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Skagit County Auditor

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After recording, return to:  
Hunton & Williams LLP  
1445 Ross Avenue, Suite 3700  
Dallas, Texas 75202-2799  
Attn: Raegan R.J. Watchman, Esq.

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

GRANTOR: SKAGIT RESPE LLC, a Washington limited liability company

TRUSTEE: DANIEL C. GARNER, ESQ.

BENEFICIARY: NEWSTAR BUSINESS CREDIT, LLC, a Delaware limited liability company as  
administrative agent

EFFECTIVE DATE: December 4, 2014

FINAL MATURITY  
DATE OF  
OBLIGATIONS /  
NOTE: December 4, 2016

Abbreviated Legal: PTN NW 32-34-4 - pg. 11  
Tax Parcel No.: P29541 - pg. 16

DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND FIXTURE  
FILING, Cover Page  
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Grantor: Skagit RESPE LLC  
Grantor's Entity: Limited Liability Company  
State of Organization of Grantor: Washington  
Organizational I.D. of Grantor: 602-842-657

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

**THIS DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING** (herein "Instrument") is made as of December 4, 2014, among **SKAGIT RESPE LLC**, a Washington limited liability company, whose address is 3100 Old Highway 99 South, Mount Vernon, Washington 98273 (herein "Grantor"), in favor of **DANIEL C. GARNER**, whose address is c/o Hunton & Williams LLP, 1445 Ross Avenue, Suite 3700, Dallas, Texas 75202 (herein "Trustee"), for the benefit of the Beneficiary, **NEWSTAR BUSINESS CREDIT, LLC**, a Delaware limited liability company as administrative agent (in such capacity, "Agent") for the lenders named under the certain Loan and Security Agreement (as defined below), whose address is 8401 North Central Expressway, Suite 600, Dallas, Texas 75225 (Agent, together with its successors and assigns are referred to as "Beneficiary").

A. Agent has required that Grantor execute this Instrument in connection with that certain Loan and Security Agreement dated as of the date hereof among Skagit Gardens, Inc., a Washington corporation ("Borrower"), Grantor, certain affiliates of Grantor, the lenders party thereto (the "Lenders") and Agent (as the same may be amended or otherwise modified from time to time, herein the "Loan and Security Agreement"). This Instrument is part of the security for the "Obligations" as described in the Loan and Security Agreement. Terms that are defined in the Uniform Commercial Code, unless otherwise defined herein or in the Loan and Security Agreement, are used herein as defined therein.

B. Pursuant to the Loan and Security Agreement, Lenders have extended indebtedness to Borrower. Grantor has provided a secured guaranty of indebtedness to Borrower.

NOW THEREFORE, Grantor, in consideration of the indebtedness herein recited and the trust herein created, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, irrevocably grants, bargains, sells, conveys and assigns to Trustee, IN TRUST, WITH POWER OF SALE, all of Grantor's estate, right, title and interest, now owned or hereafter acquired, including any reversion or remainder interest, in the real property located in 3100 Old Highway 99 South, Mount Vernon, Skagit County, Washington described on Exhibit A attached hereto and incorporated herein including all heretofore or hereafter vacated alleys and streets abutting the property, and all easements, rights, appurtenances, tenements, hereditaments, rents, royalties, mineral, oil and gas rights and profits, water, water rights, and water stock appurtenant to the property (collectively, the "Premises");

TOGETHER with all of Grantor's estate, right, title and interest, now owned or hereafter acquired, in, under and to the Collateral, including, without limitation:

a. all buildings, structures, improvements, parking areas, landscaping, equipment, fixtures, farm products, crops, agricultural products and articles of property now or hereafter erected on, attached to, grown on, or used or adapted for use in the operation of the Premises (all of the foregoing together with replacements and additions thereto are referred to herein as "Improvements");



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b. all compensation, awards, damages, rights of action and proceeds, including interest thereon and/or the proceeds of any policies of insurance therefor, arising out of or relating to a (i) taking or damaging of the Premises or Improvements thereon by reason of any public or private improvement, condemnation proceeding (including change of grade), sale or transfer in lieu of condemnation, or fire, earthquake or other casualty, or (ii) any injury to or decrease in the value of the Premises or the Improvements for any reason whatsoever;

c. all the right, title and interest of Grantor in, to and under all written and oral leases and rental agreements (including extensions, renewals and subleases; all of the foregoing shall be referred to collectively herein as the "Leases") now or hereafter affecting the Premises including, without limitation, all rents, issues, profits and other revenues and income therefrom, all guaranties of tenants' performance under the Leases, and all rights and claims of any kind that Grantor may have against any tenant under the Leases or in connection with the termination or rejection of the Leases in a bankruptcy or insolvency proceeding;

d. all contracts, rights, general intangibles, permits, licenses, certificates, claims or causes of action pertaining to or affecting the Premises or the Improvements; and

e. all additions, accessions, replacements, substitutions, proceeds and products of the real and personal property, tangible and intangible, described herein.

The Collateral, including, without limitation, all of the foregoing described collateral is exclusive of any furniture, furnishings or trade fixtures owned and supplied by tenants of the Premises and any inventory held for resale on the Premises and not used in the operations of the Premises. The Premises, the Improvements, the Leases and all of the rest of the foregoing property are herein referred to as the "Property."

TO HAVE AND TO HOLD the above described Property unto Trustee in trust for the benefit of Lender and its successors and assigns forever.

TO SECURE TO Beneficiary for the benefit of the Lenders (a) the payment and performance of all of the Obligations as described in the Loan and Security Agreement (whether for principal, interest, prepayment premium, contingent liabilities, fees, costs, expenses, taxes, losses, compensation, reimbursements, or any other amount payable under the Loan Documents, including, without limitation, revolving loans and future indebtedness), and all modifications, amendments, supplements, increases, renewals and extensions thereof; (b) the payment of all other sums, with interest thereon, advanced in accordance herewith or in accordance with the Loan and Security Agreement to protect the security of this Instrument or to fulfill any of Grantor's obligations hereunder or under the other Loan Documents; (c) the performance of the covenants and agreements of Grantor contained herein or in the other Loan Documents; and (d) the repayment of all sums now or hereafter owing to Beneficiary by Grantor. The indebtedness and obligations described above are collectively referred to herein as the "Indebtedness."

Grantor covenants and agrees to warrant and forever defend unto Trustee the title to the Property against all claims and demands.

Grantor represents, warrants, covenants and agrees for the benefit of Beneficiary as follows:

1. PAYMENT OF PRINCIPAL AND INTEREST. Grantor shall promptly pay when due the principal of and interest on the Indebtedness, any prepayment fee and other charges provided in the Loan Documents and all other sums secured by this Instrument.



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2. PAYMENT OF TAXES AND OTHER CHARGES. Grantor hereby covenants and agrees to pay prior to delinquency all real estate and other taxes, insurance premiums, assessments and other charges (collectively, "Impositions") which are payable with respect to the Property from time to time in accordance with the terms of the Loan and Security Agreement.

3. CHARGES, LIENS. Without Beneficiary's prior written consent, Grantor shall not allow any lien other than this Instrument to be filed or perfected against the Property. If any lien other than this Instrument is filed or perfected against the Property without Beneficiary's prior written consent, Grantor shall, within thirty (30) days after receiving notice of the filing of such lien, cause such lien to be released of record and deliver evidence of such release to Beneficiary.

4. INSURANCE. Grantor shall obtain and maintain at Grantor's sole cost and expense the insurance policies with respect to the Property in accordance with the Loan and Security Agreement. If any act or occurrence of any kind or nature (including any casualty for which insurance was not obtained or obtainable) shall result in damage to or destruction of the Property (such event being called a "Loss"), Grantor will give prompt written notice thereof to Beneficiary. All insurance proceeds paid or payable in connection with any Loss shall be paid to Beneficiary and applied by Beneficiary in accordance with the terms of the Loan and Security Agreement.

5. PRESERVATION AND MAINTENANCE OF PROPERTY. Grantor (a) shall not commit waste or permit impairment or deterioration of the Property, (b) shall restore or repair promptly and in a good and workmanlike manner all or any part of the Property to the equivalent of its original condition, or such other condition as Beneficiary may approve in writing, in the event of any damage, injury or loss thereto, whether or not insurance proceeds are available to cover in whole or in part the costs of such restoration or repair, (c) shall keep the Property, including all improvements, fixtures, equipment, machinery and appliances thereon, in good repair and shall replace fixtures, equipment, machinery and appliances on the Property when necessary to keep such items in good repair, and (d) shall comply with all laws, ordinances, regulations and requirements of any governmental body applicable to the Property.

6. INSPECTION. Beneficiary may make or cause to be made reasonable entries upon the Property to inspect the interior and exterior thereof.

7. CONDEMNATION. If the Property, or any part thereof, shall be condemned for any reason, including without limitation fire or earthquake damage, or otherwise taken for public or quasi-public use under the power of eminent domain, or be transferred in lieu thereof, all damages or other amounts awarded for the taking of, or injury to, the Property shall be paid to Beneficiary and applied by Beneficiary in accordance with the terms of the Loan and Security Agreement.

8. UNIFORM COMMERCIAL CODE SECURITY AGREEMENT. This Instrument is intended to be a fixture filing pursuant to the Uniform Commercial Code for any and all of the items specified above as part of the Property which, under applicable law, may be subject to a security interest pursuant to the Uniform Commercial Code. The respective addresses of Grantor and of Beneficiary are as provided on page 1 of this Instrument. Grantor hereby authorizes Beneficiary to file this Instrument, or a reproduction thereof, and any other financing statements describing the Property which are deemed necessary by Beneficiary, in the real estate records and other appropriate indexes as determined by Beneficiary, as a financing statement for any of the items specified above as part of the Property. Any reproduction of this Instrument or of any other security agreement or financing statement shall be sufficient as a financing statement. In addition, Grantor agrees to execute and deliver to Beneficiary, upon Beneficiary's request, any additional financing statements, as well as extensions, renewals and amendments thereof, and reproductions of this Instrument in such form as Beneficiary may require to



perfect a security interest with respect to the foregoing items. In the event of any conflict between the terms of this Instrument and the Loan and Security Agreement with respect to the collateral covered both therein and herein, the Loan and Security Agreement shall control and govern to the extent of any such conflict.

9. LEASES OF THE PROPERTY. Grantor shall comply with and observe Grantor's obligations as landlord under all Leases of the Property or any part thereof. Grantor shall not enter into any lease agreement covering any portion of the Property without the prior written consent of Beneficiary. In addition, Grantor shall not without the prior written consent of Beneficiary, (a) amend or terminate any of the Leases, (b) permit or consent to the assignment by any tenant of any of its rights under the Leases, or (c) permit or consent to any leasehold deed of trust or mortgage.

10. TRANSFERS OF THE PROPERTY OR BENEFICIAL INTERESTS IN GRANTOR: ASSUMPTION. Grantor shall not sell, lease, convey, assign, pledge, or otherwise transfer all or any part of the Property, any interest therein or any beneficial interest in Grantor, voluntarily or involuntarily, whether by operation of law or otherwise, except as permitted by the terms of the Loan and Security Agreement.

11. NOTICES. Except for any notice required under applicable law to be given in another manner, any and all notices, elections, demands, or requests permitted or required to be made under this Instrument or under the Loan and Security Agreement shall be in writing and shall be given in the manner described under Section 14.6 of the Loan and Security Agreement.

12. ASSIGNMENT OF LEASES AND RENTS. Grantor does hereby absolutely and unconditionally grant, bargain, sell, transfer, assign, convey, set over and deliver unto Beneficiary all right, title and interest of Grantor in, to and under the Leases of the Property, whether now in existence or hereafter entered into, and all guaranties, amendments, extensions and renewals of said Leases and any of them, and all rents, income and profits which may now or hereafter be or become due or owing under the Leases, and any of them, or on account of the use of the Property. This assignment is absolute, is effective immediately, and is irrevocable by Grantor so long as the Indebtedness remains outstanding. Notwithstanding the foregoing, until a Notice is sent to Grantor in writing that an Event of Default has occurred (which notice is hereafter called a "Notice"), Grantor may receive, collect and enjoy the rents, income and profits accruing from the Property. After the occurrence of an Event of Default hereunder, Beneficiary may, at its option, after service of a Notice, receive and collect all such rents, income and profits from the Property as they become due. Beneficiary shall thereafter continue to receive and collect all such rents, income and profits, as long as such default or defaults shall exist, and during the pendency of any foreclosure proceedings. Assignment of Rents. For purposes of RCWA §7.28.230 on perfection by recording, this assignment is "intended as security."

13. DEFAULT. The occurrence of an Event of Default as that term is defined in Section 10.1 of the Loan and Security Agreement shall be an Event of Default ("Event of Default") under this Instrument.

14. RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of any Event of Default and at any time thereafter, Trustee or Beneficiary may exercise any one or more of the following rights and remedies:

(a) Beneficiary may declare the entire Indebtedness, including the then unpaid principal balance of the Obligations, the accrued but unpaid interest thereon, court costs and attorney's fees hereunder immediately due and payable, without notice, presentment, protest,



demand or action of any nature whatsoever (each of which hereby is expressly waived by Grantor), whereupon the same shall become immediately due and payable.

(b) Beneficiary may, at Beneficiary's option, perform on behalf of Grantor the covenants and obligations which Grantor has failed to perform in accordance with the terms of this Instrument and the Loan Documents and make such appearances, disburse such sums and take such actions as Beneficiary deems necessary, in its sole discretion, to protect Beneficiary's interests under this Instrument and under the Loan Documents. Any amounts disbursed by Beneficiary pursuant to this Section 14(b) shall bear interest at the post-maturity rate provided in the Loan and Security Agreement, shall become additional Indebtedness secured by this Instrument, and shall be payable by Grantor to Beneficiary upon demand.

(c) (i) In addition to all other remedies of Beneficiary and Trustee, upon the occurrence of any Event of Default, Beneficiary shall have the right to have the Property sold by the Trustee pursuant to the provisions of the laws of the State of Washington then in effect with respect to foreclosure pursuant to Trustee's sale under deeds of trust or, at Beneficiary's option, to have this Instrument foreclosed in judicial proceedings as a mortgage, and Beneficiary and Trustee shall have the right to exercise all other remedies provided for herein or by law, including the Uniform Commercial Code. All rights and remedies of Beneficiary and Trustee are cumulative. Beneficiary and Trustee may exercise rights and remedies at such times and in such order as Beneficiary may elect. In the exercise of rights and remedies, Property, whether real or personal, and any portions thereof, may be sold, whether at Trustee's sale or execution sale after judicial foreclosure or in any other manner permitted by law, in one parcel or several parcels as Beneficiary may elect. If this Instrument is foreclosed as a mortgage in judicial proceedings, any judgment recovered, including a deficiency judgment if Beneficiary shall be entitled to a deficiency, shall bear at the rate applicable to sums secured hereby after an Event of Default, not to exceed, however, the highest rate permitted by applicable law. Notwithstanding the foregoing, Beneficiary agrees not to foreclose on any fixtures, equipment or personal property prior to the expiration of the reinstatement period as provided in RCW § 61.24.090.

(ii) If Beneficiary invokes the power of sale, Beneficiary shall send written notice as prescribed by applicable law to Grantor and to the other persons prescribed by applicable law of the occurrence of an event of default and of Beneficiary's election to cause the Property to be sold. Trustee shall give notice of sale by public advertisement as Trustee deems proper and as prescribed by statute to protect the interests of Grantor and Beneficiary. After the time required by applicable law, Trustee, without demand on Grantor, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Beneficiary or its designee may purchase the Property at any sale.

(iii) Trustee shall deliver to the purchaser a Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's fees and reasonable attorneys' fees, but such fees shall be limited to an amount that a judge would set as a reasonable fee in an uncontested mortgage foreclosure action; (b) to all sums secured by this Instrument; and (c) any excess to the clerk of the superior court of the county in which the Property is located as provided in RCWA §61.24.080.



(d) Upon, or at any time after, commencement of foreclosure of the lien and security interest provided for herein or any legal proceedings hereunder, Beneficiary may make application to a court of competent jurisdiction, as a matter of strict right and without notice to Grantor or regard to the adequacy of the Property for the repayment of the Indebtedness, for appointment of a receiver of the Property, and Grantor does hereby irrevocably consent to such appointment. Any such receiver shall have all the usual powers and duties of receivers in similar cases, including the full power to rent, maintain and otherwise operate the Property upon such terms as may be approved by the court, and shall apply such rents in accordance with the provisions of the Credit Agreement. The right to the appointment of a receiver shall apply regardless of whether Beneficiary has commenced procedures for the foreclosure of the liens and security interest created herein, or has commenced any other legal proceedings to enforce payment of the Indebtedness or performance or discharge of the Obligations, and shall also apply upon the actual or threatened waste to any part of the Property.

(e) Beneficiary may exercise the rights and remedies of a secured party under the applicable provisions of the Uniform Commercial Code, as adopted by the State of Washington.

(f) Beneficiary may exercise any other rights or remedies provided by the applicable laws of the State of Washington.

(g) Grantor and any guarantor of the Indebtedness shall be liable for any deficiency remaining in the Indebtedness subsequent to any sale described in this Section 14, subject to the terms and limitations, if any, set forth in the Loan and Security Agreement.

(h) Grantor hereby waives all rights of redemption, if any, provided by the laws of the State of Washington.

15. SUBSTITUTE TRUSTEE. Trustee shall not be liable for any error of judgment or act done by Trustee, or be otherwise responsible or accountable under any circumstances whatsoever. Trustee shall not be personally liable in case of entry by it or anyone acting by virtue of the powers herein granted it upon the Property for debts contracted or liability or damages incurred in the management or operation of the Property. All monies received by Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other monies (except to the extent required by law) and Trustee shall be under no liability for interest on any monies received by it hereunder.

Trustee may resign by giving of notice of such resignation in writing to Beneficiary. If Trustee shall die, resign or become disqualified from acting, or shall fail or refuse to exercise its powers hereunder when requested by Beneficiary so to do, or if for any reason and without cause Beneficiary shall prefer to appoint a substitute trustee to act instead of the original Trustee named herein, or any prior successor or substitute trustee, Beneficiary shall have full power to appoint a substitute trustee and, if preferred, several substitute trustees in succession who shall succeed to all the estate, rights, powers and duties of the aforementioned Trustee. Upon appointment by Beneficiary, any new Trustee appointed pursuant to any of the provisions hereof shall, without any further act, deed or conveyance, become vested with all the estates, properties, rights, powers and trusts of its predecessor in the rights hereunder with the same effect as if originally named as Trustee herein.

16. ATTORNEYS' FEES. In the event suit or action is instituted to enforce or interpret any of the terms of this Instrument (including without limitation efforts to modify or vacate any automatic stay or injunction), all attorney fees and court costs incurred by Beneficiary shall become a part of the Indebtedness payable on demand and shall be paid in accordance with the Loan and Security Agreement.



17. GOVERNING LAW; SEVERABILITY. THIS INSTRUMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS EXCEPT TO THE EXTENT THAT THE BANKRUPTCY CODE (AS SUCH TERM IS DEFINED IN THE LOAN AND SECURITY AGREEMENT) OR THE LAWS OF THE STATE OF WASHINGTON GOVERN THE MANNER OR PROCEDURE FOR CREATION, PERFECTION AND ENFORCEMENT OF THE LIEN CREATED BY THIS INSTRUMENT. In the event that any provision or clause of this Instrument or the Loan and Security Agreement or any promissory note secured by this Instrument conflicts with applicable law, such conflict shall not affect other provisions of this Instrument, the Loan and Security Agreement or any promissory note secured by this Instrument, as applicable, which can be given effect without the conflicting provision, and to this end the provisions of this Instrument, the Loan and Security Agreement and/or any such promissory note secured by this Instrument are declared to be severable.

18. TIME OF ESSENCE. Time is of the essence of this Instrument and of all of the obligations of Grantor under the Loan Documents.

19. SUCCESSORS AND ASSIGNS BOUND. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective heirs, successors and assigns of Beneficiary and Grantor.

20. WAIVER OF JURY TRIAL. GRANTOR AND BENEFICIARY HEREBY KNOWINGLY, VOLUNTARILY AND INTELLIGENTLY WAIVE ANY AND ALL RIGHTS THAT EACH PARTY TO THIS AGREEMENT MAY NOW OR HEREAFTER HAVE UNDER THE LAWS OF THE UNITED STATES OF AMERICA OR THE STATE OF TEXAS OR THE STATE OF WASHINGTON, TO A TRIAL BY JURY OF ANY AND ALL ISSUES ARISING DIRECTLY OR INDIRECTLY IN ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT, THE LOAN DOCUMENTS OR ANY TRANSACTIONS CONTEMPLATED THEREBY OR RELATED THERETO. IT IS INTENDED THAT THIS WAIVER SHALL APPLY TO ANY AND ALL DEFENSES, RIGHTS, CLAIMS AND/OR COUNTERCLAIMS IN ANY SUCH ACTION OR PROCEEDING. GRANTOR UNDERSTANDS THAT THIS WAIVER IS A WAIVER OF A CONSTITUTIONAL SAFEGUARD, AND EACH PARTY INDIVIDUALLY BELIEVES THAT THERE ARE SUFFICIENT ALTERNATE PROCEDURAL AND SUBSTANTIVE SAFEGUARDS, INCLUDING, A TRIAL BY AN IMPARTIAL JUDGE, THAT ADEQUATELY OFFSET THE WAIVER CONTAINED HEREIN.

21. NO ORAL AGREEMENTS. THIS WRITTEN AGREEMENT AND THE WRITTEN DOCUMENTS RELATED TO THE INDEBTEDNESS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES. ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

22. Use of Proceeds. The proceeds of any Loan will be used primarily for commercial, investment or business purposes.

23. LOAN AND SECURITY AGREEMENT. Notwithstanding anything to the contrary contained in this Instrument, in the event of a conflict between the terms and conditions of this Instrument and the terms and conditions of the Loan and Security Agreement, the terms and conditions of the Loan and Security Agreement shall control.





UNOFFICIAL DOCUMENT

**IMPORTANT: READ BEFORE SIGNING. THE TERMS OF THIS AGREEMENT SHOULD BE READ CAREFULLY BECAUSE ONLY THOSE TERMS IN WRITING ARE ENFORCEABLE. NO OTHER TERMS OR ORAL PROMISES NOT CONTAINED IN THIS WRITTEN CONTRACT MAY BE LEGALLY ENFORCED. YOU MAY CHANGE THE TERMS OF THIS AGREEMENT ONLY BY ANOTHER WRITTEN AGREEMENT.**

IN WITNESS WHEREOF, Grantor has executed this Instrument or has caused the same to be executed by its representatives thereunto duly authorized.

**GRANTOR:**

SKAGIT RESPE LLC,  
a Washington limited liability company

By: Skagit Real Estate Holdings, LLC, its sole Member

By: Skagit Gardens, Inc., its Manager

By:

Name: Marcus Warolin

Title: Chief Financial Officer



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STATE OF WASHINGTON

COUNTY OF

Skagit

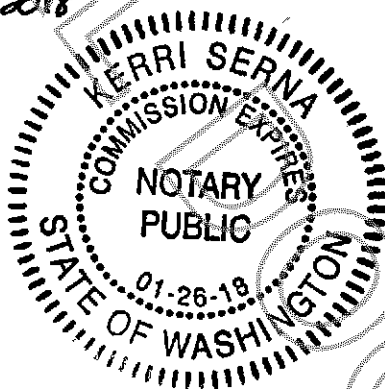
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This instrument was acknowledged before me on December 3<sup>rd</sup>, 2014, by Marcus Waxolin, personally known to me or proven on the basis of satisfactory evidence to be the CFO of Skagit Gardens, Inc., a Washington corporation, the Manager of Skagit Real Estate Holdings, LLC, a Washington limited liability company, the Sole Member of Skagit RESPE LLC, a Washington limited liability company, which executed the foregoing document, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation and limited liability company for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument on behalf of the said corporation on behalf of the said limited liability company.

Kerri Serna  
Notary Public in and for the State of Washington

Kerri Serna  
Printed Name of Notary

My Commission Expires: 1-26-2018



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**EXHIBIT A**

**DESCRIPTION OF PROPERTY**

**PARCEL A:**

The North 165 feet of the Southwest Quarter of the Northwest Quarter of Section 32, Township 34 North, Range 4 East of the Willamette Meridian;

EXCEPT roads;

AND EXCEPT the South 45 feet of the West 120 feet thereof lying East of the former U.S. Highway 99; AND ALSO EXCEPT all that portion thereof lying East of a line 295 feet West of Drainage Ditch No. 17. Situated in Skagit County, Washington.

**PARCELS B and C:**

That portion of the North 165 feet of the Southwest Quarter of the Northwest Quarter of Section 32, Township 34 North, Range 4 East of the Willamette Meridian, lying East of the drainage ditch of Drainage District No. 17;

Also the East 60 feet of that portion of the North 165 feet of the Southwest Quarter of the Northwest Quarter of said Section 32, lying West of aforesaid drainage ditch;

AND EXCEPT that portion of said premises conveyed to the State of Washington for Primary State Highway No. 1, by deed recorded March 12, 1972, under Auditor's File No. 764259, records of Skagit County, Washington.

TOGETHER WITH a non-exclusive easement for ingress and egress over and across the North 16.5 feet of said Southwest Quarter of the Northwest Quarter lying West of a point 60 feet West of aforesaid drainage ditch and East of Old Highway 99.

Situated in Skagit County, Washington.

**PARCEL D:**

That portion of the Southwest Quarter of the Northwest Quarter of Section 32, Township 34 North, Range 4 East of the Willamette Meridian, described as follows:

Beginning at the intersection of the North line of said subdivision with a point 60 feet West of the West line of the drainage ditch of Drainage District No. 17;

Thence South 165 feet; Thence West 235 feet; Thence North 165 feet;



Thence East 235 feet to the point of beginning.

Situated in Skagit County, Washington

**PARCEL E:**

That portion of the North Half of the South Half of the Northwest Quarter of the Northwest Quarter of Section 32, Township 34 North, Range 4 East of the Willamette Meridian, described as follows:

Beginning at a point on the South line of said North Half of the South Half of the Northwest Quarter of the Northwest Quarter, 30 feet East of the Southwest corner thereof, said point being the East line of the State Highway "99" right of way, as said highway existed on January 7, 1954;

Thence East along the South line of said North Half of the South Half of the Northwest Quarter of the Northwest Quarter, 188 feet;

Thence North parallel with the West line of said subdivision 200 feet; Thence West 188 feet to the East line of said State Highway right of way;

Thence South along the East line of said highway right of way, 200 feet to the point of beginning;

TOGETHER WITH that portion of the North Half of the South Half of the Northwest Quarter of the Northwest Quarter of Section 32, Township 34 North, Range 4 East of the Willamette Meridian, described as follows:

Beginning a point on the South line of said North Half of the South Half of said Northwest Quarter of the Northwest Quarter, 30 feet East of the Southwest corner thereof, said point being on the East line of the State Highway 99 right of way, as said highway existed on January 7, 1954;

Thence North along the East line of said State Highway right of way, 200 feet;

Thence East 144 feet to the true point of beginning;

Thence continue East 44 feet;

Thence North parallel to the West line of said Northwest Quarter, 8.0 feet;

Thence West 44 feet;



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Thence South 8.0 feet to the true point of beginning;

EXCEPT the North 6.13 feet thereof;

AND ALSO TOGETHER WITH the following described parcel:

The South 1.87 feet of the West 144.00 feet of that portion of the North Half of the South Half of the Northwest Quarter of the Northwest Quarter of Section 32, Township 34 North, Range 4 East of the Willamette Meridian, described as follows:

Beginning at a point on the East line of the State Highway, 200 feet North of the South line of said North Half of the South Half of the Northwest Quarter of the Northwest Quarter of said Section 32;

Thence East 144 feet;

Thence North parallel to the West line of said Northwest Quarter of the Northwest Quarter, 8 feet;

Thence East 44 feet, more or less, to a line which is distant 218 feet East of and parallel to the West line of said Northwest Quarter of the Northwest Quarter;

Thence North along said parallel line 122 feet, more or less, to the North line of said North Half of the South Half of the Northwest Quarter of the Northwest Quarter;

Thence West along said North line 188 feet, more or less, to the East line of said State Highway;

Thence South along said East line 130 feet to the point of beginning.

Situated in Skagit County, Washington.

**PARCEL F:**

The North Half of the South Half of the Northwest Quarter of the Northwest Quarter of Section 32, Township 34 North, Range 4 East of the Willamette Meridian;

EXCEPT the West 218 feet thereof;

AND EXCEPT that portion thereof conveyed to the State of Washington for highway purposes by deed dated January 29, 1953 and recorded February 12, 1953, under Auditor's File No. 485836, records of Skagit County, Washington and deed recorded December 21, 1971, under Auditor's File No. 762101, records of Skagit County, Washington;

Situated in Skagit County, Washington.



**PARCEL G:**

The South 330 feet of the Northwest Quarter of the Northwest Quarter of Section 32, Township 34 North, Range 4 East of the Willamette Meridian;

AND EXCEPT Old State Highway 99 along the West line thereof;

AND ALSO EXCEPT that portion conveyed to the State of Washington for Primary State Highway No. 1 along the East line thereof, by deed dated February 3, 1953, recorded March 12, 1953, under Auditor's File No. 485839, records of Skagit County, Washington;

AND ALSO EXCEPT that portion, if any, lying within the North Half of the South Half of the Northwest Quarter of the Northwest Quarter;

AND ALSO EXCEPT that portion thereof condemned by the State of Washington for highway purposes in Skagit County Superior Court Cause No. 33040.

TOGETHER with that portion per Judgment Quieting Title to Real Property Case No. 09-2-00427-7 as follows:

That portion of the South Half of the South Half of the Northwest Quarter of the Northwest Quarter of Section 32, Township 34 North, Range 4 East, W.M., lying North of the North line of the South 330 feet of said South Half of the South Half, West of the right of way of Interstate Highway 5, and East of the Old Highway 99 County Road. EXCEPT any interest held by Skagit County Drainage District No. 17 as set forth in Skagit County Superior Court Cause No. 5271.

Situated in Skagit County, Washington.

**PARCEL H and I:**

Lots 2 and 3 of SKAGIT COUNTY SHORT PLAT NO. 94-033, approved September 26, 1944 and recorded September 30, 1997, in Volume 11 of Short Plats, pages 121 and 122, under Auditor's File No. 9409300084, records of Skagit County, Washington; being a portion of the North Half of the Northwest Quarter of the Northwest Quarter of Section 32, Township 34 North, Range 4 East of the Willamette Meridian.

Situated in Skagit County, Washington.



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**PARCEL J and L:**

Government Lot 7 of Section 12, Township 34 North, Range 3 East of the Willamette Meridian, and a tract of land in the Northeast Quarter of the Northeast Quarter of Section 13, Township 34 North, Range 3 East of the Willamette Meridian, described as follows:

Beginning at the Northeast corner of said Section 13;

Thence South  $83^{\circ}31'$  West along the North line of said Section 13, a distance of 1,273.6 feet, more or less, to the Northwest corner of the Northeast Quarter of the Northeast Quarter of said Section 13;

Thence South along the West line of said Northeast Quarter of the Northeast Quarter, a distance of 160.6 feet;

Thence South  $89^{\circ}33'$  East, a distance of 1,275 feet, more or less, to the East line of said Section 13; Thence North along the East line of said Section, a distance of 314.8 feet, more or less, to the point of beginning;

EXCEPT the East 40 feet of that portion of the subject property lying within Government Lot 7 in Section 12, Township 34 North, Range 3 East of the Willamette Meridian and as conveyed to Skagit County for road purposes by deed recorded April 5, 1911, in Volume 83 of Deeds, page 536;

AND EXCEPT the East 40 feet of that portion of the subject property lying within Section 13, Township 34 North, Range 3 East of the Willamette Meridian, as conveyed to John Krangness by deed recorded April 4, 1924, in Volume 132 of Deeds, page 576;

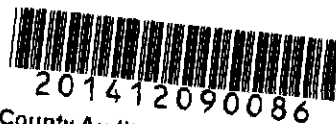
AND ALSO EXCEPT the North 2 acres of the West 10 acres of the remainder.

Situated in Skagit County, Washington.

**PARCEL K:**

That portion of Government Lot 6, Section 12, Township 34 North, Range 3 East of the Willamette Meridian, described as follows:

Beginning at the Southwest corner of said Lot;



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Thence North 83°40'02" East 1,193.75 feet along the South line of said Section 12, to a point that is South 83°40'02" West 1,285.18 feet from the Southeast corner of said Section 12 said point being the true point of beginning;

Thence North 0°19'30" West 204.05 feet;

Thence South 88°38'19" East 48.51 feet to the East line of said Lot;

Thence South 0°33'18" West 197.86 feet along said East line to the Southeast corner thereof;

Thence South 83°40'02" West 45.71 feet along said South line to the true point of beginning;

Being a portion of Lot 2, Short Plat No. 79-80, recorded in Volume 5 of Short Plats, page 125, under Skagit County Auditor's File No. 8109110008, records of Skagit County, Washington.

Situated in Skagit County, Washington.

**For APN/Parcel ID(s):** P29541 / 340432-2-026-0004, P29385 / 340432-0-034-0008, P29545 / 340432-2-029-0001, P29539 / 340432-2-025-0005, P29527 / 340432-2-017-0005, P29524 / 340432-2-015-0007, P29522 / 340432-2-014-0008, P106106 / 340432-2-011-0400, P106105 / 340432-2-011-0300, P21493 / 340312-0-002-0001, P21495 / 340312-0-004-0009 and P21740 / 340313-0-058-0003



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