secure the obligations of Grantor under the Indemnity Agreement (as defined below), or the substantial equivalent of the obligations arising under the Indemnity Agreement. All of such obligations (or the substantial equivalents thereof) shall constitute the separate, unsecured full recourse obligations of Grantor and shall not be deemed to be evidenced by the Note, or secured by this Deed of Trust.

AND IT IS FURTHER COVENANTED AND AGREED AS FOLLOWS:

ARTICLE 1.
GENERAL REPRESENTATIONS AND WARRANTIES

SECTION 1.1 Representations and Warranties.

Grantor represents and warrants to Beneficiary, its successors and assigns that as of the date hereof:

- (a) Grantor is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Washington and has all requisite power and authority to own and operate the Premises, to enter into the Note, this Deed of Trust, the Assignment of Leases and Rents of even date herewith ("Assignment of Leases"), the Hazardous Materials or Wastes Indemnity Agreement dated of even date herewith ("Indemnity Agreement") and any other document securing the Note, to execute all other documents relating to the Indebtedness and make all representations, warranties and covenants contained in such documentation. The Note, this Deed of Trust, the Assignment of Leases, all UCC Financing Statements, the Indemnity Agreement and all other documents, instruments and



agreements relating to any of them or evidencing or securing the Indebtedness are herein sometimes collectively referred to as the "Loan Documents." Grantor has the power and authority to borrow the monies and otherwise assume and perform as contemplated hereunder and under the Loan Documents, and is in compliance with all laws, regulations, ordinances and orders of public authorities applicable to it.

- (b) Neither the borrowing of the monies nor the execution and delivery of the Loan Documents nor the performance of the provisions of the agreements therein contained on the part of Grantor will contravene, violate or constitute a default under the Partnership Agreement of Grantor, or any agreement with the partners of Grantor, or any creditors of Grantor, or any law, ordinance, governmental regulation, agreement or indenture to which Grantor is a party or by which Grantor or Grantor's properties are bound.
- (c) There are no (i) bankruptcy proceedings involving Grantor and none is contemplated; (ii) dissolution proceedings involving Grantor and none is contemplated; (iii) unsatisfied judgments of record against Grantor; or (iv) tax liens filed against Grantor.
- (d) The Loan Documents have been duly executed and delivered by Grantor and constitute the legal, valid and binding obligations of Grantor, enforceable in accordance with their terms, except as to enforcement of remedies, as may be limited by bankruptcy, insolvency or similar laws affecting generally the exercise and enforcement of creditor's rights and remedies.
- (e) There are no judgments, suits, actions or proceedings at law or in equity or by or before any governmental instrumentality or agency now pending against or, to the best of Grantor's knowledge, threatened against Grantor or its properties, or both, nor has any judgment, decree or order been issued against Grantor or its properties, or both, which would have a material adverse effect on the Premises or the financial condition of Grantor or Grantor's properties.
- (f) No consent or approval of any regulatory authority having jurisdiction over Grantor is necessary or required by law as a prerequisite to the execution, delivery and performance of the terms of the Loan Documents.
- (g) Grantor is not, as of the date hereof, in default in the payment or performance of any of Grantor's obligations in connection with borrowed money or any other major obligation.
- (h) The Premises is free from any mechanics' or materialmen's liens or claims. There has been no labor or materials furnished to the Premises that has not been paid for in full.



- (i) Grantor has no notice, information or knowledge of any change contemplated in any applicable law, ordinance, regulation, or restriction, or any judicial, administrative, governmental or quasi-governmental action, or any action by adjacent land owners, or natural or artificial condition existing upon the Premises which would limit, restrict, or prevent the contemplated or intended use and purpose of the Premises.
- (j) There is no pending Condemnation (as defined in Section 5.2 hereof) or similar proceeding affecting the Premises, or any portion thereof, nor to the best knowledge of Grantor, is any such action being presently contemplated.
- (k) No part of the Premises is being used for agricultural or farming purposes or being used for a personal residence by Grantor or any partner of Grantor.
- (l) The Premises is undamaged by fire, windstorm, or other casualty.
- (m) The Premises complies with all zoning ordinances, energy and environmental codes, building and use restrictions and codes, and any requirements with respect to licenses, permits and agreements necessary for the lawful use and operation of the Premises.
- (n) The heating, electrical, sanitary sewer plumbing, storm sewer plumbing, potable water plumbing and other building equipment, fixtures and fittings in the existing improvements on the Premises are in good condition and working order, are adequate in quantity and quality for normal and usual use, and are fit for the purposes intended and the use contemplated.
- (o) The Premises is covered by one or more tax parcels which pertain to the Premises only and not to any property which is not subject to this Deed of Trust.
- (p) The Premises is improved with a Walgreen's Store and related parking, and has frontage on Harrison Street, and direct access for ingress and egress to a publicly dedicated right of way known as Western Street.
- (q) Grantor has good and clear record and marketable title in fee to such of the Premises as is real property, subject to no liens, encumbrances or restrictions other than Permitted Encumbrances.
- (r) Neither Grantor, any affiliate of Grantor, any partner of Grantor nor any Guarantor has been the subject of foreclosure or insolvency proceedings.
- (s) Grantor is not presently insolvent, and the execution and delivery of the Loan Documents will not render Grantor insolvent. As used herein, the word "insolvent" means that the sum total of all of an entity's liabilities (whether secured or unsecured, contingent or fixed, or liquidated or unliquidated) is in



excess of the value of all of such entity's non-exempt assets, i.e., all of the assets of the entity that are available to satisfy claims of creditors.

- (t) After the execution and delivery of the Loan Documents, Grantor shall have sufficient working capital, including cash flow from the Premises or other sources, not only to adequately maintain the Premises, but also to pay all of Grantor's outstanding debts as they become due.
- (u) Neither Grantor, any affiliate of Grantor, any partner of Grantor nor any Guarantor is (a) an "employee benefit plan" as defined under ERISA or (b) a "plan" as defined in Section 4975(e)(1) of the Internal Revenue Code, and the Premises do not constitute "plan assets" within the meaning of the Department of Labor Regulation Section 2510.3-101.
- (v) Grantor has complied with all requirements of the Americans with Disabilities Act, 42 U.S.C. Sections 12101-12213, as the same may be amended from time to time.
- (w) Neither Grantor, any affiliate of Grantor, any partner of Grantor nor any Guarantor is or will become a Person described by Section 1 of The Anti-Terrorism Executive Order 13,224 of September 23, 2001 blocking property and prohibiting transactions with Persons who commit, threaten to commit, or support terrorism, 66 Fed. Reg. 49,049 (2001), or described in any rule or regulation implementing the same and, to the best knowledge and belief of the Grantor after due and adequate diligence, neither Grantor, any affiliate of Grantor, any partner of Grantor nor any Guarantor engages or will engage in any dealings or transactions, or be otherwise associated with, any such Persons.
- (x) Grantor, all affiliates of Grantor, all partners of Grantor and all Guarantors are in compliance, and will remain in compliance, with the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT ACT).
- (y) (i) to the best of Grantor's knowledge after due inquiry, the Premises has never been used either by previous owners or occupants or by Grantor or current occupants to generate, manufacture, refine, transport, treat, store, handle or dispose of asbestos or any Hazardous Materials or Wastes, as defined below, and no such Hazardous Materials or Wastes exist on the Premises or in its soil or groundwater; (ii) to the best of Grantor's knowledge after due inquiry, no portion of the improvements on the Premises has been constructed with asbestos, asbestos-containing materials, urea formaldehyde insulation or any other chemical or substance which has been determined to be a hazard to health and/or the environment; (iii) to the best of Grantor's knowledge after due inquiry, there are no nor have there been electrical transformers or other equipment which have dielectric fluid-containing PCBs located in, on or under the Premises; (iv) to the best of Grantor's knowledge after due inquiry, the Premises has never contained



any underground storage tanks; and (v) Grantor has not received nor does it have any knowledge of any summons, citation, directive, letter or other communication, written or oral, from any local, state or federal governmental agency concerning (A) the existence of Hazardous Materials or Wastes on the Premises or in the immediate vicinity, or (B) the releasing, spilling, leaking, pumping, pouring, emitting, emptying, or dumping of Hazardous Materials or Wastes onto the Premises or into waters or other lands. For purposes hereof, the term "Hazardous Materials or Wastes" shall mean any hazardous or toxic materials, pollutants, chemicals, or contaminants, including without limitation asbestos, polychlorinated biphenyls (PCBs), and petroleum products as defined, determined or identified as such in any Laws, as hereinafter defined. For purposes hereof, the term "Laws" means any federal, state or local laws, rules or regulations (whether now existing or hereinafter enacted or promulgated) including, without limitation, the Clean Water Act, 33 U.S.C. §§ 1251 *et seq.* (1972), the Clean Air Act, 42 U.S.C. §§ 7401 *et seq.* (1970), the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Subsection 9601 *et seq.*, and The Resource Conservation and Recovery Act, 42 U.S.C. Subsection 6901 *et seq.*, any similar state laws, as well as any judicial or administrative interpretation thereof, including any judicial or administrative orders or judgments.

SECTION 1.2 Continuing Obligation.

Grantor further warrants and represents that all statements made hereunder are true and correct and that all financial statements, data and other information provided to Beneficiary by Grantor relating to or provided in connection with this transaction has not and does not contain any statement which, at the time and in the light of the circumstances under which it was made, would be false or misleading with respect to any material fact, or would omit any material fact necessary in order to make any such statement contained therein not false or misleading in any material respect, and since such statement, data or information was provided there has been no material change thereto or to the condition of Grantor. Should Grantor subsequently obtain knowledge that such representation was or is untrue, Grantor shall immediately notify Beneficiary as to the untrue nature of said representation and agrees to take action as may be necessary to cause such representation to become true.

ARTICLE 2. COVENANTS AND AGREEMENTS

Grantor covenants and agrees for the benefit of Beneficiary, its successors and assigns, as follows:

SECTION 2.1 Payment of Indebtedness; Observance of Covenants.

Grantor will duly and punctually pay each and every installment of principal, premium, if any, and interest on the Note, all deposits required herein, and all other Indebtedness, as and when the same shall become due, and shall duly and punctually perform and observe all of the

covenants, agreements and provisions contained herein, in the Note and any other Loan Documents, as such instrument may be amended, modified, restated and in effect from time to time.

SECTION 2.2 Maintenance; Repairs.

Grantor agrees that it will keep and maintain the Premises in good, first class condition, repair and operating condition free from any waste or misuse, and will comply with all requirements of law, municipal ordinances and regulations, restrictions and covenants affecting the Premises and their use, and will promptly repair or restore any buildings, improvements or structures now or hereafter on the Premises, which may become damaged or destroyed, to their condition prior to any such damage or destruction. Grantor further agrees that without the prior written consent of Beneficiary, it will not remove or expand any improvements on the Premises, erect any new improvements or make any material alterations in any improvements which will alter the basic structure, adversely affect the market value or change the existing architectural character of the Premises, and agrees that any other buildings, structures and improvements now or hereafter constructed on or in the Premises or repairs made to the Premises shall be completed in a good and workmanlike manner, in accordance with all applicable governmental laws, regulations, requirements and permits and in accordance with plans and specifications previously delivered to, and approved in advance and in writing by Beneficiary. Grantor agrees not to acquiesce in any rezoning classification, modification or restriction affecting the Premises without the written consent of Beneficiary. Grantor agrees that it will not abandon or vacate the Premises. Grantor agrees that it will provide, improve, grade, surface and thereafter maintain, clean, repair and adequately light all parking areas within the Premises, together with any sidewalks, aisles, streets, driveways and curb cuts and sufficient paved areas for ingress and right-of-way to and from the adjacent public thoroughfare necessary or desirable for the use thereof and maintain all landscaping thereon. Grantor shall obtain and at all times keep in full force and effect such governmental approvals as may be necessary to comply with all governmental requirements relating to Grantor and the Premises.

SECTION 2.3 Payment of Operating Costs, Liens, and Other Indebtedness.

Grantor agrees that it will pay all operating costs and expenses of the Premises; keep the Premises free from mechanics' liens, materialmen's liens, judgment liens and other liens, executions, attachments or levies (hereinafter collectively referred to as "Liens"); and will pay when due all permitted indebtedness which may be secured by mortgage, lien or charge on the Premises whether prior to, subordinate to, or of equal priority with the lien hereof, and upon request will exhibit to Beneficiary satisfactory evidence of such payment and discharge.

SECTION 2.4 Payment of Impositions.

Grantor will pay when due and before any penalty or interest attaches because of delinquency in payment, all taxes, installments of assessments, water charges, sewer charges, and other fees, taxes, charges and assessments of every kind and nature whatsoever assessed or charged against or constituting a lien on the Premises or any interest therein or the Indebtedness (hereinafter referred to as the "Impositions"); and will upon demand furnish to Beneficiary proof



of the payment of any such Impositions. In the event of a court decree or an enactment after the date hereof by any legislative authority of any law imposing upon a beneficiary the payment of the whole or any part of the Impositions herein required to be paid by Grantor, or changing in any way the laws relating to the taxation of deeds of trust or debts secured by deeds of trust or a beneficiary's interest in mortgaged premises, so as to impose such Imposition on Beneficiary or on the interest of Beneficiary in the Premises, then, in any such event, Grantor shall bear and pay the full amount of such Imposition, provided that if for any reason payment by Grantor of any such Imposition would be unlawful, or if the payment thereof would constitute usury or render the Indebtedness wholly or partially usurious, Beneficiary, at its option, may declare the whole sum secured by this Deed of Trust with interest thereon to be immediately due and payable, without prepayment fee, or Beneficiary, at its option, may pay that amount or portion of such Imposition as renders the Indebtedness unlawful or usurious, in which event Grantor shall concurrently therewith pay the remaining lawful and non-usurious portion or balance of said Imposition.

SECTION 2.5 Contest of Liens and Impositions.

Grantor shall not be required to pay, discharge or remove any Liens or Impositions so long as Grantor shall in good faith contest the same or the validity thereof by appropriate legal proceedings which shall operate to prevent the collection of the Liens or Impositions so contested and the sale of the Premises, or any part thereof to satisfy the same, provided that Grantor shall, prior to any such contest, have given such security as may be required by Beneficiary to ensure such payments and prevent any sale or forfeiture of the Premises by reason of such nonpayment. Any such contest shall be prosecuted in accordance with the laws and rules pertaining to such contests and in all events with due diligence and Grantor shall promptly after final determination thereof pay the amount of any such Liens or Impositions so determined, together with all interest and penalties, which may be payable in connection therewith. Notwithstanding the provisions of this Section, Grantor shall (and if Grantor shall fail so to do, Beneficiary, may but shall not be required to) pay any such Liens or Impositions notwithstanding such contest if in the opinion of Beneficiary, the Premises shall be in jeopardy or in danger of being forfeited or foreclosed.

SECTION 2.6 Protection of Security.

Grantor agrees to promptly notify Beneficiary of and appear in and defend any suit, action or proceeding that affects the value of the Premises, the Indebtedness or the rights or interest of Beneficiary hereunder. Beneficiary may elect to appear in or defend any such action or proceeding (including deficiency judgment proceedings) and Grantor agrees to indemnify and reimburse Beneficiary from any and all loss, damage, expense or cost arising out of or incurred in connection with any such suit, action or proceeding, including without limitation costs of evidence of title and attorneys' fees.

SECTION 2.7 Annual Statements.

Within one hundred twenty (120) days after the end of each of its fiscal years during the term of this Deed of Trust, Grantor, and any successor to the interest of Grantor in the Premises,



will furnish to Beneficiary: (a) annual certified financial statements of Grantor or such successor and (if requested in writing by Beneficiary) annual certified financial statements or tax returns of any guarantor of the loan; and (b) annual certified operating statements of the Premises, which shall include all relevant financial information showing at a minimum, but shall not be limited to, gross income (itemized as to source), operating expenses (itemized), depreciation charges, and net income before and after federal income taxes and such additional information as Beneficiary may from time to time request. All of the above required financial and operating statements shall be prepared in reasonable detail, conform to generally accepted accounting principles, be satisfactory in form and content to Beneficiary and be prepared without expense to the Beneficiary. With respect to the above-referenced financial statements, Grantor, any successor trustor and any guarantor of the Loan shall provide: (a) as to a corporate entity, such entity shall submit annual certified financial statements of the corporation and any supplemental schedules provided stockholders or officers; (b) as to an individual, such individual shall submit annual financial statements certified by such individual or by an independent certified public accountant in good standing and shall include a balance sheet and a profit and loss statement; and (c) as to a partnership, trust entity or limited liability company, the partnership, trust or limited liability company shall submit annual financial statements certified by an authorized partner, trustee or member. Grantor covenants that it shall keep true and accurate records of the operation of the Premises. In the event Grantor fails to furnish any of the above statements or upon an Event of Default Beneficiary may cause an audit to be made of the respective books and records at the sole cost and expense of Grantor. Beneficiary also shall have the right to examine at their place of safekeeping all books, accounts and records relating to the operation of the Premises, to make copies or abstracts therefrom and to discuss the affairs, finances or accounts with the partners and employees of Grantor and Grantor's accountants. Said examination shall be at Beneficiary's expense unless an Event of Default has occurred or Grantor's statements are found to contain significant discrepancies, in which case the examination shall be at Grantor's expense. Grantor shall also furnish a rent roll in form acceptable to Beneficiary of all tenants having leases on the Premises on an annual basis along with the operating statements provided for above or at such other times as requested by Beneficiary from time to time.

SECTION 2.8 Additional Assurances.

Grantor agrees upon request by Beneficiary to execute and deliver further instruments, financing statements and/or continuation statements under the Uniform Commercial Code and assurances and will do such further acts as may be necessary or proper to carry out more effectively the purposes of this Deed of Trust and without limiting the foregoing, to make subject to the lien hereof any property agreed to be subjected hereto or covered by the granting clauses hereof, or intended so to be. Grantor agrees to pay any recording fees, filing fees, stamp taxes or other charges arising out of or incident to the filing, the issuance and delivery of the Note, the filing or recording of this Deed of Trust and the Assignment of Leases or the delivery, filing and recording of such further assurances and instruments as may be required pursuant to the terms of this Section.



SECTION 2.9 Due on Sale or Mortgaging, Etc.

In the event that without the written consent of Beneficiary being first obtained Grantor sells, conveys, transfers, further mortgages, encumbers, changes the form of ownership, or encumbers or disposes of the Premises, or any part thereof, or any interest therein, or agrees to do so, whether any such event is voluntary, involuntary or by operation of law, then at Beneficiary's sole option, Beneficiary may declare the Indebtedness immediately due and payable in full and call for payment of the same at once, together with the prepayment fee then in effect under the terms of the Note.

If any person or entity that holds a Controlling Interest (as hereinafter defined) sells, conveys, transfers or pledges all or any portion of such interest, or agrees to do so, whether any of the foregoing is voluntary, involuntary or by operation of law, such action shall constitute a transfer for purposes of this Section and shall entitle Beneficiary to the rights and remedies set forth in the immediately preceding paragraph. For the purposes of this Section, a "Controlling Interest" means a majority or any lesser ownership interest in any entity comprising a Grantor or in any entity that has a direct or indirect ownership or beneficial interest in Grantor that permits the holder of such interest to control operational and strategic decisions of any entity comprising a Grantor. Any person or entity that holds a Controlling Interest shall be deemed a "Controlling Party" for the purposes of this Section, and any permitted subsequent owner of either the Premises or of a Controlling Interest shall be deemed the "Grantor" or a "Controlling Party," as the case may be, for the purposes of this Deed of Trust.

The dissolution of any entity which is a Grantor or the holder of a Controlling Interest shall constitute a transfer of such interest for the purpose of this Section. The death of an individual Grantor or Controlling Party shall constitute a transfer of such interest for the purpose of this Section. In the event of the death of a person who is a Grantor or Controlling Party: (a) Beneficiary must receive notice thereof within ninety (90) days of such death, and (b) Beneficiary shall be provided with a replacement person or entity acceptable to Beneficiary in its sole discretion no later than the earlier to occur of: (i) the date that is one (1) year after the date of such death, and (ii) the date immediately prior to any distribution of assets to a devisee, an heir or other beneficiary of such deceased person. If such replacement person is acceptable to Beneficiary, the transfer shall be permitted without a transfer fee or change in the loan terms.

In the event Grantor shall request the consent of Beneficiary in accordance with this Section 2.9 Grantor shall deliver a written request to Beneficiary together with (a) a review fee of Five Hundred and 00/100 Dollars (\$500.00) ("Review Fee") and (b) complete information regarding such conveyance or encumbrance (including complete information concerning the person or entity to acquire the interest conveyed). Beneficiary shall be allowed thirty (30) days after receipt of all requested information for evaluation of such request. In the event that such request is not approved within such thirty (30) day period, it shall be deemed not approved. If such a conveyance or encumbrance is approved, Grantor shall pay to Beneficiary (a) a processing fee in the amount of Three Thousand and 00/100 Dollars (\$3,000.00) ("Processing Fee") to compensate Beneficiary for processing the request and (b) a good faith deposit in the amount of Five Thousand and 00/100 Dollars (\$5,000.00) (the "Good Faith Deposit") which



shall be returned to Grantor upon completion of the transaction in accordance with Beneficiary's requirements. Approval may be conditioned upon payment of a transfer fee in an amount equal to one percent (1%) of the then outstanding principal balance of the Note ("Transfer Fee"), payment of all out-of-pocket expenses incurred by Beneficiary in processing such transfer and such modifications of the loan terms, interest rate, and maturity date as determined by Beneficiary in its sole discretion. Consent as to any one transaction shall not be deemed to be a waiver of the right to require consent to future or successive transactions. If Grantor requests consent to a transfer or encumbrance in the first (1st) Loan Year (as defined in the Note), and Beneficiary approves such request, the Transfer Fee shall be increased to two percent (2%) of the then outstanding principal balance of the Loan in addition to the Review Fee and the Processing Fee as provided above.

If the Premises should be transferred to a partnership, to a trust, to a privately held corporation or to a limited liability company pursuant to the terms of this Section 2.9 during the term of this Deed of Trust, thereafter a subsequent transfer of a partnership interest, a beneficial interest, a corporate stock interest or a member interest in either the successor entity or in any entity which holds an ownership interest in such successor entity shall constitute a conveyance for purposes of this Section 2.9, and the consent of Beneficiary shall be required. The death of a partner, a beneficiary, a shareholder or a member of Grantor or of any entity which has an ownership interest in Grantor or any successor entity to Grantor or any entity which holds an ownership interest in such successor entity shall constitute a conveyance for purposes of this Section 2.9. Grantor or any successor to Grantor shall give notice of any such death to Beneficiary within ninety (90) days after the date of such death. In the case of the existing Grantor, in the event of the death of a Controlling Party, Grantor covenants to provide a replacement person acceptable to Beneficiary in its sole discretion within one (1) year after the date of such death. If such replacement person is acceptable to Beneficiary, such transfer shall be permitted without payment of the foregoing Review Fee, Processing Fee or Transfer Fee and without change in the loan terms.

Notwithstanding the above restrictions, and provided no Event of Default, as defined herein, nor event of which the passage of time or giving of notice or both would become such an Event of Default, has occurred hereunder or under the Loan Documents and is continuing hereunder:

- (a) Beneficiary shall not withhold its consent to transfers by the existing partners of Grantor among themselves or to the immediate family members of such members (*i.e.*, spouse and children) or entities owned by such immediate family members for estate planning purposes or trusts whose beneficiaries are such immediate family members, provided that (1) Yolanda Stein (hereinafter referred to as the "Guarantor") shall at all times maintain an ownership interest in Grantor, (2) Beneficiary shall be provided with current financial information (reflecting the current assets) of the Guarantor, (3) the Guarantor continue to be liable pursuant to the terms of that certain Limited Guaranty Agreement dated of even date herewith from the Guarantor to the Beneficiary ("Guaranty") and the Indemnity Agreement, (4) Beneficiary has been given thirty (30) days prior written notice of



such transfer, (5) prior to such transfer Beneficiary shall have received copies of all transfer documents and all such other documentation or information as Beneficiary deems necessary, which documentation or information shall be satisfactory in all respects to Beneficiary, (6) Beneficiary's out-of-pocket expenses, including attorneys' fees are paid by Grantor, and (7) Grantor shall provide such other items as are requested by Beneficiary or its counsel. In the event that the Guarantor shall transfer its interest to a trust for the benefit of such Guarantor's immediate family members in accordance with the terms hereof, the Beneficiary shall require that the trust (or the trustee, on behalf of the trust, if applicable under local law) join in the Guaranty and the Indemnity Agreement which have been executed by the Guarantor.

- (b) Beneficiary shall not withhold consent to the transfer of the entire Premises, without modification of the terms of the loan secured by this Deed of Trust and in addition to the one-time transfer provided for in Section 2.9(c) below, without a fee, from Grantor to an entity whose sole asset is the Premises ("Entity"), provided the following conditions have been met:
- (i) The Entity shall fully assume the obligation to pay the Note and otherwise perform the terms and conditions of the Loan Documents pursuant to an assumption agreement in form and content acceptable to Beneficiary.
 - (ii) Grantor provides evidence satisfactory to Beneficiary that the ownership, control and management of the Entity is the same as the ownership, control and management of the Grantor.
 - (iii) Beneficiary shall have received an acceptable opinion from the Entity's counsel confirming that: (A) the Entity is duly organized, validly existing and in good standing under the laws of the State of its organization and, if different, the laws of the State where the Premises is located; and (B) all documents executed in connection with such transfer, including the assumption agreement, have been duly authorized, executed and delivered and are enforceable in accordance with their terms.
 - (iv) Grantor (A) shall execute, deliver and record (when necessary) such amendments, supplements, corrections and replacements to the Loan Documents as Beneficiary may require, and (B) shall deliver such endorsements to Beneficiary's title insurance policy as Beneficiary may require including a downdate endorsement to the title insurance policy insuring (i) the first lien position of this Deed of Trust, subject to no liens or encumbrances other than those shown in the original title insurance policy and current taxes not yet due and payable, and (ii) the fact that the Entity is the fee owner of the Premises.
 - (v) Written notice of such transfer together with such documentation regarding the transfer and the Entity as Beneficiary shall request



(including but not limited to organizational documentation regarding the Entity and updated property insurance information) shall be given to Beneficiary at least thirty (30) days prior to such transfer, which documentation shall be satisfactory in all respects to Beneficiary.

- (vi) Grantor shall remain liable for payment of all sums due under the Note and performance of all other terms and conditions of the Loan Documents and the Guarantor shall remain liable for all obligations under the terms of the Indemnity Agreement and the Guaranty.
 - (vii) Grantor shall pay all out-of-pocket costs and expenses incurred by Beneficiary, including attorneys' fees, in reviewing and processing such assumption and transfer.
 - (viii) Grantor shall provide such other items as are requested from Beneficiary or its counsel.
- (c) Beneficiary shall not withhold consent to a one (1) time transfer of the Premises and will not require modification of the interest rate or maturity date stated in the Note, provided all of the following conditions have been met:
- (i) The transfer shall be to a reputable and competent transferee who Beneficiary determines, in its sole judgment and discretion,
 - (1) has experience in the business of owning commercial real estate of similar type, size and quality to the Premises and has a favorable reputation with respect to such business; and
 - (2) has experience or has retained management with experience in the management of similar projects; and
 - (3) has the necessary financial strength and will assume all of Grantor's obligations under the Loan Documents including, without limitation, the Indemnity Agreement; and
 - (4) has never been in default under any loan held by Beneficiary or an affiliate of Beneficiary.
 - (ii) For the twelve (12) month period immediately following the date of the proposed transfer the annualized Net Income, as defined below, prior to the payment of debt service is at least one hundred twenty five percent (125%) of the annual debt service on the Note and on all subordinate financing secured by the Premises or any part thereof. For the purposes hereof, the term "Net Income" for any period shall mean the aggregate rent, receipts and other revenues which shall have accrued to the benefit of the owner of the Premises during such period from bona fide arms-length



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tenants in actual possession of space in the Premises (based upon the then current certified rent roll), less the sum of all operating expenses, maintenance costs, management fees, insurance premiums, real estate taxes and assessments and other costs, expenses and expenditures (including required capital expenditures) attributable to ownership of the Premises which is paid or accrued during such period, calculated in accordance with generally accepted accounting principles and management practices, but not including payments of principal or interest on the Indebtedness, depreciation or other noncash charges and income taxes. Beneficiary shall have the right to require delivery of such evidence as it deems necessary to establish Net Income from the Premises.

- (iii) The proposed purchaser and any substitute guarantors which may be required by Beneficiary must assume and agree to perform all obligations under the Loan Documents pursuant to an assumption agreement acceptable to Beneficiary.
- (iv) Grantor shall remain liable for payment of all sums due under the Note and performance of all other terms and conditions of the Loan Documents and the Guarantor shall remain liable for all obligations under the terms of the Indemnity Agreement and the Guaranty; provided, however, Beneficiary shall not require such continuing personal liability if the transferee and any substitute guarantors required by Beneficiary, in Beneficiary's sole discretion, are qualified to assume all of the obligations of the Grantor and the Guarantor under the terms of the Loan Documents and otherwise meet all of the conditions set forth in this Section 2.9(c). Any such release of the Grantor and/or the Guarantor shall be prospective only and the Grantor and the Guarantor shall remain liable for all actions taken and all events first occurring prior to the date that the Premises is transferred.
- (v) In addition to the Processing Fee and Review Fee, Beneficiary shall receive a Transfer Fee equal to one percent (1%) of the then outstanding principal balance of the Note. If a request for the one-time transfer is made during the first (1st) Loan Year, as defined in the Note, and such transfer is approved by Beneficiary, the Transfer Fee shall be two percent (2%) of the outstanding principal balance of the Note.
- (vi) The purchaser must acknowledge that future transfers and encumbrances will be subject to Beneficiary's approval, which may, at Beneficiary's sole discretion, be withheld or be conditioned upon payment of a fee and/or modification of the terms of the Note and/or the other Loan Documents.



- (vii) Notice of such transfer together with such documentation regarding the transfer and the assuming person or entity as Beneficiary shall request shall be given to Beneficiary at least thirty (30) days prior to such transfer.
- (viii) Grantor shall pay all costs and expenses in connection with reviewing and processing such transfer, including Beneficiary's attorneys' fees and the fees of any broker.
- (ix) The proposed purchaser must acquire the entire Premises. Consent will not be granted for transfer of only part of the Premises.
- (x) Grantor (a) shall execute, deliver and record (when necessary) such amendments, supplements, corrections and replacements to the Loan Documents as Beneficiary may require, and (b) shall deliver such endorsements to Beneficiary's title insurance policy as Beneficiary may require including a downdate endorsement to the title insurance policy insuring (i) the first lien position of this Deed of Trust, subject to no liens or encumbrances other than those shown in the original title insurance policy and current taxes not yet due and payable, and (ii) the fact that the transferee person or entity is the fee owner of the Premises.
- (xi) Beneficiary is in receipt of a copy of a fully executed purchase/sale contract for the Premises, which contract shows that the total of all loans secured by the Premises does not exceed seventy-five percent (75%) of the purchase price. Beneficiary may also require an appraisal of the Premises (exclusive of chattels), in form and content satisfactory to Beneficiary, showing sufficient value of the Premises so that the total of all loans secured by the Premises does not exceed seventy-five percent (75%) of such appraised value. If the purchase/sale contract or the appraisal shows that the total amount of debt secured by liens against the Premises exceeds seventy-five percent (75%) of the value of the Premises, Beneficiary may require, at Beneficiary's option, a paydown of the Note or a paydown of the indebtedness secured by subordinate liens on the Premises so that such total will not exceed seventy-five percent (75%) of value.
- (xii) Beneficiary shall have received an acceptable opinion from the proposed purchaser's counsel confirming that: (A) the proposed purchaser is duly organized, validly existing and in good standing under the laws of the state of its organization and, if different, the laws of the state where the Premises is located; and (B) all documents executed in connection with such transfer, including the assumption agreement, have been duly authorized, executed and delivered and are enforceable in accordance with their terms.
- (xiii) Grantor shall provide such other items as are requested by Beneficiary or its counsel.



- (d) Owners not holding a Controlling Interest in Grantor may transfer their interests in Grantor without Beneficiary's consent and without payment of any fee provided Beneficiary has been given prior written notice of such transfer together with such documentation regarding the transfer and the transferee as Beneficiary may request.

SECTION 2.10 Maintenance of Existence.

Grantor agrees to maintain its existence as a limited partnership under the laws of the State of Washington and not to dissolve, liquidate, wind-up, consolidate or merge during the term hereof, without the prior written consent of Beneficiary.

SECTION 2.11 Environmental Matters.

Grantor hereby covenants to Beneficiary that: (a) Grantor shall (i) comply and shall cause all occupants of the Premises to comply with all federal, state and local laws, rules, regulations and orders with respect to the discharge, generation, removal, transportation, storage and handling of Hazardous Materials or Wastes, (ii) remove any Hazardous Materials or Wastes immediately upon discovery of same, in accordance with applicable laws, ordinances and orders of governmental authorities having jurisdiction thereof, (iii) pay or cause to be paid all costs associated with such removal; and (iv) indemnify Beneficiary from and against all losses, claims and costs arising out of the migration of Hazardous Materials or Wastes from or through the Premises onto or under other properties; (b) Grantor shall keep the Premises free of any lien imposed pursuant to any state or federal law, rule, regulation or order in connection with the existence of Hazardous Materials or Wastes on the Premises; (c) Grantor shall not install or permit to be installed or to exist in or on the Premises any asbestos, asbestos-containing materials, urea formaldehyde insulation or any other chemical or substance which has been determined to be a hazard to health and/or the environment; (d) Grantor shall not cause or permit to exist, as a result of an intentional or unintentional act or omission on the part of Grantor or any occupant of the Premises, a releasing, spilling, leaking, pumping, emitting, pouring, emptying or dumping of any Hazardous Materials or Wastes onto the Premises or into waters or other lands; and (e) Grantor shall give all notifications and prepare all reports required by Laws or any other law with respect to Hazardous Materials or Wastes existing on, released from or emitted from the Premises.

**ARTICLE 3.
INSURANCE AND ESCROWS**

SECTION 3.1 Insurance.

During the term of this Deed of Trust, Grantor shall obtain and keep in full force and effect at its sole cost and expense the following insurance:

- (a) Insurance against loss by fire, lightning and risk customarily covered by standard extended coverage endorsement, including the cost of debris removal, together with a vandalism and malicious mischief endorsement, sprinkler leakage



endorsement, such perils endorsements as determined by Beneficiary, all in the amount of not less than the full replacement cost without deduction for depreciation of the improvements as shown in the appraisal submitted to and approved by Beneficiary, and an agreed-amount endorsement, a replacement cost endorsement and a waiver of subrogation endorsement;

- (b) Broad Form Boiler and Machinery Insurance on all equipment and pressure fired vessels or apparatus situate on the Premises, and providing for full repair and replacement cost coverage;
- (c) Flood Insurance in the maximum amount available at any time during the term of this Deed of Trust that the Premises are designated as lying within a flood plain as defined by the Federal Insurance Administration;
- (d) Loss of Rents and/or Business Interruption Insurance covering risk of loss due to the occurrence of hazards insured against under the policies required in Subsections (a), (b) and (c) hereof in an amount equal to: (i) rental for a twelve (12) month period, plus (ii) real estate taxes, special assessments, insurance premiums and other expenses required to be paid by the tenants under each lease of the Premises for such twelve (12) month period;
- (e) Comprehensive General Public Liability Insurance covering the legal liability of Grantor against claims for bodily injury, death or property damage occurring on, in or about the Premises in such minimum amounts and with such minimum limits as Beneficiary may reasonably require;
- (f) Builders Risk Insurance and Worker's Compensation Insurance during the making of any alterations or improvements to the Premises; and
- (g) Such other forms of insurance as Beneficiary may require or as may be required by law.

In addition, Beneficiary is to be furnished with such engineering data as it may require regarding the risk of earthquake or sinkhole damage to the Premises. If Beneficiary shall determine in its sole opinion that there is a material earthquake or sinkhole risk, or if insurance against earthquake or sinkhole is required by law, Grantor will provide earthquake or sinkhole insurance. Such insurance policies shall be written on forms and with insurance companies which are satisfactory to Beneficiary, shall name as the insured parties Grantor and Beneficiary, as their interests may appear, shall be in amounts sufficient to prevent Grantor from becoming a co-insurer of any loss thereunder, and shall bear a satisfactory mortgagee clause in favor of Beneficiary with loss proceeds under any such policies to be made payable to Beneficiary. All required policies of insurance together with evidence of the payment of current premiums therefor shall be delivered to Beneficiary and shall provide that Beneficiary shall receive at least thirty (30) days' advance written notice prior to cancellation, amendment or termination of any such policy of insurance. Grantor shall, within ten (10) days prior to the expiration of any such policy, deliver evidence acceptable to Beneficiary, in its sole judgment, verifying the renewal of



such insurance together with evidence of the payment of current premiums therefor. Grantor shall at its expense furnish on renewal of insurance policies or upon request of Beneficiary evidence of the replacement value of the improvements on the Premises in form satisfactory to Beneficiary on renewal of insurance policies or upon request of Beneficiary. Insurance coverage must at all times be maintained in proper relationship to such replacement value and must always provide for agreed amount coverage.

In the event of a foreclosure of this Deed of Trust or any acquisition of the Premises by Beneficiary, all such policies and any proceeds payable therefrom, whether payable before or after a foreclosure sale, or during the period of redemption, if any, shall become the absolute property of Beneficiary to be utilized at its discretion. In the event of foreclosure or the failure to obtain and keep any required insurance, Grantor empowers Beneficiary to effect insurance upon the Premises at Grantor's expense and for the benefit of Beneficiary in the amounts and types aforesaid for a period of time covering the time lapse of insurance including lapse during redemption from foreclosure sale, and if necessary, to cancel any or all existing insurance policies. Grantor agrees to furnish Beneficiary copies of all inspection reports and insurance recommendations received by Grantor from any insurer. Beneficiary makes no representations that the above insurance requirements are adequate protection for a prudent trustor.

SECTION 3.2 Escrows.

Except to the extent waived in writing by Beneficiary, Grantor shall deposit with Beneficiary, or at Beneficiary's request, with its servicing agent, on the first day of each and every month, commencing with the date the first payment of interest and/or principal and interest shall become due on the Indebtedness, a deposit to pay the Impositions and insurance premiums (hereinafter collectively referred to as the "Charges") in an amount equal to:

- (a) One-twelfth (1/12th) of the annual Impositions next to become due upon the Premises; provided that, with the first such deposit, there shall be deposited in addition an amount as estimated by Beneficiary which, when added to monthly deposits to be made thereafter as provided for herein, shall assure to Beneficiary's satisfaction that there will be sufficient funds on deposit to pay the Impositions as they come due; plus
- (b) One-twelfth (1/12th) of the annual premiums on each policy of insurance required to be maintained hereunder; provided that with the first such deposit there shall be deposited, in addition, an amount equal to one-twelfth (1/12th) of such annual insurance premiums multiplied by the number of months elapsed between the date premiums on each policy were last paid to and including the date of deposit;

provided that the amount of such deposits shall be based upon Beneficiary's estimate as to the amount of Impositions and premiums of insurance next to be payable and may require that the full amount of such payment will be available to Beneficiary at least one month in advance of the due date. Beneficiary will, upon timely presentation to Beneficiary by Grantor of the bills therefor, pay the Charges from such deposits. Grantor agrees to cooperate and assist in obtaining of tax bills when requested by Beneficiary. In the event the deposits on hand shall not be



sufficient to pay all of the estimated Charges when the same shall become due from time to time, or the prior deposits shall be less than the currently estimated monthly amounts, then Grantor shall immediately pay to Beneficiary on demand any amount necessary to make up the deficiency. The excess of any such deposits shall be credited towards subsequent Charges.

If an Event of Default shall occur under the terms of this Deed of Trust, Beneficiary may, at its option, without being required so to do, apply any deposits on hand to the payment of Charges whether then due or not or to the Indebtedness, in such order and manner as Beneficiary may elect. When the Indebtedness has been fully paid any remaining deposits shall be returned to Grantor as its interest may appear. All deposits are hereby pledged as additional security for the Indebtedness, shall be held for the purposes for which made as herein provided, may be held by Beneficiary or its servicing agent and may be commingled with other funds of Beneficiary, or its servicing agent, shall be held without allowance of interest thereon and without fiduciary responsibility on the part of Beneficiary or its agents and shall not be subject to the direction or control of Grantor. Neither Beneficiary nor its servicing agent shall be liable for any act or omission made or taken in good faith. In making any payments, Beneficiary or its servicing agent may rely on any statement, bill or estimate procured from or issued by the payee without inquiry into the validity or accuracy of the same. If the taxes shown in the tax statement shall be levied on property more extensive than the Premises, Beneficiary shall be under no duty to seek a tax division or apportionment of the tax bill, and any payment of taxes based on a larger parcel shall be paid by Grantor, the deposits to be made hereunder shall be based on the larger tax parcel and Grantor shall expeditiously cause a tax subdivision to be made.

ARTICLE 4.
UNIFORM COMMERCIAL CODE

SECTION 4.1 Security Agreement.

This Deed of Trust shall constitute a security agreement as defined in the Uniform Commercial Code in effect in the State of Washington, as amended from time to time (hereinafter referred to as the "Code"), and Grantor hereby grants to Beneficiary a security interest within the meaning of the Code in favor of Beneficiary on the Improvements, Fixtures, Equipment and Personal Property, the Rents, Leases and Profits, the Judgments, Condemnation Awards and Insurance Proceeds and Other Rights, the Licenses, Permits, Equipment Leases and Service Agreements and the Proceeds described in Granting Clauses B, C, D, E and F of this Deed of Trust (hereinafter referred to as the "Collateral").

SECTION 4.2 Fixture Filing.

As to those items of Collateral described in this Deed of Trust that are, or are to become fixtures related to the real estate mortgaged herein, and all products and proceeds thereof, it is intended as to those items that THIS DEED OF TRUST SHALL BE EFFECTIVE AS A FINANCING STATEMENT FILED AS A FIXTURE FILING from the date of its filing in the real estate records of the County where the Premises are situated. The name of the record owner of said real estate is Grantor set forth in Page 1 to this Deed of Trust. Information concerning the security interest created by this instrument may be obtained from Beneficiary, as secured



party, at its address as set forth in Page 1 of this Deed of Trust. The address of Grantor, as debtor, is as set forth in Page 1 to this Deed of Trust. This document covers goods which are or are to become fixtures. Grantor is a limited partnership organized under the laws of the State of Washington. Grantor's organizational identification number is WA-601667849.

SECTION 4.3 Representations and Agreements.

Grantor represents and agrees:

- (a) Grantor is and will be the true and lawful owner of the Collateral, subject to no liens, Charges, security interest and encumbrances other than the lien hereof and the Permitted Encumbrances;
- (b) the Collateral is to be used by Grantor solely for business purposes being installed upon the Premises for Grantor's own use or as the equipment and furnishings leased or furnished by Grantor, as landlord, to tenants of the Premises;
- (c) the Collateral will not be removed from the Premises without the consent of Beneficiary except in accordance with Section 4.4 hereof;
- (d) unless stated otherwise in this Deed of Trust the only persons having any interest in the Collateral are Grantor and Beneficiary and no financing statement covering any such property and any proceeds thereof is on file in any public office except pursuant hereto;
- (e) the remedies of Beneficiary hereunder are cumulative and separate, and the exercise of any one or more of the remedies provided for herein or under the Code shall not be construed as a waiver of any of the other rights of Beneficiary including having such Collateral deemed part of the realty upon any foreclosure thereof;
- (f) if notice to any party of the intended disposition of the Collateral is required by law in a particular instance, such notice shall be deemed commercially reasonable if given at least ten (10) days prior to such intended disposition and may be given by advertisement in a newspaper accepted for legal publications either separately or as part of a notice given to foreclose the real property or may be given by private notice if such parties are known to Beneficiary;
- (g) Grantor will from time to time provide Beneficiary on request with itemizations of all such Collateral on the Premises;
- (h) the filing of a financing statement pursuant to the Code shall never impair the stated intention of this Deed of Trust that all Improvements, Fixtures, Equipment and Personal Property described in Granting Clause B hereof are, and at all times and for all purposes and in all proceedings both legal or equitable shall be regarded as part of the real property mortgaged hereunder irrespective of whether



such item is physically attached to the real property or any such item is referred to or reflected in a financing statement;

- (i) Grantor will on demand deliver all financing statements and/or continuations that may from time to time be required by Beneficiary to establish and perfect the priority of Beneficiary's security interest in such Collateral and all costs, including recording fees, shall be paid by Grantor;
- (j) the Grantor shall give at least thirty (30) days written notice of any proposed change in Grantor's name, identity, state of registration for a registered organization, principal place of business, or structure and authorizes Beneficiary to file prior to or concurrently with such change all additional financing statements that the Beneficiary may require to establish and perfect the priority of the Beneficiary's security interest in the Collateral; and
- (k) by signing this Deed of Trust, Grantor authorizes Beneficiary to file such financing statements, either before, on or after the date hereof, as Beneficiary determines necessary or desirable to perfect the lien of Beneficiary's security interest in the Collateral. Grantor further authorizes Beneficiary to file such amendments or continuation statements as Beneficiary determines necessary or desirable from time to time to perfect or continue the lien of Beneficiary's security interest in the Collateral.

SECTION 4.4 Maintenance of Premises.

Subject to the provisions of this Section, in any instance where Grantor in its discretion determines that any item subject to a security interest under this Deed of Trust has become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary for the operation of the Premises, Grantor may, at its expense, remove and dispose of it and substitute and install other items not necessarily having the same function, provided, that such removal and substitution shall be of comparable quality and shall not impair the operating utility and unity of the Premises. All substituted items shall become a part of the Premises and subject to the lien of this Deed of Trust. Any amounts received or allowed Grantor upon the sale or other disposition of the removed items of property shall be applied only against the cost of acquisition and installation of the substituted items. Nothing herein contained shall be construed to prevent any tenant or subtenant from removing from the Premises trade fixtures, furniture and equipment installed by it and removable by such tenant under its terms of the lease, on the condition, however, that all damages to the Premises resulting from or caused by the removal thereof be repaired at the sole cost of Grantor if such tenant shall fail to so repair.



ARTICLE 5.
APPLICATION OF INSURANCE AND AWARDS

SECTION 5.1 Damage or Destruction of the Premises.

Grantor will give Beneficiary prompt notice of damage to or destruction of the Premises, and in case of loss covered by policies of insurance, Beneficiary (whether before or after foreclosure sale) is hereby authorized at its option to settle and adjust any claim arising out of such policies and collect and receipt for the proceeds payable therefrom, provided, if Grantor is not in default hereunder, Grantor may itself adjust and collect for any losses arising out of a single occurrence aggregating not in excess of Seventy-Five Thousand and 00/100 Dollars (\$75,000.00). If Beneficiary fails to assert claims against the insurance carrier, such failure shall not diminish or impair Beneficiary's rights against Grantor. Any expense incurred by Beneficiary in the adjustment and collection of insurance proceeds (including the cost of any independent appraisal of the loss or damage on behalf of Beneficiary) shall be reimbursed to Beneficiary first out of any such insurance proceeds. The insurance proceeds or any part thereof shall be applied to reduction of the Indebtedness then most remotely to be paid, whether due or not, or to the restoration or repair of the Premises, the choice of application to be solely at the discretion of Beneficiary. In the event Beneficiary does not make insurance proceeds available for restoration and applies the insurance proceeds to payment of the Indebtedness no prepayment fee shall be due on the insurance proceeds so applied and the monthly installment payments of principal and interest set forth in the Note shall be adjusted to an amount sufficient to reamortize the then unpaid principal balance of the Note together with interest in equal monthly installment payments over the then remaining portion of the original amortization period. In the event Beneficiary does not make insurance proceeds available for reconstruction of the Premises, Grantor shall have the right to prepay the loan in full without a prepayment fee, provided such prepayment is made within one hundred twenty (120) days after notice from Beneficiary stating that such insurance proceeds will not be made available for reconstruction.

SECTION 5.2 Condemnation.

Grantor will give Beneficiary prompt notice of any action, actual or threatened, in Condemnation (as defined herein) or eminent domain and hereby assigns, transfers, and sets over to Beneficiary the entire proceeds of any award or claim for damages for all or any part of the Premises taken or damaged under the power of eminent domain or condemnation (herein referred to as "Condemnation"), Beneficiary being hereby authorized to intervene in any such action and to collect and receive from the condemning authorities and give proper receipts and acquittances for such proceeds. Grantor will not enter into any agreements with the condemning authority permitting or consenting to the taking of the Premises unless prior written consent of Beneficiary is obtained. Any expenses incurred by Beneficiary in intervening in such action or collecting Condemnation proceeds (including the cost of any independent appraisal) shall be reimbursed to Beneficiary out of Condemnation proceeds prior to other payments or disbursements. Grantor shall direct the condemning authority to deliver the Condemnation proceeds to Beneficiary but should Grantor receive any Condemnation proceeds directly, it shall deliver all Condemnation proceeds to Beneficiary within five (5) days of receipt thereof. The



Condemnation proceeds or any part thereof shall be applied upon or in reduction of the Indebtedness then most remotely to be paid, whether due or not, or to the restoration or repair of the Premises, the choice of application to be solely at the discretion of Beneficiary. In the event Beneficiary does not make Condemnation proceeds available for restoration and applies the Condemnation proceeds to payment of debt, no prepayment fee shall be due on the Condemnation proceeds so applied and the monthly installment payments of principal and interest set forth in the Note shall be adjusted to an amount sufficient to reamortize the then unpaid principal balance of the Note together with interest in equal monthly installment payments over the then remaining portion of the original amortization period. Notwithstanding the above, to the extent that Beneficiary is entitled to a separate award for the prepayment premium that would be payable under the terms of the Note which is independent from the condemnation award payable to the Grantor with respect to the Premises, Beneficiary shall be entitled to such separate award for such prepayment premium.

SECTION 5.3 Disbursement of Insurance and Condemnation Proceeds.

Should any insurance or Condemnation proceeds be applied to the restoration or repair of the Premises in accordance with this Article 5, the restoration or repair shall be done under the supervision of an architect acceptable to Beneficiary (or, at Beneficiary's discretion, an engineer acceptable to Beneficiary) and pursuant to site and building plans and specifications approved by Beneficiary. The proceeds from insurance or Condemnation, after payment of costs and expenses of collection ("Net Proceeds"), shall be held by Beneficiary for such purposes and will from time to time be disbursed by Beneficiary to defray the costs of such restoration or repair under such safeguards and controls as Beneficiary may require and in accordance with standard construction loan procedures. Net Proceeds may at the option of Beneficiary be disbursed through a title insurance company selected by Beneficiary and at the sole cost of Grantor. Prior to making Net Proceeds available for the payment of costs of repair or restoration of the improvements upon the Premises, Beneficiary shall be entitled to receive the following:

- (a) Evidence that no Event of Default exists under any of the terms, covenants and conditions of this Deed of Trust, the Note, or other Loan Documents.
- (b) Evidence that all leasing requirements for the Premises as established by Beneficiary have been met.
- (c) Satisfactory proof that all improvements have been fully restored, or that the expenditure of Net Proceeds will be sufficient to repair, restore or rebuild the improvements located on the Premises, free and clear of all liens, except the lien of this Deed of Trust. In the event Net Proceeds shall be insufficient to repair, restore or rebuild the improvements, Grantor shall deposit with Beneficiary funds equaling such deficiency, which, together with the Net Proceeds, shall be sufficient to pay for restoration, repair and rebuilding the Premises.
- (d) (i) A statement of Grantor's architect, certifying the extent of the repair and restoration completed to the date thereof, and that such repairs, restoration and rebuilding have been performed to date in conformity with the plans and



specifications that have been approved by Beneficiary and (ii) evidence satisfactory to Beneficiary of payment for labor and materials furnished to the Premises with lien waivers substantiating such payments. Beneficiary will release funds upon the satisfaction of requirements set forth herein at such time as lien waivers are deposited in escrow with the title company and the title company can assure Beneficiary of a first lien position.

- (e) A waiver of subrogation from any insurer to the effect that such insurer has no claim as to Grantor or the then owner or other insured under the policy of insurance in question.
- (f) Such performance and payment bonds, and such insurance, in such amounts, issued by such company or companies and in such forms and substance, as are required by Beneficiary.
- (g) Evidence that zoning, building and other necessary permits and approvals have been obtained.
- (h) Satisfactory evidence is delivered to Beneficiary that the improvements can be rebuilt substantially to the same as those originally financed and can with restoration and repair continue to be operated for the purposes utilized prior to such damage.
- (i) Tenants of the Premises as designated by Beneficiary shall certify to Beneficiary their intention to continue to occupy the Premises without any abatement or adjustment of rental payments (other than temporary abatements during the period of restoration and repair).
- (j) Evidence that the appraised value of the Premises after such restoration or repair shall not be less than its appraised value as of the date hereof.
- (k) Evidence of fulfillment of all other requirements which Beneficiary may make in connection with repair of the improvements on the Premises.

In the event Grantor shall fail to restore, repair or rebuild the improvements upon the Premises within a reasonable time, then such failure shall constitute an Event of Default hereunder and Beneficiary, at its option and upon not less than thirty (30) days' written notice to Grantor, may in addition to its remedies contained in Article 8 hereof (i) restore, repair or rebuild the said improvements for or on behalf of Grantor and for such purpose, may perform all necessary or appropriate acts to accomplish such restoration, repair or rebuilding, or (ii) apply all or any part of Net Proceeds on account of the last maturing installments of the Indebtedness whether then due or not. In the event insurance proceeds or an eminent domain award shall exceed the amount necessary to complete the repair, restoration, or the rebuilding of the improvements upon the Premises, such excess may, at Beneficiary's option, be applied on account of the last maturing installments of the Indebtedness, irrespective of whether such



installments are then due and payable, without application of a prepayment premium, or be returned to Grantor.

SECTION 5.4 Beneficiary to Make Insurance Proceeds Available.

Notwithstanding the provisions of Section 5.1 above, in the event of insured damage to the improvements on the Premises, Beneficiary agrees to make insurance proceeds available to the restoration or repair of the improvements on the Premises in accordance with the provisions of Section 5.3 hereof provided: (a) satisfactory evidence is delivered to Beneficiary that the total cost of restoration and repair does not exceed twenty-five percent (25%) of the then outstanding principal balance of the Note; and (b) all conditions of Section 5.3 have been met.

**ARTICLE 6.
LEASES AND RENTS**

SECTION 6.1 Leases.

Grantor will, at its own cost and expense, perform, comply with and discharge all of the obligations of Grantor under any leases and use its best efforts to enforce or secure the performance of each obligation and undertaking of the respective tenants under any such leases and will appear in and defend, at its own cost and expense, any action or proceeding arising out of or in any manner connected with Grantor's interest in any leases pertaining to the Premises. Grantor will not modify, extend, renew, terminate, accept a surrender of, or in any way alter the terms of the leases, nor borrow against, pledge or assign any rentals due under the leases nor consent to a subordination or assignment of the interest of a tenant thereunder to any party other than Beneficiary, nor anticipate the rents thereunder for more than one (1) month in advance or reduce the amount of rents and other payments thereunder, nor waive, excuse, condone or in any manner release or discharge a tenant of or from any obligations, covenants, conditions and agreements to be performed nor incur any indebtedness to a tenant, nor agree to any "free rent" period without Beneficiary's consent, nor enter into any additional leases of all or any part of the Premises without the prior written consent of Beneficiary.

SECTION 6.2 Beneficiary's Right to Perform Under Leases.

Should Grantor fail to perform, comply with or discharge any obligations of Grantor under any lease of all or any part of the Premises or should Beneficiary become aware of or be notified by any tenant under any lease of a failure on the part of Grantor to so perform, comply with or discharge its obligations under said lease, Beneficiary may, but shall not be obligated to, and without further demand upon Grantor, and without waiving or releasing Grantor from any obligation contained in this Deed of Trust, remedy such failure, and Grantor agrees to repay upon demand all sums incurred by Beneficiary in remedying any such failure including, without limitation, Beneficiary's attorneys' fees together with interest at the Default Rate as defined under the terms of the Note. All such sums, together with interest as aforesaid, shall become so much additional Indebtedness, but no such advance shall be deemed to relieve Grantor from any default hereunder.



SECTION 6.3 Assignment of Leases and Rents.

Grantor does hereby unconditionally and absolutely sell, assign and transfer unto Beneficiary all of the leases, rents, issues, income and profits now due and which may hereafter become due under or by virtue of any lease, whether written or verbal, or any agreement or license for the use or occupancy of the Premises, whether now existing or entered into at any time during the term of this Deed of Trust, all guaranties of any lessee's obligations under any such lease and all security deposits, it being the intention of this Deed of Trust to establish an absolute transfer and assignment of all such leases and agreements and all of the rents, issues, income and profits from the Premises and/or Grantor's operation or ownership thereof unto Beneficiary and Grantor does hereby appoint irrevocably Beneficiary as Grantor's true and lawful attorney in Grantor's name and stead, which appointment is coupled with an interest, to collect all of said rents, issues, income and profits; provided, Beneficiary grants to Grantor a revocable license to collect and retain such rents, issues, income and profits unless and until an Event of Default exists under this Deed of Trust. Grantor assigns to Beneficiary all guarantees of lessee's obligation under leases and all proceeds from settlements relating to terminations of leases and all claims for damages arising from rejection of any lease under the bankruptcy laws. Upon the occurrence of an Event of Default and whether before or after the institution of legal proceedings to foreclose the lien hereof or before or after sale thereunder or during any period of redemption existing by law, forthwith, upon demand of Beneficiary, Grantor shall surrender to Beneficiary and Beneficiary shall be entitled to enter upon and take and maintain possession of the Premises and any leases thereunder and collect and retain any rents, issues, income and profits from the Premises and hold, operate, manage and control the Premises and any such leases and to do such things in its discretion as may be deemed proper or necessary to enforce the payment or security of the rents, issues, income and profits of the Premises and the performance of the tenants' obligations under any leases of the Premises, with full power to cancel or terminate any lease for any cause or on any grounds which would entitle Grantor to cancel the same and to elect to disaffirm any lease made subsequent to this Deed of Trust or subordinated to the lien hereof. All rents, issues, income, profits and payments received by Grantor after Beneficiary has exercised any of its rights under this assignment or the Assignment of Leases shall be held by Grantor in trust for Beneficiary and shall be delivered to Beneficiary immediately without demand.

Beneficiary shall not be obligated to perform or discharge any obligation or liability of the landlord under any of said leases and Grantor shall and does hereby agree to indemnify and hold Beneficiary harmless of and from any and all expenses, liability, loss or damage which it might incur under said leases or under or by reason of this Deed of Trust. Any amounts incurred by Beneficiary in connection with its rights hereunder, including costs, expenses and attorneys' fees, shall bear interest thereon at the Default Rate stated in the Note, shall be additional Indebtedness and Grantor shall reimburse Beneficiary therefor immediately upon demand. Beneficiary may apply any of said rents, issues, income and profits received to the costs and expenses of collection, including attorneys' fees, to the payment of taxes, assessments and insurance premiums and expenditures for the upkeep of the Premises, to the performance of the landlord's obligations under the lease, to the performance of any of Grantor's covenants hereunder, and to any Indebtedness in such order as Beneficiary may determine. The entering



upon and taking possession of the Premises, the collection of such rents, issues, income and profits and the application thereof as aforesaid shall not cure or waive any Event of Default under this Deed of Trust nor in any way operate to prevent Beneficiary from pursuing any other remedy which it may now or hereafter have under the terms of this Deed of Trust nor shall it in any way be deemed to constitute Beneficiary a mortgagee-in-possession. The rights hereunder shall in no way be dependent upon and shall apply without regard to whether the Premises are in danger of being lost, materially injured or damaged or whether the Premises are adequate to discharge the Indebtedness. Grantor represents and agrees that no rent has been or will be paid by any person in possession of any portion of the Premises for more than one installment in advance and that the payment of none of the rents to accrue for any portion of the Premises has been or will be waived, released, reduced, discounted, or otherwise discharged or compromised by Grantor. Grantor waives any right of set off against any person in possession of any portion of the Premises. Grantor further agrees that Grantor will not execute or agree to any subsequent assignment of any of the rents, issues, income or profits from the Premises without the prior written consent of Beneficiary. The rights contained herein are in addition to and shall be cumulative with the rights given in the Assignment of Leases. To the extent inconsistent with the terms of this Article 6, the terms of the Assignment of Leases shall control.

ARTICLE 7.
RIGHTS OF BENEFICIARY

SECTION 7.1 Right to Cure Event of Default.

If Grantor shall fail to comply with any of the covenants or obligations of this Deed of Trust, Beneficiary may, but shall not be obligated to, without demand upon Grantor, and without waiving or releasing Grantor from any obligation in this Deed of Trust contained, remedy such failure, and Grantor agrees to repay upon demand all sums incurred by Beneficiary in remedying any such failure together with expenses and attorneys' fees and with interest at the Default Rate as defined under the terms of the Note. All such sums, together with interest as aforesaid shall become Indebtedness. No such advance shall be deemed to relieve Grantor from any failure hereunder.

SECTION 7.2 No Claim Against Beneficiary.

Nothing contained in this Deed of Trust shall constitute any consent or request by Beneficiary, express or implied, for the performance of any labor or services or for the furnishing of any materials or other property in respect of the Premises or any part thereof, nor as giving Grantor or any party in interest with Grantor any right, power or authority to contract for or permit the performance of any labor or services or the furnishing of any materials or other property in such fashion as would create any personal liability against Beneficiary in respect thereof or would permit the making of any claim that any lien based on the performance of such labor or services or the furnishing of any such materials or other property is prior to the lien of this Deed of Trust.



SECTION 7.3 Inspection.

Grantor will permit Beneficiary or its authorized representatives to enter the Premises at all times during normal business hours for the purpose of inspecting the same; provided Beneficiary shall have no duty to make such inspections and shall not incur any liability or obligation for making or not making any such inspections.

SECTION 7.4 Waivers, Releases, Resort to Other Security, etc.

Without affecting the liability of any party liable for payment of any Indebtedness or performance of any obligation contained herein, and without affecting the rights of Beneficiary with respect to any security not expressly released in writing, Beneficiary may, at any time, and without notice to or the consent of Grantor or any party in interest with respect to the Premises or the Note: (a) release any person liable for payment of all or any part of the Indebtedness or for performance of any obligation herein; (b) make any agreement extending the time or otherwise altering the terms of payment of all or any part of the Indebtedness or modifying or waiving any obligation, or subordinating, modifying or otherwise dealing with the lien or charge hereof; (c) accept any additional security; (d) release or otherwise deal with any property, real or personal, including any or all of the Premises, including making partial releases of the Premises; or (e) resort to any security agreements, pledges, contracts of guarantee, assignments of rents and leases or other securities, and exhaust any one or more of said securities and the security hereunder, either concurrently or independently and in such order as it may determine.

SECTION 7.5 Rights Cumulative.

Each right, power or remedy herein conferred upon Beneficiary is cumulative and in addition to every other right, power or remedy, express or implied, now or hereafter arising, available to Beneficiary, at law or in equity, or under the Code, or under any other agreement, and each and every right, power and remedy of Beneficiary herein set forth or otherwise so existing shall be cumulative to the maximum extent permitted by law and may be exercised from time to time as often and in such order as may be deemed expedient by Beneficiary and any such exercise shall not be a waiver of the right to exercise at any time thereafter any other right, power or remedy. No delay or omission by Beneficiary in the exercise of any right, power or remedy arising hereunder or arising otherwise shall impair any such right, power or remedy or the right of Beneficiary to resort thereto at a later date or be construed to be a waiver of any Event of Default under this Deed of Trust or the Note.

SECTION 7.6 Subsequent Agreements.

Any agreement hereafter made by Grantor and Beneficiary pursuant to this Deed of Trust shall be superior to the rights of the holder of any intervening lien or encumbrance.

SECTION 7.7 Waiver of Appraisalment, Homestead, Marshaling.

Grantor hereby waives to the full extent lawfully allowed the benefit of any homestead, appraisalment, evaluation, stay and extension laws now or hereinafter in force. Grantor hereby



waives any rights available with respect to marshaling of assets so as to require the separate sales of any portion of the Premises, or as to require Beneficiary to exhaust its remedies against a specific portion of the Premises before proceeding against the other and does hereby expressly consent to and authorize the sale of the Premises or any part thereof as a single unit or parcel.

SECTION 7.8 Business Loan Representation.

Grantor represents and warrants to Beneficiary that the Indebtedness evidenced by the Note is a business loan transacted solely for the purpose of carrying on the business of Grantor and not a consumer transaction and that the Premises does not constitute the homestead of Grantor or any of its principals.

SECTION 7.9 Dishonored Checks.

In the event Grantor shall send to Beneficiary two (2) or more checks or electronic payments in any twelve (12) month period which are not honored by the bank, for any reason, Beneficiary shall have the right to require that all future payments be made by certified check, or other good funds, at Beneficiary's option.

SECTION 7.10 Plans and Specifications.

Grantor hereby certifies that it has in its possession plans and specifications, including structural soil tests, with respect to the improvements located on the Premises. Grantor agrees that upon request from Beneficiary, at any time during the term of this Deed of Trust, Grantor shall promptly deliver a copy of such plans and specifications to Beneficiary.

ARTICLE 8.
EVENTS OF DEFAULT AND REMEDIES

SECTION 8.1 Events of Default.

The occurrence of any of the following shall be deemed an event of default under this Deed of Trust (hereinafter referred to as an "Event of Default"):

- (a) Grantor or any co-maker, guarantor or surety shall fail to pay any principal, prepayment premium, if any, or interest on the Note when and as the same becomes due (whether at the stated maturity or at a date fixed for any installment payment or any accelerated payment date or otherwise); or
- (b) Grantor shall fail to deposit the Charges with Beneficiary or to pay when due any other Indebtedness; or
- (c) THIS SUBSECTION DOES NOT APPLY TO SECTIONS 2.7, 2.9, 3.1 AND 9.8. Grantor shall fail to comply with or perform any other term, condition or covenant of the Note, this Deed of Trust, the Assignment of Leases or any other Loan Documents other than as described in Sections 8.1(a), 8.1(b) and 8.1(d)



through 8.1(h) hereof, inclusive, and the continuance of such default for thirty (30) days after written notice, provided that if Grantor has commenced and is diligently pursuing the cure of such default, such period shall be extended for an additional thirty (30) days; or

- (d) Grantor or any maker, guarantor or surety of the Note shall make an assignment for the benefit of its creditors, or shall admit in writing its inability to pay its debts as they become due, or shall file a petition in bankruptcy, or shall be adjudicated a bankrupt or insolvent, or shall file a petition seeking any reorganization, dissolution, liquidation, arrangement, composition, readjustment or similar relief under any present or future bankruptcy or insolvency statute, law or regulation or shall file an answer admitting to or not contesting the material allegations of a petition filed against it in such proceedings, or shall not within sixty (60) days after the filing of such a petition have the same dismissed or vacated, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of a material part of its properties, or shall not within sixty (60) days after the appointment of a trustee, receiver or liquidator of any material part of its properties have such appointment vacated; or
- (e) Any certification, representation or warranty made by Grantor herein, in the Note, in the other Loan Documents, or made in connection with the application for the loan evidenced by the Note or given as an inducement to Beneficiary to make the loan, shall be false, breached or dishonored; or
- (f) Except as provided in subparagraph (h) below, Grantor or any of the guarantors of the Indebtedness shall be dissolved, liquidated or go out of existence; or
- (g) The occurrence of any event set forth in Sections 2.7, 2.9, 3.1, or 9.8 hereof; or
- (h) Guarantor shall die and Grantor either (i) has failed to notify Beneficiary of such death within ninety (90) days thereof or (ii) has failed to provide Beneficiary with an acceptable substitute guarantor, in the sole judgment of Beneficiary, who shall have executed a Guaranty and an Indemnity Agreement in the forms of those executed by the Guarantor, before the earlier to occur of (A) one (1) year from the date of such person's death or (B) the date on which the first distribution of assets has been made from such person's estate to any devisee, heir or other beneficiary.

SECTION 8.2 Beneficiary's Right to Accelerate.

If an Event of Default shall occur Beneficiary may immediately and without notice to Grantor declare the entire unpaid principal balance of the Note together with all other Indebtedness to be immediately due and payable and thereupon all such unpaid principal balance of the Note together with all accrued interest thereon, any prepayment premium under the terms of the Note and all other Indebtedness shall be and become immediately due and payable.



SECTION 8.3 Remedies of Beneficiary and Right to Foreclose.

Upon the occurrence of an Event of Default, Grantor hereby authorizes and fully empowers Beneficiary to foreclose this Deed of Trust by judicial proceedings or by the power of sale granted herein, or by such other statutory procedures available in the state in which the Premises are located, at the option of Beneficiary, with full authority to sell the Premises at public auction and convey the same to the purchaser in fee simple, either in one parcel or separate lots and parcels, all in accordance with and in the manner prescribed by law, and out of the proceeds arising from sale and foreclosure to retain the principal, prepayment fee, if any, and interest due on the Note and all other Indebtedness together with all sums of money as Beneficiary shall have expended or advanced pursuant to this Deed of Trust or pursuant to statute together with interest thereon as herein provided and all costs and expenses of such foreclosure, including lawful attorneys' fees, with the balance, if any, to be paid to the persons entitled thereto by law.

SECTION 8.4 Receiver.

If an Event of Default shall occur, Beneficiary shall be entitled as a matter of right without notice and without regard to the solvency or insolvency of Grantor, or the existence of waste of the Premises or the value or adequacy of the security of the Premises, and without giving bond apply for the appointment of a receiver in accordance with the statutes and law made and provided for who shall collect the rents, and all other income of any kind; manage the Premises so to prevent waste; execute leases within or beyond the period of receivership, pay all expenses for normal maintenance of the Premises and perform the terms of this Deed of Trust and apply the rents, issues, income and profits to the costs and expenses of the receivership, including attorneys' fees, to the repayment of the Indebtedness and to the operation, maintenance and upkeep and repair of the Premises, including payment of taxes on the Premises and payments of premiums of insurance on the Premises and any other rights permitted by law. Grantor does hereby irrevocably consent to such appointment. The receiver may, to the extent permitted under applicable law, without notice, enter upon and take possession of the Premises, or any part thereof, by force, summary proceedings, ejectment or otherwise, and remove Grantor or any other person or entity and any personal property therefrom, and may hold, operate and manage the same, receive all rents, earnings, incomes, issues and proceeds and do the things the receiver finds necessary to preserve and protect the Premises, whether during pendency of foreclosure, during a redemption period, if any, or otherwise.

SECTION 8.5 Rights Under Uniform Commercial Code.

In addition to the rights available to a mortgagee of real property, Beneficiary shall also have all the rights, remedies and recourse available to a secured party under the Code including the right to proceed under the provisions of the Code governing default as to any Collateral as defined in this Deed of Trust which may be included on the Premises or which may be deemed nonrealty in a foreclosure of this Deed of Trust or to proceed as to such Collateral in accordance with the procedures and remedies available pursuant to a foreclosure of real estate.



SECTION 8.6 Right to Discontinue Proceedings.

In the event Beneficiary shall have proceeded to invoke any right, remedy or recourse permitted under this Deed of Trust and shall thereafter elect to discontinue or abandon the same for any reason, Beneficiary shall have the unqualified right to do so and in such event Grantor and Beneficiary shall be restored to their former positions with respect to the Indebtedness in which case this Deed of Trust and all rights, remedies and recourse of Beneficiary shall continue as if such action or exercise of a right had not been invoked.

SECTION 8.7 Waivers.

Grantor also waives the benefit of all laws now existing or that may hereinafter be enacted providing for (i) any appraisal before sale of any portion of the Premises, and (ii) in any way extending the time for the enforcement and collection of the Note or this Deed of Trust or extending a period of redemption from any sale made in collecting said debt. To the full extent Grantor may do so, Grantor agrees that Grantor will not at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter enforced providing for any appraisal, evaluation, stay or extension and Grantor, to the extent permitted by law, waives and releases all rights of valuation, appraisal, stay of execution, notice of election to mature or declare due the whole of this Deed of Trust and marshaling in the event of foreclosure of the liens hereby created.

SECTION 8.8 The Beneficiary's Right of Possession Under an Event of Default.

In any case in which under the provisions of this Deed of Trust the Beneficiary has a right to institute a trustee's sale or foreclosure proceedings, whether before or after the whole indebtedness secured hereby is declared to be immediately due as aforesaid, or whether before or after the institution of legal proceedings to foreclose the lien hereof or before or after sale thereunder, forthwith upon demand of the Beneficiary, the Grantor shall surrender to the Beneficiary and the Beneficiary shall be entitled to take actual possession of the Premises or any part thereof personally, or by its agents or attorneys, as for condition broken, and the Beneficiary in its discretion may, with or without force and with or without process of law, enter upon and take and maintain possession of all or any part of the Premises, together with all documents, books, records, papers and accounts of the Grantor or then owners of the Premises relating thereto, and may exclude the Grantor, its agent or servants, wholly therefrom and may, as attorney-in-fact or agent of the Grantor, or in its own name as the Beneficiary and under the powers herein granted, hold, operate, manage and control the Premises and conduct the business, if any, thereof, either personally or by its agents, and with full power to use such measures, legal or equitable, as in its discretion or in the discretion of its successors or assigns may be deemed proper or necessary to enforce the payment or security of the avails, rents, issues and profits of the Premises, including actions for the recovery of rent, actions in forcible detainer and actions in distress for rent, if an available remedy, hereby granting full power and authority to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter, without notice to the Grantor, and with full power to cancel or terminate any lease or sublease for any cause or on any ground which would entitle the Grantor to cancel the same, to elect to



disaffirm any lease or sublease made subsequent to this Deed of Trust or subordinated to the lien hereof, to make all necessary or proper repairs, betterments and improvements to the Premises as to it may seem judicious, insure and reinsure the same and all risks incidental to the Beneficiary's possession, operation and management thereof and receive all of such avails, rents, issues and profits. The Beneficiary shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligation, duty or liability under any leases and the Grantor shall and does hereby agree to indemnify and hold the Beneficiary and Trustee harmless of and from any and all liability, loss or damage which it may or might incur under said leases or under or by reason of the assignment thereof and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in said leases. Should the Beneficiary incur any such liability, loss or damage under said leases or under or by reason of the assignment thereof, or in the defense of any claims or demands, the amount thereof, including costs, expenses and reasonable attorneys' fees shall be secured hereby, and the Grantor shall reimburse the Beneficiary therefore immediately upon demand.

SECTION 8.9 Application of Income Received by the Beneficiary.

The Beneficiary in the exercise of the rights and powers hereinabove conferred upon it by Sections 6.3 and 8.8 hereof shall have full power to use and apply the avails, rents, issues and profits of the Premises to the payment of or on account of the following, in such order as the Beneficiary may determine:

- (a) to the payment of the reasonable operating expenses of said Premises, including cost of management and leasing thereof (which shall include reasonable compensation to the Beneficiary and its agent or agents, if management be delegated to an agent or agents, and shall also include lease commissions and other compensation and expenses of seeking and procuring tenants and entering into leases), established claims for damages, if any, and premiums on insurance hereinabove authorized;
- (b) to the payment of taxes and special assessments now due or which may hereafter become due on said Premises;
- (c) to the payment of all repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements reasonably necessary for the continued operation of said Premises, including the cost from time to time of installing or replacing refrigeration and gas or electric heating therein, and of placing said property in such condition as will, in the judgment of the Beneficiary, make it readily rentable;
- (d) to the payment of any Indebtedness or any deficiency which may result from any foreclosure sale; and
- (e) the remainder to be paid to the Grantor or as may be required by law.



ARTICLE 9.
MISCELLANEOUS

SECTION 9.1 Release of Deed of Trust.

When all Indebtedness has been paid, this Deed of Trust and all assignments herein contained shall, except as otherwise provided herein, terminate and Beneficiary shall direct Trustee to release this Deed of Trust at Grantor's expense.

SECTION 9.2 Choice of Law.

This Deed of Trust is made and executed under the laws of the State of Washington and is intended to be governed by and construed and interpreted in accordance with the laws of said State.

SECTION 9.3 Successors and Assigns.

This Deed of Trust and each and every covenant, agreement and other provision hereof shall be binding upon Grantor and its successors and assigns, including, without limitation each and every person or entity that may, from time to time, be record owner of the Premises or any other person having an interest therein, shall run with the land and shall inure to the benefit of Beneficiary and its successors and assigns. As used herein the words "successors and assigns" shall also be deemed to include the heirs, representatives, administrators and executors of any natural person who is a party to this Deed of Trust. Nothing in this Section shall be construed to constitute consent by Beneficiary to assignment by Grantor.

SECTION 9.4 Partial Invalidity.

All rights, powers and remedies provided herein are intended to be limited to the extent necessary so that they will not render this Deed of Trust invalid, unenforceable or not entitled to be recorded, registered or filed under any applicable law. If any term of this Deed of Trust shall be held to be invalid, illegal or unenforceable, the validity and enforceability of the other terms of this Deed of Trust shall in no way be affected thereby.

SECTION 9.5 Captions and Headings.

The captions and headings of the various sections of this Deed of Trust are for convenience only and are not to be construed as confining or limiting in any way the scope or intent of the provisions hereof. Whenever the context requires or permits the singular shall include the plural, the plural shall include the singular and the masculine, feminine and neuter shall be freely interchangeable.

SECTION 9.6 Notices.

Any notice which any party hereto may desire or may be required to give to any other party shall be in writing and either (a) mailed by certified mail, return receipt requested, or



(b) sent by an overnight carrier which provides for a return receipt, or (c) sent by facsimile followed up by mailing of such notice by either of the methods set forth in Section 10.6(a) or (b) above on the day of sending such facsimile or the next succeeding business day. Any such notice shall be sent to the respective party's address as set forth on Page 1 of this Deed of Trust or to such other address as such party may, by notice in writing given in compliance with this Section 10.6, designate as its address. Any such notice shall constitute service of notice hereunder three (3) days after the mailing thereof by certified mail, one (1) day after the sending thereof by overnight carrier, and on the same day as the sending of a facsimile pursuant to the terms hereof.

SECTION 9.7 Building Use.

During the entire term of the Note and this Deed of Trust, Grantor agrees not to convert the Premises to a condominium or cooperative of any kind or to any use other than as a Walgreen's Store. In that connection, Grantor covenants that the sale of units and/or recording of condominium or cooperative documents on the Premises or any part thereof shall constitute an Event of Default hereunder.

SECTION 9.8 Management of the Premises.

Grantor acknowledges that the successful management of the Premises is of critical importance to Beneficiary and a primary inducement in the making of the loan evidenced by the Note and secured by this Deed of Trust. In the event management becomes unsatisfactory, Beneficiary shall notify Grantor of the same and Grantor shall, within thirty (30) days of such notice, correct any management deficiencies. Failure to so correct shall constitute an Event of Default.

SECTION 9.9 Amendment/Modification.

Amendment to, waiver of or modification of any provision of this Deed of Trust must be made in writing. No oral waiver, amendment, or modification may be implied.

SECTION 9.10 Substitution of Trustee.

Beneficiary may remove Trustee at any time or from time to time, with or without cause, and appoint a successor trustee, and upon such appointment, all powers, rights, duties and authority of Trustee, as aforesaid, shall thereupon become vested in such successor. Such substitute trustee shall be appointed by written instrument duly recorded in the county or counties where the real property covered hereby is located, which appointment may be executed by any authorized agent of Beneficiary or in any other manner permitted by applicable law.

SECTION 9.11 Representations of Grantor.

Grantor affirmatively represents and warrants that the written terms of the Loan Documents, and each of them, accurately reflect the mutual understanding of Grantor and Beneficiary, as to all matters addressed therein, and Grantor further represents and warrants that



there are no other agreements or understandings, written or oral, which exist between Grantor and Beneficiary relating to the matters addressed in said documents.

SECTION 9.12 Beneficiary's Expense.

Should Beneficiary make any payments hereunder or under the Note or under any other Loan Documents or incur any liability, loss or damage under or by reason of this Deed of Trust, the Note or any other Loan Documents, or in the defense of any claims or demands, the amount thereof, and all costs and expenses, including all filing, recording, and title fees and any other expenses relating to the Indebtedness, including without limitation filing fees for UCC continuation statements and any expense involving modification thereto, attorneys' fees, and any and all costs and expenses incurred in connection with making, performing, or collecting the Indebtedness or exercising any of Beneficiary's rights under the Note, this Deed of Trust or any other Loan Documents, including attorneys' fees, the cost of appraisals and the cost of any environmental inspections in connection therewith, and all claims for brokerage and finder's fees which may be made in connection with the making of the loan, together with interest thereon, at the Default Rate as defined in the Note, shall become part of the Indebtedness and, except to the extent excluded in the final paragraph preceding Article 1 of this Deed of Trust, shall be secured by this Deed of Trust and the other Loan Documents and Grantor hereby agrees to reimburse Beneficiary therefor immediately upon demand. Such sums, costs and expenses shall be, until so paid, part of the Indebtedness and Beneficiary shall be entitled, to the extent permitted by law, to receive and retain the full amount of the Indebtedness in any action for redemption by Grantor, for an accounting for the proceeds of a foreclosure sale or of insurance proceeds or for apportionment of an eminent domain damage award.

SECTION 9.13 Beneficiary's Right to Counsel.

If Beneficiary retains attorneys to enforce any of the terms of the Loan Documents or because of the breach by Grantor of any of the terms hereof or of any of the other Loan Documents or for the recovery of any Indebtedness, Grantor shall pay to Beneficiary attorneys' fees and all costs and expenses, whether or not an action is actually commenced and the right to such attorneys' fees and all costs and expenses shall be deemed to have accrued on the date such attorneys are retained, shall include fees and costs in connection with litigation, arbitration, mediation, bankruptcy and/or administrative proceedings, and shall be enforceable whether or not such action is prosecuted to judgment and shall include all appeals. Attorneys' fees and expenses shall for purposes of this Deed of Trust include all paralegal, electronic research, legal specialists and all other costs in connection with that performance of Beneficiary's attorneys.

If Beneficiary is, by reason of being the holder of this Deed of Trust, made a party defendant in any litigation or other proceedings concerning this Deed of Trust or the Premises or any part thereof or therein, or the construction, maintenance, operation or the occupancy or use thereof by Grantor, then Grantor shall indemnify, defend and hold Beneficiary harmless from and against all liability by reason of said litigation or other proceedings, including attorneys' fees and all costs and expenses incurred by Beneficiary in any such litigation or other proceedings,



whether or not any such litigation or other proceedings is prosecuted to judgment or other determination.

SECTION 9.14 Other Representations and Warranties.

All statements contained in any loan application, certificate or other instrument delivered by or on behalf of Grantor to Beneficiary or Beneficiary's representatives in connection with the Indebtedness shall constitute representations and warranties made by Grantor hereunder. Such representations and warranties made hereunder and thereunder shall survive the delivery of this Deed of Trust, and any misrepresentations thereunder shall be deemed as misrepresentations hereunder.

SECTION 9.15 Limitation of Interest.

It is the intent of Grantor and Beneficiary in the execution of this Deed of Trust, the Note and the other Loan Documents, to contract in strict compliance with the usury laws of the State of Washington governing the Note. In furtherance thereof, Beneficiary and Grantor stipulate and agree that none of the terms and provisions contained herein, in the Note or Loan Documents shall ever be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate in excess of the maximum interest rate permitted to be charged by the laws of the State of Washington. Grantor, or any guarantors, endorser or other party now or hereafter becoming liable for the payment of the Note shall never be required to pay interest on the Note at a rate in excess of the maximum interest that may be lawfully charged under the laws of the State of Washington and the provisions of this Section shall control over all other provisions of the Note and any other Loan Documents executed in connection herewith which may be in apparent conflict herewith. If, from any circumstances whatsoever fulfillment of any provision of the Note, this Deed of Trust or any Loan Documents, at the time performance of such provision shall be due, shall involve transcending the limit on interest presently prescribed by any applicable usury statute or any other applicable law, with regard to obligations of like character and amount, then Beneficiary may, at its option (i) reduce the obligations to be fulfilled to such limit on interest, or (ii) apply the amount that would exceed such limit on interest to the reduction of the outstanding principal balance of the Note, and not to the payment of interest, with the same force and effect as though Grantor had specifically designated such sums to be so applied to principal and Beneficiary had agreed to accept such extra payment(s) as a prepayment without a fee, so that in no event shall any exaction be possible under the Note that is in excess of the applicable limit on interest.

SECTION 9.16 Time of the Essence.

Grantor agrees that time is of the essence with respect to all of the covenants, agreements and representations under this Deed of Trust.

SECTION 9.17 Survival of Representations, Warranties and Covenants.

All representations, covenants and warranties contained herein, or in any of the other Loan Documents shall survive the delivery of the Note, this Deed of Trust and all other Loan



Documents and the provisions hereof shall continue to inure to the benefit of Beneficiary, its successors and assigns.

SECTION 9.18 Waiver of Jury Trial.

NO PARTY TO THIS DEED OF TRUST OR ANY ASSIGNEE, SUCCESSOR, HEIR OR PERSONAL REPRESENTATIVE OF A PARTY SHALL SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM, OR ANY OTHER LITIGATION PROCEEDINGS BASED UPON OR ARISING OUT OF THIS DEED OF TRUST, ANY RELATED AGREEMENT OR INSTRUMENT, ANY OTHER COLLATERAL FOR THE INDEBTEDNESS OR THE DEALINGS OR THE RELATIONSHIP BETWEEN OR AMONG THE PARTIES, OR ANY OF THEM. NO PARTY WILL SEEK TO CONSOLIDATE ANY SUCH ACTION, IN WHICH A JURY TRIAL HAS BEEN WAIVED, WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THE PROVISIONS OF THIS PARAGRAPH HAVE BEEN FULLY DISCUSSED BY THE PARTIES HERETO, AND THESE PROVISIONS SHALL BE SUBJECT TO NO EXCEPTIONS. NO PARTY HAS IN ANY WAY AGREED WITH OR REPRESENTED TO ANY OTHER PARTY THAT THE PROVISIONS OF THIS PARAGRAPH WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

SECTION 9.19 Minimum Requirement.

Grantor recognizes that the requirements imposed upon Grantor hereunder, including, without limitation, insurance requirements, are minimum requirements as determined by Beneficiary and do not constitute a representation that the requirements are complete or adequate. Grantor understands that it is Grantor's duty and responsibility to act prudently and responsibly at all times for Grantor's protection and for the protection of the Premises.

SECTION 9.20 Partial Non-Recourse to Partners of Grantor.

Notwithstanding anything to the contrary contained in this Deed of Trust, the liability of the partners of Grantor for the Indebtedness and for the performance of the other agreements, covenants and obligations contained in the Loan Documents shall be limited as set forth in Section 21 of the Note.

SECTION 9.21 Consents by Beneficiary.

If Grantor requests Beneficiary's review of, consent to and/or execution of documents in connection with (a) the assignment of the Deed of Trust and other Loan Documents to a subsequent beneficiary, (b) a subordination agreement with a tenant of the Premises, which subordination agreement is on a form that is not Beneficiary's standard form, or (c) any other transaction for which Grantor seeks Beneficiary's approval except for lease approvals, Grantor agrees that it shall (i) provide copies of such documents and other documentation or information as Beneficiary deems necessary, satisfactory in all respects to Beneficiary, (ii) give Beneficiary thirty (30) days prior written notice of such requested consent and after receipt of all items in (i) above; and (iii) pay Beneficiary a processing fee not to exceed Three Thousand and 00/100



Dollars (\$3,000.00) and reasonable attorneys' fees and costs, if any. If required by Beneficiary, Grantor shall also provide to Beneficiary a deposit of Five Thousand and 00/100 Dollars (\$5,000.00), which deposit Beneficiary shall hold in a non-interest bearing account and not return to Grantor until such time as Beneficiary determines that Beneficiary has received all information necessary in connection with Grantor's request.

SECTION 9.22 Non-Agricultural Use.

Grantor represents and covenants to Beneficiary that the real property conveyed by this Deed of Trust is not and will not be used for agricultural or farming purposes.

SECTION 9.23 Oral Agreements.

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

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Grantor has caused this Deed of Trust to be executed as of the date first above written.

STEIN FAMILY LIMITED PARTNERSHIP,
a Washington limited partnership

By: Marvin Stein Testamentary Trust
Its: General Partner

By: *Yolanda Stein*
Yolanda Stein
Its: Trustee

STATE OF WASHINGTON)
COUNTY OF KING)

On this 17th day of February, 2012, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Yolanda Stein, to me known to be trustee of the Marvin Stein Testamentary Trust, which is the sole general partner of Stein Family Limited Partnership, a Washington limited partnership, the limited partnership that executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act of and deed of said limited partnership, for the uses and purposes therein mentioned, and on oath stated that she is authorized to execute the said instrument.

Karl Norambuena
NOTARY PUBLIC

Print Name: KARL NORAMBUENA

My Commission Expires: 11/17/14

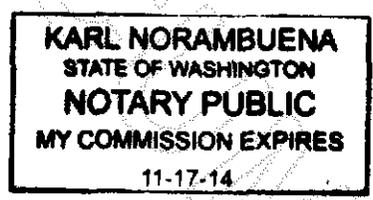


EXHIBIT "A"
LEGAL DESCRIPTION

THE SOUTH 1/2 OF BLOCK 8, "WEST ADDITION TO THE TOWN OF WOOLLEY, SKAGIT COUNTY, WASH.", AS PER PLAT RECORDED IN VOLUME 2 OF PLATS, PAGE 89, RECORDS OF SKAGIT COUNTY, WASHINGTON. SAID SOUTH 1/2 CONSISTS OF LOTS 13 THROUGH 24.

TOGETHER WITH THE NORTH 15 FEET OF HARRISON STREET ADJACENT THERETO AS VACATED BY CITY ORDINANCE NO. 1285-97, RECORDED UNDER AUDITOR'S FILE NO. 9802200031.

EXCEPTING THEREFROM THAT PORTION OF LOT 13 CONVEYED TO THE STATE OF WASHINGTON FOR SECONDARY STATE HIGHWAY NO. 1-A AND 1-F, SEDRO-WOOLLEY VICINITY, BY DEEDS RECORDED APRIL 14, 1956, UNDER AUDITOR'S FILE NO. 516234, AND MAY 27, 1955, UNDER AUDITOR'S FILE NO. 518491.

EXCEPTING THEREFROM THE FOLLOWING DESCRIBED 2 PARCELS FOR RIGHT-OF-WAY DEDICATIONS ON HARRISON STREET AS RECORDED UNDER AUDITOR'S FILE NO. 200710100079.

1.) A PORTION OF LOT 24, SOUTH 1/2 OF BLOCK 8, "WEST ADDITION TO THE TOWN OF WOOLLEY, SKAGIT COUNTY, WASH.", AS DEPICTED AND RECORDED IN VOLUME 2, PAGE 89 OF SKAGIT COUNTY PLATS, AND OF THE VACATED NORTH 15 FEET OF HARRISON STREET AS DESCRIBED IN CITY ORDINANCE 1285-97 RECORDED UNDER AUDITOR'S FILE NO. 9802200031. SAID PARCEL IS WITHIN THE NORTHWEST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 24, TOWNSHIP 35 NORTH, RANGE 4 EAST, W.M., AND IS DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT 24; THENCE SOUTH 01°16'33" WEST ALONG THE WEST LINE OF SAID VACATED NORTH 15 FEET A DISTANCE OF 15 FEET TO THE TRUE POINT OF BEGINNING; THENCE SOUTH 88°43'27" EAST ALONG THE SOUTH LINE OF SAID VACATED NORTH 15 FEET A DISTANCE OF 30.00 FEET; THENCE NORTH 43°43'27" WEST A DISTANCE OF 42.43 FEET TO AN INTERSECTION WITH THE WEST LINE OF SAID LOT 24; THENCE SOUTH 01°16'33" WEST ALONG SAID WEST LINE AND ALONG THE WEST LINE OF SAID VACATED 15 FEET A DISTANCE OF 30.00 FEET TO THE TRUE POINT OF BEGINNING.

2.) A PORTION OF THE VACATED NORTH 15 FEET OF HARRISON STREET VACATED IN CITY ORDINANCE 1285- 97 AND RECORDED UNDER AUDITOR'S FILE NO. 9802200031. HARRISON STREET LIES SOUTH OF THE SOUTH 1/2 BLOCK 8, "WEST ADDITION TO THE TOWN OF WOOLLEY, SKAGIT COUNTY, WASH.", AS RECORDED IN VOLUME 2, PAGE 89 OF SKAGIT COUNTY PLATS, SAID PLAT IS WITHIN THE NORTHWEST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 24, TOWNSHIP 35 NORTH, RANGE 4 EAST, W.M., SAID PORTION OF THE VACATED NORTH 15 FEET IS DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID VACATED NORTH 15 FEET; THENCE NORTH 88°43'27" WEST ALONG THE SOUTH LINE OF SAID VACATED NORTH 15 FEET A DISTANCE OF 9.05 FEET; THENCE NORTH 69°28'12" EAST A DISTANCE OF 11.36 FEET TO AN INTERSECTION WITH THE EAST LINE OF SAID VACATED NORTH 15 FEET; THENCE SOUTHWEST ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 369.30 FEET, A CENTRAL ANGLE OF 0°41'43" FOR AN ARC DISTANCE OF 4.48 FEET TO THE TRUE POINT OF BEGINNING.

3407/1284;02/16/12



201202230065
Skagit County Auditor