



201509250067

Skagit County Auditor

\$316.00

9/25/2015 Page

1 of

28 12:14PM

When recorded return to

Vedder Price P.C.
222 North LaSalle Street
Chicago, Illinois 60601
Attn: Michael A. Nemeroff (CWM))

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

Land Title and Escrow

Title order 151248-0

Grantor: TEAM CORPORATION, a Washington corporation

Grantee (Trustee): LAND TITLE AND ESCROW COMPANY

Grantee (Beneficiary): MONROE CAPITAL MANAGEMENT ADVISORS, LLC

Legal (Abbreviated): Lot 25, Am. Skagit Regional BSP, Ph. 1, AF #200303040030 (Full Legal Description on Exhibit A of this document)

Tax Account Nos: 8012-000-025-0000
8012-000-025-0100

NOTICE: THE LOANS SECURED BY THIS DEED OF TRUST CONTAIN PROVISIONS ALLOWING FOR CHANGES IN THE INTEREST RATE, ALL OF WHICH ARE INCORPORATED HEREIN BY THIS REFERENCE.

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

THIS LEASEHOLD DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("**Deed of Trust**") is made as of September 25, 2015, by **TEAM CORPORATION**, a Washington corporation, having an address at c/o Battery Ventures, One Marina Park Drive, Suite 110, Boston, Massachusetts 02210 ("**Grantor**"), to **LAND TITLE AND ESCROW COMPANY**, as Trustee ("**Trustee**"), having an address at 111 East George Hopper Road, P.O. Box 445, Burlington Washington 98233 for the benefit **MONROE CAPITAL MANAGEMENT ADVISORS, LLC**, having an address at c/o Monroe Capital LLC, 311 South Wacker Drive, Suite 6400, Chicago, Illinois 60606, as agent ("**Beneficiary**" or "**Agent**"), for itself and various other financial institutions from time to time a party to the Credit Agreement (as defined herein) (collectively, the "**Lenders**").

RECITALS.

WHEREAS, Grantor is the owner and holder of the leasehold estate created under that certain Land Lease Agreement dated as of October 1, 2014, by and between the Port of Skagit County, a Washington municipal corporation, as lessor, (said lessor, together with its successor and assigns, is referred to as "**Lessor**"), and Grantor, as lessee, a memorandum of which is recorded in the real estate records of Skagit County, Washington under file no. 201410280086 (said lease, as heretofore amended together with any future modifications, amendments, additions, assignments and supplements thereto, and substitutions, extensions, renewals or replacements thereof, is hereinafter referred to as the "**Ground Lease**"), for the premises located in the County of Skagit, State of Washington, more fully described in Exhibit A attached hereto (collectively, the "**Leasehold Premises**") and the owner of the Personal Property (as hereinafter defined) located thereon, which Leasehold Premises forms a portion of the Property described below;

WHEREAS, certain affiliates of Grantor have entered into that certain Amended and Restated Credit Agreement dated as of even date herewith (as the same may be amended, restated, modified or otherwise supplemented and in effect from time to time, hereinafter the "**Credit Agreement**") by and among Grantor, certain affiliates of Grantor party thereto as borrowers (collectively, the "**Borrowers**"), Agent and the Lenders, pursuant to which Agent and the Lenders have agreed to make certain loans to the Borrowers in the maximum aggregate principal amount of THIRTY-EIGHT MILLION DOLLARS (\$38,000,000.00) (the "**Loans**"),

WHEREAS, certain repayment obligations with respect to the Loans are evidenced by:
(i) one or more amended and restated term loan notes made by Borrowers (including Grantor) in favor of Lenders in the aggregate original principal amount of \$33,000,000, (ii) one or more

amended and restated revolving credit notes made by Borrowers (including Grantor) in favor of Lenders in the aggregate maximum principal amount of \$5,000,000 (as the same may be amended, increased, restated, modified or otherwise supplemented and in effect from time to time, hereinafter collectively referred to as the "Notes");

WHEREAS, the Loans will be guaranteed by Grantor and secured by a security interest in all real and personal property of Grantor;

WHEREAS, the terms and provisions of the Notes and Credit Agreement are hereby incorporated by reference in this Deed of Trust and capitalized terms used herein, but not otherwise defined, shall have the meanings given to such terms in the Credit Agreement;

WHEREAS, Grantor wishes to provide further assurance and security to Agent, for its benefit and the benefit of the Lenders, and as a condition to Agent and the Lenders executing the Credit Agreement, Agent and the Lenders are requiring that Grantor grant to Agent, for its benefit and the benefit of the Lenders, a security interest in and a first mortgage lien upon the Property (as hereinafter defined) to secure the payment of the Loans and all Obligations (as defined in the Credit Agreement) pursuant to Grantor's guaranty thereof (collectively, the "Secured Indebtedness") and the performance of all terms, covenants, conditions, provisions, agreements and liabilities contained in the Credit Agreement, the Notes, this Deed of Trust and other Loan Documents; and

WHEREAS, this Deed of Trust also secures the payment of and includes all amounts owing with respect to all future or further advances of the Loans made pursuant to the Credit Agreement as shall be made at all times, regardless of whether proceeds of the Loans have or shall be disbursed by Agent herein or its successors or assigns, to and for the benefit of Grantor, its successors or assigns, to the same extent as if such future advances were made on the date of the execution of this Deed of Trust. The total amount of Secured Indebtedness secured by this Deed of Trust may decrease or increase from time to time but the total unpaid principal balance so secured at any one time shall not exceed the lesser of: (i) the maximum principal sum permitted under the laws of the State in which the Leasehold Premises is located; or (ii) \$38,000,000.00 together with interest thereon and any and all disbursements made by Agent for the payment of taxes, or insurance on the Property covered by the lien of this Deed of Trust and for reasonable attorneys' fees, loan commissions, service charges, liquidated damages, expenses and court costs incurred in the collection of any or all of such sums of money. Such further or future advances shall be considered obligatory advances and the same shall bear interest at the same rate as specified in the Credit Agreement. The parties hereby acknowledge and intend that all advances, including future advances whenever hereafter made, shall be a lien from the time this Deed of Trust is recorded.

I. THE GRANT.

NOW, THEREFORE, in order to secure the payment of the Secured Indebtedness and the performance of all terms, covenants, conditions, provisions, agreements and liabilities contained in the Credit Agreement, the Notes, this Deed of Trust and other Loan Documents, direct or contingent, that may now or hereafter become owing from Grantor to Agent and the Lenders,

and in consideration of Ten and No/100 Dollars (\$10.00) in hand paid by Agent to Grantor, the Recitals above stated, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor GRANTS, BARGAINS, SELLS, ASSIGNS, RELEASES, ALIENS, TRANSFERS, WARRANTS, DEMISES, and CONVEYS to Trustee, in trust for the benefit of Agent, for its benefit and the benefit of the Lenders, and their successors and assigns, with POWER OF SALE, a continuing security interest in and to all of Grantor's right, title and interest in the Leasehold Premises situated, lying and being in the County of Skagit, State of Washington, which is legally described in Exhibit A attached hereto and hereby made a part hereof, and all of its estate, right, claim and interest therein, together with the Grantor's interest in the following described property, all of which other property is pledged primarily on a parity with the Leasehold Premises and not secondarily (the Leasehold Premises and the Grantor's following described rights, interests, claims and property are collectively referred to as the "**Property**");

(a) The Grantor's interest in the Ground Lease and the Lessee's leasehold estate created thereby;

(b) all buildings, structures and other improvements of every kind and description now or hereafter erected, situated, or placed upon the Leasehold Premises (the "**Improvements**"), together with any and all Personal Property (as defined in Paragraph (i) below) and all attachments now or hereafter owned by Grantor and located in or on, forming part of, attached to, used or intended to be used in connection with, or incorporated in any such Improvements, including all extensions of, additions to, betterments, renewals of, substitutions for and replacements for any of the foregoing;

(c) all claims, demand, right, title and interest of Grantor now owned or hereafter acquired, including without limitation, any after-acquired title, franchise, license, remainder or reversion, in and to any and all (i) land or vaults lying within the right-of-way of any street, avenue, way, passage, highway, or alley, open or proposed, vacated or otherwise, adjoining the Leasehold Premises; (ii) alleys, sidewalks, streets, avenues, strips and gores of land belonging, adjacent or pertaining to the Leasehold Premises or the Improvements; (iii) storm and sanitary sewer, water, gas, electric, railway and telephone services relating to the Leasehold Premises and the Improvements; (iv) development rights, air rights, water, water rights, water stock, gas, oil, minerals, coal and other substances of any kind or character underlying or relating to the Leasehold Premises or any part thereof; and (v) tenements, hereditaments, easements, appurtenances, other rights, liberties, reservations, allowances and privileges relating to the Leasehold Premises or the Improvements or in any way now or hereafter appertaining thereto, including homestead and any other claims at law or in equity;

(d) all leasehold estates and right, title and interest of Grantor in any and all leases, subleases, management agreements, arrangements, concessions or agreements, written or oral, relating to the use and occupancy of the Leasehold Premises or the Improvements or any portion thereof, now or hereafter existing or entered into (collectively "**Leases**");

(e) all rents, issues, profits, royalties, revenue, advantages, income, avails, claims against guarantors, all cash or security deposits, advance rentals, deposits or payments given and other benefits now or hereafter derived directly or indirectly from the Leasehold Premises and Improvements under the Leases or otherwise (collectively "**Rents**");

(f) all right, title and interest of Grantor in and to all options to purchase or lease the Leasehold Premises or the Improvements or any portion thereof or interest therein, or any other rights, interests or greater estates in the rights and properties comprising the Property now owned or hereafter acquired by Grantor;

(g) any interests, estates or other claims of every name, kind or nature, both in law and in equity, which Grantor now has or may acquire in the Leasehold Premises and Improvements or other rights, interests or properties comprising the Property now owned or hereafter acquired;

(h) all rights of Grantor to any and all plans and specifications, designs, drawings and other matters prepared for any construction on the Leasehold Premises or regarding the Improvements;

(i) all rights of Grantor under any contracts executed by Grantor with any provider of goods or services for or in connection with any construction undertaken on or services performed or to be performed in connection with the Leasehold Premises or the Improvements;

(j) all right, title and interest of Grantor in and to all the following tangible personal property ("**Personal Property**") owned by Grantor and now or at any time hereafter located in, on or at the Leasehold Premises or the Improvements and used or useful in connection therewith:

(i) all building materials and equipment located upon the Leasehold Premises and intended for construction, reconstruction, alteration, repair or incorporation in or to the Improvements now or hereafter to be constructed thereon, whether or not yet incorporated in such Improvements (all of which shall be deemed to be included in the Property upon delivery to the Leasehold Premises);

(ii) all machines, machinery, fixtures, apparatus, equipment or articles used in supplying heating, gas, electricity, air-conditioning, water, light, power, plumbing, sprinkler, waste removal, refrigeration, ventilation, and all fire sprinklers, alarm systems, protection, electronic monitoring equipment and devices;

(iii) all window, structural, maintenance and cleaning equipment and rigs; and

(iv) all fixtures now or hereafter owned by Grantor and attached to or contained in and used or useful in connection with the Leasehold Premises or the Improvements. All such property owned by Grantor and placed by it on the Leasehold

Premises or used in connection with the operation or maintenance shall, so far as permitted by law, be deemed for the purposes of this Deed of Trust to be part of the real estate constituting and located on the Leasehold Premises and covered by this Deed of Trust. As to any of the property that is not part of such real estate or does not constitute a "fixture," as such term is defined in the Uniform Commercial Code as in effect on the date hereof in the State in which the Leasehold Premises is located (the "Code"), this Deed of Trust shall be deemed to be a security agreement under the Code for the purpose of creating hereby a security interest in such property, which Grantor hereby grants to the Agent, for its benefit and the benefit of the Lenders, as "secured party" as defined in the Code. The enumeration of any specific items of Personal Property set forth herein shall in no way exclude or be held to exclude any items of property not specifically enumerated; and

(k) all the estate, interest, right, title or other claim or demand which the Grantor now has or may hereafter have or acquire with respect to (i) proceeds of insurance in effect with respect to the Property and (ii) any and all awards, claims for damages, judgments, settlements and other compensation made for or consequent upon the taking by condemnation, eminent domain or any like proceeding, or by any proceeding or purchase in lieu thereof, of the whole or any part of the Property, including, without limitation, any awards and compensation resulting from a change of grade of streets and awards and compensation for severance damages (collectively "Awards").

TO HAVE AND TO HOLD the Property hereby mortgaged and conveyed or so intended, together with its rents, issues and profits, unto the Agent, for its benefit and the benefit of the Lenders, and its successors and assigns, forever, for the uses and purposes herein set forth, subject, however, only to the Permitted Liens (as defined in the Credit Agreement).

II. GENERAL AGREEMENTS.

2.1 Payment of Indebtedness. Grantor shall pay promptly and when due all amounts owing in respect of the principal and interest on the indebtedness evidenced by the Notes and all other Secured Indebtedness at the times and in the manner provided in the Credit Agreement, the Notes, this Deed of Trust, or the other Loan Documents.

2.2 Taxes. Grantor shall pay, before the same become delinquent or subject to interest or penalties (except to the extent escrowed or contested in good faith in accordance with the Credit Agreement), all charges, liens and encumbrances which now are or may hereafter become a lien upon the Leasehold Premises or any part thereof including, but not limited to, all ground or other rents, taxes, assessments, insurance premiums and utility rates.

2.3 Impositions.

(a) Grantor shall pay prior to delinquency or the date any penalty for late payment shall be incurred, all special taxes, special assessments, water charges, sewer charges, and any other charges, fees, taxes, claims, levies, expenses, liens and assessments, ordinary or extraordinary, governmental or nongovernmental, statutory or otherwise (all of the foregoing

being herein collectively referred to as "**Impositions**"), that may be asserted against the Property or any part thereof or interest therein.

(b) Grantor may, in good faith and with reasonable diligence, contest the validity or amount of any Impositions in accordance with the provisions of the Credit Agreement.

(c) If Grantor fails to timely pay any such Impositions and in the absence of any such contest by it, Agent may (but shall be under no obligation to), for its benefit and the benefit of the Lenders, advance and pay any sums required to pay any such Impositions and/or to secure the release of any Lien therefor, and any sums so advanced by Agent shall constitute Secured Indebtedness hereunder, shall be payable by Grantor to Agent, for its benefit and the benefit of the Lenders, on demand and, until paid, shall bear interest at the highest rate then applicable under the Credit Agreement. Agent, for its benefit and the benefit of the Lenders, may do so according to any bill, statement, or estimate procured from the appropriate public office without inquiry into the accuracy or the validity of any Impositions, lien, sale, forfeiture, or related title or claim.

2.4 Insurance. The Grantor shall insure the Property in accordance with the terms of Section 10.3 of the Credit Agreement.

2.5 Condemnation and Eminent Domain. Grantor shall give Agent, for its benefit and the benefit of the Lenders, prompt notice of all proceedings, instituted or threatened in writing, seeking condemnation or a taking by eminent domain or like process (herein collectively called "**Taking**"), of all or any part of the Property or affecting any related easement or appurtenance (including severance of, consequential damage to, or change in grade of streets), and shall deliver to Agent, for its benefit and the benefit of the Lenders, copies of any and all papers served in connection with any such proceeding.

(a) Grantor hereby assigns, transfers and sets over unto Agent, for its benefit or the benefit of the Lenders, the entire proceeds of any and all awards resulting from any Taking. Agent, for its benefit and the benefit of the Lenders, is hereby authorized to collect and receive from the condemnation authorities all awards and is further authorized to give appropriate receipts and acquittances.

(b) Agent shall promptly apply any Award upon the Secured Indebtedness in accordance with the terms of the Credit Agreement.

(c) No interest shall be payable by Agent on account of any award at any time held by Agent, for its benefit or the benefit of the Lenders.

2.6 Prohibited Liens and Transfers.

(a) Grantor shall not create, suffer, or permit to be created or filed against the Property any mortgage lien or other lien superior or inferior, other than Permitted Liens (as defined in the Credit Agreement), to the lien created by this Deed of Trust.

(b) Except as otherwise provided in the Credit Agreement, Grantor may not sell, lease or convey all or any part of the Property or any interest therein.

2.7 Assignment of Leases and Rents.

(a) All right, title, and interest of Grantor in and to all Leases and together with all Rents are hereby transferred and assigned simultaneously herewith to Agent, for its benefit or the benefit of the Lenders, as further security for the payment of the Secured Indebtedness. All future Leases affecting the Property shall be submitted by Grantor to Agent for its approval prior to execution, which approval shall not be unreasonably withheld, conditioned or delayed. Each Lease shall be subordinate to this Deed of Trust. It is the intention of Grantor that this assignment contained in this paragraph shall be a present assignment; however, it is expressly understood and agreed, anything to the contrary notwithstanding, that Agent shall not exercise any of the rights or powers conferred upon it by this paragraph until an Event of Default shall exist and be continuing under this Deed of Trust. Beneficiary hereby confers upon Grantor a license ("License") to collect and retain the Rents as they become due and payable, so long as no Event of Default shall exist. If an Event of Default exists, Beneficiary shall have the right, which it may choose to exercise in its sole discretion, to terminate this License without notice to or demand upon Grantor, and without regard to the adequacy of the security for the Secured Indebtedness. From time to time upon request, Grantor shall furnish Agent, for its benefit and the benefit of the Lenders, with executed copies of each of the Leases and with estoppel letters from each tenant under each of the Leases, which estoppel letters shall be in a commercially reasonable form and shall be delivered within ten (10) business days after Agent's written demand, or as otherwise provided in such Leases. Following the occurrence and during the continuance of an Event of Default under this Deed of Trust, (a) Agent, for its benefit and the benefit of the Lenders, shall have the rights and powers as are provided herein and (b) this Deed of Trust shall constitute a direction to each lessee under the Leases and each guarantor thereof, if any, to pay all Rents directly to Agent, for its benefit or the benefit of the Lenders, without proof of the Event of Default under this Deed of Trust. If Grantor, as lessor under any Lease, shall neglect or refuse to perform, observe and keep all of the covenants, provisions and agreements contained in such Lease, then Agent, for its benefit and the benefit of the Lenders, may perform and comply with any such Lease covenants, agreements and provisions. All verifiable costs and expenses incurred by Agent in complying with such covenants, agreements, and provisions shall constitute Secured Indebtedness and shall be payable upon demand.

(b) Neither Agent nor the Lenders shall be obligated to perform or discharge any obligation, duty or liability under any Lease, and Grantor shall and does hereby agree, except to the extent of Agent's gross negligence or willful misconduct as finally determined by a court of competent jurisdiction, to indemnify and hold the Agent and Lenders harmless of and from any and all liability, loss or damage which it may or might incur under any Lease or under or by reason of their assignments and of and from any and all claims and demands whatsoever which may be asserted against it by reason of all alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in such Lease. Should Agent or the Lenders incur any such liability, loss or damage under any Lease or under or by

reason of its assignment, or in the defense of any claims or demands, the amount thereof, including costs, expenses and reasonable attorneys' fees, shall be Secured Indebtedness. Grantor shall reimburse Agent and the Lenders therefor immediately upon demand. Grantor covenants and agrees that upon the date hereof it shall execute and deliver to Agent, for its benefit and the benefit of the Lenders, a certified rent roll listing all tenants and occupants currently leasing, using or occupying any part or portion of the Leasehold Premises, if any, and to the best of Grantor's knowledge, such rent roll contains true, complete and accurate information as to all matters described therein.

2.8 Fixture Filing. With respect to all fixtures located on the Leasehold Premises, the filing hereof in the real estate records of the county in which such Leasehold Premises is located shall operate from the time of filing as a fixture filing with respect to such Property, and the following information is applicable for the purpose of such fixture filing:

Name and Address of the Debtor:

The Grantor having the address described in the Preamble hereof.

The Grantor is a corporation organized under the laws of the State of California whose Organization Number is C0628747.

Name and Address of the Secured Party:

The Agent having the address described in the Preamble hereof, from which address information concerning the security interest may be obtained.

This Financing Statement covers the following types or items of property:

The Property.

This instrument covers goods or items of personal property which are or are to become Fixtures upon the Property. The name of the record owner of the Property on which such Fixtures are or are to be located is the Grantor.

2.9 Uniform Commercial Code.

(a) This Deed of Trust constitutes both a real property mortgage and a security agreement as that term is used in the Code. By executing and delivering this Deed of Trust, Grantor hereby grants to Agent, for its benefit and the benefit of the Lenders, as security for the Secured Indebtedness, a security interest in any part of the Property which may or might now or hereafter be or be deemed to be personal property and fixtures (including all products, proceeds, replacements, additions and substitutions) other than real estate (collectively "UCC Collateral"). At any time after an Event of Default under this Deed of Trust has occurred and is continuing, Agent, for its benefit and the benefit of the Lenders, shall have the remedies of a Secured Party under the Code, including without limitation the right to take immediate and exclusive possession of the UCC Collateral or any part thereof.

(b) The remedies of Agent hereunder, for its benefit and the benefit of the Lenders, are cumulative 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 remedies of the Agent, including having the UCC Collateral deemed part of the realty upon any foreclosure so long as any part of the Secured Indebtedness remains unsatisfied. To the extent permitted by applicable law, the security interest created hereby is specifically intended to cover and include all Leases, including all extensions and renewals of the lease terms, as well as any amendments to or replacements of the Leases, together with all of the right, title and interest of the Grantor as lessor, including, without limiting the generality of the foregoing, following the occurrence and during the continuance of an Event of Default under this Deed of Trust, the present and continuing right to: (i) make claim for, collect, receive and receipt for any and all of the Rents; and (ii) bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which Grantor or any lessor is or may become entitled to do under the Leases.

2.10 Extensions. Agent, for its benefit and the benefit of the Lenders, may agree with any liable party to extend the time for payment of any part or all of the Secured Indebtedness. Such agreement shall not in any way release or impair the lien created by this Deed of Trust or reduce or modify the liability of any person or entity obligated personally to repay the Secured Indebtedness, but shall extend the lien created by this Deed of Trust as against the title of all parties having any interest in the Property, subject to the Secured Indebtedness.

2.11 Further Assurances. Grantor agrees that, upon written request of Agent, for its benefit or the benefit of the Lenders, from time to time, it will, at Grantor's sole cost and expense, execute, acknowledge and deliver all such additional commercially reasonable instruments and further assurances of title and will do or cause to be done all such further acts and things as may reasonably be necessary to fully effectuate the intent of this Deed of Trust. In the event that Grantor shall fail to do any of the foregoing within ten (10) business days of Agent's initial request, Agent, for its benefit and the benefit of the Lenders, may, after ten (10) business days' following a second written notice to the Grantor, in its sole discretion, do so in the name of Grantor.

2.12 Reconveyance. When all of the Secured Indebtedness has been paid in full and no further commitment to extend credit continues, Beneficiary shall cause the Trustee to reconvey the Property, or so much of it as is then held under this Deed of Trust, without warranty to the person or persons legally entitled to it upon written request from Beneficiary. In the reconveyance, the grantee may be described as "the person or persons legally entitled thereto," and the recitals of any matters or facts shall be conclusive proof of their truthfulness. Neither Beneficiary nor Trustee shall have any duty to determine the rights of persons claiming to be rightful grantees of any reconveyance.

III. EVENT OF DEFAULT AND REMEDIES.

3.1 Event of Default. The occurrence of any Event of Default, as such term is defined in the Credit Agreement, shall constitute an "Event of Default" under this Deed of Trust.

3.2 Acceleration of Maturity. Following the occurrence and during the continuance of an Event of Default, the Secured Indebtedness shall become due and payable in accordance with the terms of the Credit Agreement. Upon acceleration, Agent, for its benefit and the benefit of the Lenders, may immediately proceed to foreclose this Deed of Trust and/or exercise any right, power or remedy provided by this Deed of Trust or any of the other Loan Documents or by law or in equity conferred and pursue all remedies afforded to a mortgagee under and pursuant to applicable law.

3.3 Remedies Cumulative and Non-Waiver. No remedy or right of Agent, for its benefit and the benefit of the Lenders, hereunder or under the Notes, or any of the Loan Documents or otherwise, or available under applicable law, shall be exclusive of any other right or remedy. Each such remedy or right shall be in addition to every other remedy or right now or hereafter existing under any such document or under applicable law. No delay in the exercise of, or omission to exercise, any remedy or right accruing on the occurrence of any Event of Default shall impair any such remedy or right or be construed to be a waiver of any such Event of Default or an acquiescence therein, nor shall it affect any subsequent Event of Default of the same or a different nature, nor shall it extend or affect any grace period. Every remedy or right may be exercised concurrently or independently, when and as often as may be deemed expedient by the Agent, for its benefit and the benefit of the Lenders. All obligations of the Grantor, and all rights, powers and remedies of the Agent, for its benefit and the benefit of the Lenders, shall be in addition to, and not in limitation of, those provided by law or in the Notes or contained in any of the Loan Documents or any other written agreement or instrument relating to any of the Secured Indebtedness or any security therefor.

3.4 Agent's Performance of Grantor's Obligations. Following the occurrence and during the continuance of an Event of Default, Agent, for its benefit and the benefit of the Lenders, either before or after acceleration of the Secured Indebtedness or the foreclosure of the lien hereof and during the period of redemption, if any, may, but shall not be required to, make any payment or perform any act herein, in the Notes, any of the Loan Documents or any document or instrument related thereto which is required of Grantor (whether or not Grantor is personally liable therefor) in any form and manner deemed reasonably expedient to Agent; and Agent, for its benefit and the benefit of the Lenders, may, but shall not be required to, make full or partial payments of principal or interest on any Permitted Lien and purchase, discharge, compromise or settle any Imposition or other prior lien or title or claim thereof, or redeem from any tax sale or forfeiture affecting the Leasehold Premises, or contest any Impositions and may, but shall not be required to, complete construction, furnishing and equipping of the Improvements upon the Leasehold Premises and rent, operate and manage the Leasehold Premises and such Improvements and pay operating costs and expenses, including management fees, of every kind and nature in connection therewith, so that the Leasehold Premises and Improvements shall be operational and usable for their intended purposes. All monies paid for any of the purposes herein authorized, and all expenses paid or incurred in connection therewith, including reasonable attorneys' fees and any other monies advanced by Agent, for its benefit and the benefit of the Lenders, to protect the Leasehold Premises and the lien hereof, or to complete construction, furnishing and equipping or to rent, operate and manage the Leasehold Premises and such Improvements or to pay any such operating costs and expenses thereof or to keep the

Leasehold Premises and Improvements operational and usable for their intended purposes, shall constitute Secured Indebtedness, whether or not they exceed the amount of the Notes, and shall become due and payable upon demand. Agent, for its benefit and the benefit of the Lenders, in making any payment hereby authorized: (a) for the payment of Impositions, may do so according to any bill, statement or estimate, without inquiry into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof; (b) for the purchase, discharge, compromise or settlement of any Permitted Lien, may do so without inquiry as to the validity or amount of any claim or lien which may be asserted; or (c) for the completion of construction, furnishing or equipping of the Improvements or the Leasehold Premises or the rental, operation or management of the Leasehold Premises or the payment of operating cost and expenses thereof, may do so in such amounts and to such persons as Agent, for its benefit and the benefit of the Lenders, may deem appropriate and may enter into such contracts therefor as Agent, for its benefit and the benefit of the Lenders, may deem appropriate to the extent necessary to keep the Leasehold Premises and Improvements operational and usable for their intended purposes or may perform the same itself.

All advances, disbursements and expenditures (collectively "Advances") made by Agent, for its benefit and the benefit of the Lenders, after an Event of Default, before and during foreclosure, prior to sale, and where applicable, after sale, for the following purposes, including interest thereon at the rate of default as set forth in the Credit Agreement, are hereinafter referred to as "Protective Advances" and shall have the benefit of all applicable laws:

- (1) Advances pursuant to this Section 3.4.
- (2) Any amount expended by Agent, for its benefit and the benefit of the Lenders, in restoring the Property following any casualty or condemnation to the extent necessary to keep the Leasehold Premises and Improvements operational and usable for their intended purposes in excess of the actual or estimated proceeds of insurance or condemnation, which excess shall constitute additional Secured Indebtedness;
- (3) Advances in accordance with the terms of this mortgage to: (a) protect, preserve or restore the mortgaged real estate; (b) preserve the lien of this Deed of Trust or the priority thereof; or (c) enforce this Deed of Trust;
- (4) Reasonable attorneys' fees and other costs incurred in connection with: (a) the exercise of Agent's rights, for its benefit and the benefit of the Lenders, to make Protective Advances; (b) the foreclosure of this Deed of Trust; (c) any other litigation or administrative proceeding relating to the Property to which Agent or the Lenders may be or become or be threatened or contemplated to be a party, without fault on its part, including probate and bankruptcy proceedings; or (d) in the preparation for the commencement or defense of any such suit or proceeding; including filing fees, appraisers' fees, outlays for documents and expert evidence, witness fees, stenographer's charges, publication costs, survey costs, environmental inspection and report costs, and costs (which may be estimated as to items to be expended after entry of judgment) of procuring all such abstracts of title, title charges and examinations, foreclosure minutes, title insurance policies, appraisals, and similar data and

assurances with respect to title and value as Agent, for its benefit and the benefit of the Lenders, may deem reasonably necessary either to prosecute or defend such suit or, in case of foreclosure, to evidence to bidders at any sale which may be had pursuant to the foreclosure judgment the true condition of the title to or the value of the Property;

(5) Payment by Agent, for its benefit and the benefit of the Lenders, of any Impositions as may be required by this Deed of Trust;

(6) Agent's Advances, for its benefit and the benefit of the Lenders, of any amount required to make up a deficiency in deposits for installments of Impositions as may be required by this Deed of Trust;

(7) Expenses incurred and expenditures made by Agent, for its benefit and the benefit of the Lenders, for any one or more of the following: (a) premiums upon casualty and liability insurance made by Agent whether or not Agent or a receiver is in possession, if reasonably required without regard to the limitation to maintaining insurance in effect at the time any receiver or mortgagee takes possession of the Property; (b) payments required or deemed by Agent to be for the benefit of the Property or required to be made by the owner of the Property under any grant or declaration of easement, easement agreement, agreement with any adjoining land owners or instruments creating covenants or restrictions for the benefit of or affecting the Property; (c) operating deficits incurred by Agent in possession or reimbursed by Agent to any receiver; and (d) all amounts paid to any public authority for the use or occupancy of any street, alley, or public way relative to the Property.

All Protective Advances shall constitute Secured Indebtedness and shall become immediately due and payable without notice. This Deed of Trust shall be a lien for all Protective Advances as to subsequent purchasers and judgment creditors from the time the Deed of Trust is recorded.

3.5 Right of Possession. In any case in which Agent, for its benefit or the benefit of the Lenders, has a right to institute foreclosure proceedings (whether or not the entire principal sum secured hereby becomes immediately due and payable or whether before or after the institution of foreclosure proceedings or whether before or after judgment thereunder and at all times until the confirmation of sale) and upon Agent's request to the court, Grantor shall, immediately upon Agent's demand, surrender to Agent, and Agent, for its benefit and the benefit of the Lenders, shall be entitled to take actual possession of the Property or any part thereof, personally or by its agent or attorneys in accordance with applicable law. Agent, for its benefit and the benefit of the Lenders, may enter upon and take and maintain possession or may apply to the court in which a foreclosure is pending to be placed in possession of all or any part of the Property, together with all documents, books, records, papers, and accounts of Grantor or the then owner of the Property relating thereto. Agent, for its benefit and the benefit of the Lenders, may exclude Grantor, such owner, and any agents and servants from the Property in accordance with applicable law. As attorney-in-fact or agent of Grantor or such owner, or in its own name Agent, for its benefit and the benefit of the Lenders, may hold, operate, manage, and control all or any part of the Property and conduct the business thereof, either personally or by its agents.

Agent, for its benefit and the benefit of the Lenders, shall have full power to use such measures, legal or equitable, as it may deem proper or necessary to enforce the payment or security of the rents, issues, deposits, profits, and avails of the Property, including actions for recovery of Rents, actions in forcible detainer, and actions in distress for rent, all without notice to Grantor.

3.6 Appointment of Receiver. Upon, or at any time after, the filing of a complaint to foreclose this Deed of Trust, the court in which such complaint is filed shall appoint a receiver of the Property whenever Agent, for its benefit or the benefit of the Lenders, when entitled to possession so requests. Such receiver shall have all powers and duties prescribed by applicable law, including the power to make leases to be binding upon all parties, including the Grantor after redemption, the purchaser at a sale pursuant to a judgment of foreclosure and any person acquiring an interest in the mortgaged real estate after entry of a judgment of foreclosure. In addition, such receiver shall also have the following powers: (a) to extend or modify any then existing Leases, which extensions and modifications may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the maturity date of the Secured Indebtedness and beyond the date of the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such Leases, and the options or other such provisions to be contained therein, shall be binding upon Grantor and all persons whose interests in the Property are subject to the lien hereof and upon the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption, discharge of the mortgage indebtedness, satisfaction of any foreclosure judgment, or issuance of any certificate of sale or deed to any purchaser; and (b) all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the Property during the whole of the period of receivership. The court from time to time, either before or after entry of judgment of foreclosure, may authorize the receiver to apply the net income in his hands in payment in whole or in part of: (a) the Secured Indebtedness, or any amounts included in any judgment of foreclosure or supplemental judgment or other item for which Agent is authorized to make a Protective Advance, and (b) the deficiency in case of a sale and deficiency.

3.7 Foreclosure Sale. In the event of any foreclosure sale, the Property may be sold in one or more parcels. Agent or the Lenders may be the purchaser at any foreclosure sale.

3.8 Application of Proceeds. The proceeds of any foreclosure sale of the Property shall be distributed and applied in accordance with the Loan Documents, subject to applicable law.

3.9 WAIVER OF STATUTORY RIGHTS. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, GRANTOR SHALL NOT APPLY FOR OR AVAIL ITSELF OF ANY APPRAISEMENT, VALUATION, REDEMPTION, STAY, EXTENSION, OR EXEMPTION LAWS, OR ANY SO-CALLED "MORATORIUM LAWS," NOW EXISTING OR HEREAFTER ENACTED, AND GRANTOR HEREBY WAIVES THE BENEFIT OF SUCH LAWS. GRANTOR, FOR ITSELF AND ALL WHO MAY CLAIM THROUGH OR UNDER IT, WAIVES ANY AND ALL RIGHTS TO HAVE THE PROPERTY AND ESTATES COMPRISING THE PROPERTY MARSHALED UPON ANY FORECLOSURE OF THE LIEN OF THIS DEED OF TRUST, AND AGREES THAT ANY

COURT HAVING JURISDICTION TO FORECLOSE SUCH LIEN MAY ORDER THE PROPERTY SOLD IN ITS ENTIRETY. GRANTOR FURTHER WAIVES ANY AND ALL RIGHTS OF REDEMPTION FROM FORECLOSURE AND FROM SALE UNDER ANY ORDER OR DECREE OF FORECLOSURE OF THE LIEN CREATED BY THIS DEED OF TRUST, FOR ITSELF AND ON BEHALF OF: (i) ANY TRUST ESTATE OF WHICH THE LEASEHOLD PREMISES ARE A PART, ALL BENEFICIALLY INTERESTED PERSONS; (ii) EACH AND EVERY PERSON ACQUIRING ANY INTEREST IN THE PROPERTY OR TITLE TO THE LEASEHOLD PREMISES SUBSEQUENT TO THE DATE OF THIS DEED OF TRUST; AND (iii) ALL OTHER PERSONS TO THE EXTENT PERMITTED BY LAW.

IV. TRUSTEE PROVISIONS

4.1 Rights of Trustee. With the approval of Agent, Trustee shall have the right to take any and all of the following actions: (a) to select, employ and consult with counsel (who may be, but need not be, counsel for Agent) upon any matters arising hereunder, including the preparation, execution and interpretation of the Loan Documents, and shall be fully protected in relying as to legal matters on the advice of counsel, (b) to execute any of the trusts and powers hereof and to perform any duty hereunder either directly or through his or her agents or attorneys, (c) to select and employ, in and about the execution of his or her duties hereunder, suitable accountants, engineers and other experts, agents and attorneys-in-fact, either corporate or individual, not regularly in the employ of Trustee (and Trustee shall not be answerable for any act, default, negligence, or misconduct of any such accountant, engineer or other expert, agent or attorney-in-fact, if selected with reasonable care, or for any error of judgment or act done by Trustee in good faith, or be otherwise responsible or accountable under any circumstances whatsoever, except for Trustee's gross negligence or bad faith), and (d) any and all other lawful action that Agent may instruct Trustee to take to protect or enforce Agent's rights hereunder. Trustee shall not be personally liable in case of entry by Trustee, or anyone entering by virtue of the powers herein granted to Trustee, upon the Property for debts contracted for or liability or damages incurred in the management or operation of the Property. Trustee shall have the right to rely on any instrument, document, or signature authorizing or supporting any action taken or proposed to be taken by Trustee hereunder, believed by Trustee in good faith to be genuine. Trustee shall be entitled to reimbursement for expenses incurred by Trustee in the performance of Trustee's duties hereunder and to reasonable compensation for such of Trustee's services hereunder as shall be rendered. Grantor will, from time to time, pay the compensation due to Trustee hereunder and reimburse Trustee for, and save and hold Trustee harmless against, any and all liability and expenses which may be incurred by Trustee in the performance of Trustee's duties.

4.2 Substitute Trustee. The Trustee may resign by an instrument in writing addressed to Agent, or Trustee may be removed at any time with or without cause by an instrument in writing executed by Agent. In case of the death, resignation, removal, or disqualification of Trustee, or if for any reason Agent shall deem it desirable to appoint a substitute or successor trustee to act instead of the herein named trustee or any substitute or successor trustee, then Agent shall have the right and is hereby authorized and empowered to appoint a successor trustee(s), or a substitute trustee(s), without other formality than appointment and designation in

writing executed by Agent and the authority hereby conferred shall extend to the appointment of other successor and substitute trustees successively until the Secured Indebtedness has been paid in full, or until the Property is fully and finally sold hereunder. If Agent is a corporation or association and such appointment is executed on its behalf by an officer of such corporation or association, such appointment shall be conclusively presumed to be executed with authority and shall be valid and sufficient without proof of any action by the board of directors or any superior officer of the corporation or association. Upon the making of any such appointment and designation, all of the estate and title of Trustee in the Property shall vest in the named successor or substitute Trustee(s) and he shall thereupon succeed to, and shall hold, possess and execute, all the rights, powers, privileges, immunities and duties herein conferred upon Trustee. Any substitute 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, his or her predecessor in the rights hereunder with like effect as if originally named as Trustee herein; but nevertheless, upon the written request of Agent or of the substitute trustee, the Trustee ceasing to act shall execute and deliver any instrument transferring to such substitute trustee, upon the trusts herein expressed, all the estates, properties, rights, powers, and trusts of the Trustee so ceasing to act, and shall duly assign, transfer and deliver any of the property and moneys held by such Trustee to the substitute trustee so appointed in such Trustee's place. Should any deed, conveyance, or instrument of any nature be required from Grantor by any Trustee or substitute Trustee to more fully and certainly vest in and confirm to Trustee or substitute Trustee such estates, rights, powers, and duties, then, upon request by Trustee or substitute trustee, any and all such deeds, conveyances and instruments shall be made, executed, acknowledged, and delivered and shall be caused to be recorded and/or filed by Grantor. All references herein to "Trustee" shall be deemed to refer to Trustee (including any successor(s) or substitute(s) appointed and designated as herein provided) from time to time acting hereunder.

4.3 No Liability of Trustee. The Trustee shall not be liable for any error of judgment or act done by Trustee in good faith, or be otherwise responsible or accountable under any circumstances whatsoever (including Trustee's negligence), except for Trustee's gross negligence or willful misconduct. The Trustee shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by him hereunder, believed by him in good faith to be genuine. By accepting or approving anything required to be observed, performed, or fulfilled or to be given to Trustee or Agent pursuant to the Loan Documents, including, without limitation, any officer's certificate, balance sheet, statement of profit and loss or other financial statement, survey, appraisal or insurance policy, neither Trustee nor Agent shall be deemed to have warranted, consented to, or affirmed the sufficiency, legality, effectiveness or legal effect of the same, or of any term, provision, or condition thereof, and such acceptance or approval thereof shall not be or constitute any warranty or affirmation with respect thereto by Trustee or Agent. All moneys 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 moneys (except to the extent required by law), and Trustee shall be under no liability for interest on any moneys received by him hereunder. Grantor hereby ratifies and confirms any and all acts which the herein named Trustee or its successor or successors, substitute or substitutes, in this trust, shall do lawfully by virtue hereof. Grantor will reimburse Trustee for, and save him harmless against, any and all liability

and expenses which may be incurred by him in the performance of its duties. The foregoing indemnity shall not terminate upon discharge of the Secured Indebtedness or foreclosure, release or other termination hereof.

V. MISCELLANEOUS.

5.1 Notices. Any notice that Agent or Grantor may desire or be required to give to the other shall be in writing and shall be mailed or delivered in the manner set forth in the Credit Agreement. Except as otherwise specifically required, notice of the exercise of any right or option granted to Agent, for its benefit and the benefit of the Lenders, by this Deed of Trust is not required to be given.

5.2 Time of Essence. Time is of the essence of this Deed of Trust.

5.3 Covenants Run with Land. All of the covenants of this Deed of Trust shall run with the land constituting the Leasehold Premises.

5.4 GOVERNING LAW. THE PROVISIONS OF THIS DEED OF TRUST SHALL BE GOVERNED BY THE LAWS OF THE STATE IN WHICH THE PROPERTY IS LOCATED.

5.5 JURY WAIVER. THE PROVISIONS OF SECTION 15.20 OF THE CREDIT AGREEMENT IN RESPECT OF WAIVER OF JURY TRIAL ARE HEREBY INCORPORATED BY REFERENCE. In the event any such action or proceeding is brought or filed in any United States federal court sitting in the State of California or in any state court of the State of California, and the waiver of jury trial set forth herein is determined or held to be ineffective or unenforceable, the parties agree that all actions or proceedings shall be resolved by reference to a private judge sitting without a jury, pursuant to California Code of Civil Procedure Section 638, before a mutually acceptable referee or, if the parties cannot agree, a referee selected by the Presiding Judge of the Monterey County, California. Such proceeding shall be conducted in Monterey County, California, with California rules of evidence and discovery applicable to such proceeding. In the event any actions or proceedings are to be resolved by judicial reference, any party may seek from any court having jurisdiction thereover any prejudgment order, writ or other relief and have such prejudgment order, writ or other relief enforced to the fullest extent permitted by Law notwithstanding that all actions or proceedings are otherwise subject to resolution by judicial reference.

5.6 Rights and Remedies Cumulative. All rights and remedies in this Deed of Trust are cumulative. Agent may recover judgment, issue execution therefor, and resort to every other right or remedy available at law or in equity, without first exhausting and without affecting or impairing the security of any right or remedy.

5.7 Severability. If any provision of this Deed of Trust, or any paragraph, sentence, clause, phrase, or word, or their application, in any circumstance, is held invalid, the validity of the remainder of this Deed of Trust shall be construed as if such invalid part were never included.

5.8 Non-Waiver. Unless expressly provided in this Deed of Trust to the contrary, no consent or waiver, express or implied, by any party, to or of any breach or default by any other party shall be deemed a consent to or waiver of the performance by such defaulting party of any other obligations or the performance by any other party of the same, or of any other, obligations.

5.9 Headings. The headings of sections and paragraphs in this Deed of Trust are for convenience or reference only and shall not be construed in any way to limit or define the content, scope, or intent of the provisions.

5.10 Grammar. As used in this Deed of Trust, the singular shall include the plural, and masculine, feminine, and neuter pronouns shall be fully interchangeable, where the context so requires.

5.11 Trust. If title to the Property or any part thereof is now or hereafter becomes vested in a trustee, any prohibition or restriction against the creation of any lien on the Property shall be construed as a similar prohibition or restriction against the creation of any lien on or security interest in the beneficial interest of such trust.

5.12 Successors and Assigns. This Deed of Trust shall be binding upon Grantor, its successors, assigns, legal representatives, and all other persons or entities claiming under or through Grantor.

5.13 Mortgagee in Possession. Nothing contained in this Deed of Trust shall be construed as constituting Agent or the Lenders as a mortgagee in possession in the absence of the actual taking of possession of the Property.

5.14 VARIABLE RATE OF INTEREST. THIS DEED OF TRUST SECURES ONE OR MORE PROMISSORY NOTES WHICH PROVIDE FOR VARIABLE ADJUSTMENTS TO THE INTEREST RATE.

5.15 Local Law Provisions. The provisions set forth below shall be applicable to this Deed of Trust, and to the extent applicable, shall modify, affect and supplement the other provisions hereof.

(a) Conflict. In the event of any conflict between the provisions of this Section 5.15 and any other sections in this Deed of Trust, the terms of this Section shall control.

(b) Commercial Loan/No Agricultural Purpose. Grantor acknowledges that this Deed of Trust was granted to secure a commercial loan as provided in Revised Code of Washington §61.24.030(2) and that the Leasehold Premises are not used principally for agricultural purposes.

(c) Trustee's Street Address. Trustee's street address where personal service of process may be made is Page 1 hereof.

(d) Future Advances Secured. This Deed of Trust secures all future advances pursuant to Revised Code of Washington § 60.04.226, and any and all such advances shall have the same priority as the funds initially advanced under the Secured Obligations regardless of when the same are disbursed or whether they are obligatory. All persons who may have or acquire an interest in the Property are hereby deemed to have notice of the terms of the Secured Obligations and that this Deed of Trust secures future advances, and to have notice, if provided therein, that: (a) the Note or any other Secured Obligation may permit borrowing, repayment and reborrowing and (b) the rate of interest on one or more of the Secured Obligations may vary from time to time. Funds may be advanced by Beneficiary, repaid by Grantor and subsequently readvanced by Beneficiary. In addition, and absent default under the terms of the Secured Obligations, all advances thereunder by Beneficiary are obligatory and are secured by this Deed of Trust. All such obligatory advances shall have the same priority as the funds initially advanced under any such Secured Obligation.

(e) Security Agreement or Pledge. This Deed of Trust constitutes a security agreement under Revised Code of Washington 62A.9A et seq. of the Applicable UCC on the date hereof, covering all Fixtures and Land and, to the extent not covered by such Applicable UCC, a common law pledge.

(f) Power of Sale. If an Event of Default shall have occurred and is continuing, Trustee, either with or without entry or taking possession as provided in this Deed of Trust or otherwise, and without regard to whether or not Indebtedness shall have been accelerated, and without prejudice to the right of Trustee, thereafter to bring an action of foreclosure or any other action for any default existing at the time such earlier action was commenced or arising thereafter, may sell or offer for sale the Property, in such portions, order and parcels as Trustee may determine, with or without having first taken possession of same, to the highest bidder for cash in lawful money of the United States at public auction in accordance with applicable law, or the UCC, and in the event of a sale, by foreclosure or otherwise, of less than all of the Property, this Deed of Trust shall continue as a lien and security interest on the remaining portion of the Property. Trustee may postpone any sale by public announcement at the time and place noticed for the sale. If the Property consists of several lots, parcels or items of property, Trustee may, in its sole discretion and to the extent permitted by applicable law: (i) designate the order in which such lots, parcels or items shall be offered for sale or sales, or (ii) elect to sell such lots, parcels or items through a single sale, or through two or more successive sales or in any other manner Trustee or Agent, as the case may be, deems in its best interest. Should Trustee desire that more than one sale or other disposition of the Property or any portion thereof be conducted simultaneously, or successively, on the same day, or at such different days or times and in such order as Trustee may deem to be in its best interests, no such sale shall terminate or otherwise affect the lien and security interest of this Deed of Trust on any part of the Property not sold until all the Indebtedness has been fully satisfied. Grantor shall pay the costs and expenses of any sale of the Property, whether one or more, and of any judicial proceedings wherein the same may be made, and shall pay all expenses, liabilities and advances made or incurred by Trustee in connection with such sale or sales, together with interest on all such advances made by Trustee at the Default Rate. Upon any sale hereunder, Trustee shall execute and deliver to the purchaser or purchasers a deed or deeds conveying the property so

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sold, but without any covenant or warranty whatsoever, express or implied, whereupon such purchaser or purchasers shall be let into immediate possession; and the recitals in any such deed or deeds of facts, such as default, the giving of notice of default and notice of sale, and other facts affecting the regularity or validity of such sale or disposition, shall be conclusive proof of the truth of such facts; and any such deed or deeds shall be conclusive against all persons as to such facts recited therein.

(g) Trustee's Acceptance of Trust. Trustee accepts this trust upon recordation of this Deed of Trust as provided by law. Except as provided by law, Trustee is not obligated to notify any party of a pending sale under this Deed of Trust or of a pending or threatened action, claim or litigation before a legal, equitable or administrative tribunal having proper jurisdiction in which Grantor, Beneficiary or Trustee is a party. Beneficiary may from time to time unilaterally substitute a successor to Trustee by a recordable or other instrument of substitution complying with any applicable requirements of law, or, in the absence of any such requirement, without other formality than appointment and designation in writing. The recorded instrument of substitution will be conclusive proof of proper substitution of a new trustee which or who will, without conveyance from predecessor trustee, succeed to all of the predecessor trustee's title, estate, rights, powers and duties.

(h) Notice Regarding Oral Agreements. Notice is hereby given that oral agreements or oral commitments to loan money, extend credit, modify loan terms or to forbear from enforcing repayment of a debt are not enforceable under Washington law.

(i) Disclosure: Non-Agricultural Loan. THIS LOAN IS A COMMERCIAL LOAN, AND ITS PROCEEDS MAY NOT BE USED FOR PERSONAL, FAMILY HOUSEHOLD OR AGRICULTURAL PURPOSES. THE REAL PROPERTY CONVEYED IS NOT USED PRINCIPALLY FOR AGRICULTURAL USE.

(j) Inconsistencies – Deed of Trust Act. TO THE EXTENT ANY OF THE PROVISIONS OF THIS DEED OF TRUST ARE INCONSISTENT WITH RCW 61.24.005 TO 61.24.140, THEY SHALL BE DISREGARDED, AND THE PROVISIONS OF RCW 61.24.005 TO 61.24.140 SHALL BE SUBSTITUTED THEREFOR.

5.16 Lease.

(a) Grantor will pay or cause to be paid all rent and other charges required under the Ground Lease and Grantor will keep, observe and perform, or cause to be kept, observed and performed, all of the other material terms, covenants, provisions and agreements of the Ground Lease on the part of the lessee thereunder to be kept, observed and performed. Unless otherwise permitted under the Credit Agreement, Grantor will not in any manner, cancel, terminate or surrender, or permit any cancellation, termination or surrender of the Ground Lease, in whole or in part, other than in accordance with the terms of the Ground Lease, or, without the written consent of Agent (such consent not to be unreasonably withheld, conditioned or delayed), either orally or in writing, modify, amend or permit any modification or amendment of any of the terms which affect the security interests granted herein in any material respect as determined by

Agent in its reasonable credit judgment, and any attempt on the part of Grantor to exercise any such right without such written consent of Agent shall be null and void and of no effect.

(b) Grantor will do, or cause to be done, all things necessary to preserve and keep unimpaired the rights of Grantor as lessee under the Ground Lease, and to prevent any material default under the Ground Lease, beyond any applicable grace, notice or cure period, or any termination, surrender, cancellation, forfeiture or impairment thereof, other than any such termination as may be expressly permitted by the terms of the Ground Lease, and in the event of the failure of Grantor to make any payment required to be made by Grantor pursuant to the provisions of the Ground Lease or to keep, observe or perform, or cause to be kept, observed or performed, any of the material terms, covenants, provisions or agreements of the Ground Lease, Grantor agrees that Agent may (but shall not be obligated to), after at least five (5) Business Days' prior written notice to Grantor (provided, however, that no such notice shall be required to be given after the occurrence and during the continuance of an Event of Default) take any reasonable action on behalf of Grantor, to make or cause to be kept, observed or performed any such material terms, covenants, provisions or agreements and to enter upon the Property and take all such reasonable action thereof as may be necessary therefor, to the end that the leasehold estate created by the Ground Lease and its rights and obligations under the Ground Lease shall be kept unimpaired and free from material default, and all money so expended by Agent, with interest thereon at the rate then in effect pursuant to the Credit Agreement from the date of each such expenditure, shall be paid by Grantor to Agent promptly upon written demand by Agent and shall be added to the Indebtedness and secured by this Deed of Trust and Agent shall have, in addition to any other remedy of Agent, the same rights and remedies in the event of non payment of any such sum by Grantor as in the case of a default by Grantor in the payment of any sums due under the Note or the Loan Documents.

(c) Grantor will enforce the material obligations of the Lessor under the Ground Lease to the end that Grantor may enjoy all of the material rights granted to it under the Ground Lease, and will promptly notify Agent in writing of any material default by the Lessor or by Grantor, of which Grantor has knowledge, in the performance or observance of any of the material terms, covenants and conditions on the part of the Lessor or Grantor, as the case may be, to be performed or observed under the Ground Lease and Grantor will promptly advise Agent in writing of the occurrences of any of the events of material default enumerated in the Ground Lease of which it has knowledge and of the giving of any notice by the Lessor to Grantor of any material default by Grantor in performance or observance of any of the material terms, covenants or conditions of the Ground Lease on the part of the Grantor to be performed or observed and will deliver to Agent a true copy of each such notice. If, pursuant to the Ground Lease, the Lessor shall deliver to Agent a copy of any notice of material default given to Grantor, such notice shall constitute full authority and protection to Agent for any action taken or omitted to be taken by Agent in good faith in reliance thereon to cure such default, provided such action is otherwise taken in accordance with this Deed of Trust and the other Loan Documents.

(d) If any action or proceeding shall be instituted to evict Grantor or to recover possession of the Property or for any other material, adverse purpose affecting the Ground Lease or this Deed of Trust, Grantor will, promptly upon service thereof on or to

Grantor, deliver to Agent a true copy of each petition, summons, complaint, notice of motion, order to show cause and of all other provisions, pleadings, and papers, however designated, served in any such action or proceeding.

(e) Grantor covenants and agrees that unless Agent shall otherwise expressly consent in writing, the fee title to the Property and the leasehold estate in the Property shall not merge but shall always remain separate and distinct, notwithstanding the union of said estates either in the Lessor, Grantor, or a third party by purchase or otherwise; and in case Grantor acquires the fee title or any other estate, title or interest in the Property, this Deed of Trust shall attach to and cover and be an encumbrance upon the fee title or such other estate so acquired, and such fee title or other estate shall, without further assignment or conveyance, become and be subject to the encumbrance of this Deed of Trust.

(f) No release or forbearance of any of Grantor's obligations under the Ground Lease, pursuant to the Ground Lease, or otherwise, shall release Grantor from any of its obligations under this Deed of Trust, including its obligation with respect to the payment of rent as provided for in the Ground Lease, and the performance of all of the material terms, provisions, covenants, conditions and agreements contained in the Ground Lease, to be kept, performed and complied with by the Grantor or successor lessee under the Ground Lease.

(g) Upon the occurrence and during the continuance of an Event of Default hereunder, Grantor shall not make any election or give any consent or approval (other than the exercise of a renewal right or extension right pursuant to clause (i) below) for which a right to do so is conferred upon Grantor as lessee under the Ground Lease without Agent's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed). If any Event of Default exists under this Deed of Trust, all such rights, together with the right of termination, cancellation, modification, change, supplement, alteration or amendment of the Ground Lease, all of which have been assigned for collateral purpose to Agent, shall vest in and be exercisable solely by Agent.

(h) Grantor will give Agent prompt written notice of the commencement of any litigation or arbitration under and pursuant to the provisions of the Ground Lease. Upon occurrence and during the continuance of an Event of Default, Agent shall have the right to intervene and participate in any such proceeding and Grantor shall confer with Agent to the extent which Agent reasonably deems necessary for the protection of Agent. Upon the written request of Agent, if an Event of Default exists and is continuing, Grantor will exercise all rights of arbitration conferred upon it by the Ground Lease and Grantor shall select an arbitrator (to the extent permitted by the Ground Lease) who is approved in writing by Agent (such approval not to be unreasonably withheld, conditioned or delayed).

(i) Grantor may exercise any option or right to renew or extend the term of the Ground Lease or exercise the purchase option contained therein without the prior written consent of Agent. Grantor shall give Agent simultaneous written notice of the exercise of such option or right to renew, extend or purchase, together with a copy of the instrument given to the Lessor under the Ground Lease exercising such option or right, and, thereafter, shall promptly

deliver to Agent a copy of any acknowledgment by the Lessor under such Ground Lease with respect to the exercise of such option or right. In the event Grantor fails to exercise any such option and an Event of Default then exists and is continuing, Grantor hereby grants to Agent all right and authority to exercise such option in the name of Grantor or in its own name. Nothing contained herein shall affect or limit any rights of Agent granted under the Ground Lease.

(j) The encumbrance of this Deed of Trust shall attach to all of Grantor's rights and remedies at any time arising under or pursuant to Subsection 365(h) of the Bankruptcy Code, 11 U.S.C. § 365(h), including, without limitation, all of Grantor's rights to remain in possession of the Property.

(k) Grantor shall not, without Agent's prior written consent, which shall not be unreasonably withheld, conditioned or delayed, terminate the Ground Lease or elect to treat the Ground Lease as terminated under Subsection 365(h)(1) of the Bankruptcy Code, 11 U.S.C. § 365(h)(1). Any such election made without Agent's consent shall be void.

(l) Grantor hereby unconditionally assigns, transfers and sets over to Agent all of Grantor's claims and rights to the payment of damages arising from any rejection of the Ground Lease by Lessor or any other fee owner of the Property under the Bankruptcy Code. Upon the occurrence and during the continuance of an Event of Default, Agent shall have the right to proceed in its own name or in the name of Grantor in respect of any claim, suit, action or proceeding relating to the rejection of the Ground Lease, including, without limitation, the right to file and prosecute, either in its own name or in the name of Grantor, any proofs of claim, complaints, motions, applications, notices and other documents, in any case in respect to the Lessor or any fee owner under the Bankruptcy Code. This assignment constitutes a present, irrevocable and unconditional assignment of the foregoing claims, rights and remedies, and shall continue in effect until all of the Secured Obligations shall have been satisfied and discharged in full. Any amounts received by Agent as damages arising out of the rejection of the Ground Lease as aforesaid shall be applied first to all costs and expenses of Agent (including, without limitation, reasonable attorneys' fees) incurred in connection with the exercise of any of its rights or remedies under this Section and then in accordance with the provisions of this Deed of Trust. Grantor hereby authorizes, and, if necessary, shall promptly make, execute, acknowledge and deliver, in form and substance reasonably satisfactory to Agent, a UCC Financing Statement and all such additional instruments, agreements and other documents, as may at any time hereafter be required by Agent to effectuate and carry out the assignment made pursuant to this Section.

(m) If pursuant to Subsection 365(h)(2) of the Bankruptcy Code, 11 U.S.C. § 365(h)(2), Grantor shall seek to offset against the rent reserved in the Ground Lease the amount of any damages caused by the nonperformance by the Lessor or any fee owner of any of their obligations under the Ground Lease after the rejection by the Lessor or any fee owner of the Ground Lease under the Bankruptcy Code, Grantor shall, prior to effecting such offset, notify Agent of its intent to do so, setting forth the amounts proposed to be so offset and the basis therefor. Agent shall have the right to object to all or any part of such offset that, in the reasonable judgment of Agent, would constitute a breach of the Ground Lease, and in the event of such objection, Grantor shall not affect any offset of the amounts so objected to by Agent.

Neither Agent's failure to object as aforesaid nor any objection relating to such offset shall constitute an approval of any such offset by Agent.

(n) Upon the occurrence and during the continuance of an Event of Default, if any action, proceeding, motion or notice shall be commenced or filed in respect of the Lessor or any fee owner, the Property or the Ground Lease in connection with any case under the Bankruptcy Code, Agent shall have the option, exercisable upon written notice from Agent to Grantor, to conduct and control any such litigation with counsel of Agent's choice. Agent may proceed in its own name or in the name of Grantor in connection with any such litigation, and Grantor agrees to execute any and all powers, authorizations, consents or other documents reasonably required by Agent in connection therewith. Grantor shall, upon written demand, pay to Agent all reasonable costs and expenses (including reasonable attorneys' fees) paid or incurred by Agent in connection with the prosecution or conduct of any such proceedings. Any such reasonable costs or expenses not paid by Grantor as aforesaid shall be secured by the encumbrance of this Deed of Trust and shall be added to the amount of the indebtedness secured hereby. Upon the occurrence and during the continuance of an Event of Default, Grantor shall not commence any action, suit, proceeding or case, or file any application or make any motion (unless such motion is for the purpose of protecting the Ground Lease and its value as security for the obligations secured by this Deed of Trust), in respect of the Ground Lease in any such case under the Bankruptcy Code without the prior written consent of Agent, which consent shall not be unreasonably withheld or delayed.

(o) Grantor shall, after obtaining knowledge thereof, promptly notify Agent of any filing by or against the Lessor or other fee owner of a petition under the Bankruptcy Code. Grantor shall promptly deliver to Agent, following receipt, copies of any and all notices, summonses, pleadings, applications and other documents received by Grantor in connection with any such petition and any proceedings relating thereto.

(p) If there shall be filed by or against Grantor a petition under the Bankruptcy Code and Grantor, as lessee under the Ground Lease, shall determine to reject the Ground Lease pursuant to Section 365(a) of the Bankruptcy Code, Grantor shall give Agent not less than thirty (30) days' prior notice of the date on which Grantor shall apply to the Bankruptcy Court for authority to reject the Ground Lease. Agent shall have the right, but not the obligation, to serve upon Grantor within such thirty (30) day period a notice stating that Agent demands that Grantor assume and assign the Ground Lease to Agent pursuant to Section 365 of the Bankruptcy Code. If Agent shall serve upon Grantor the notice described in the preceding sentence, Grantor shall not seek to reject the Ground Lease and shall comply with the demand provided for in the preceding sentence.

5.17 Notwithstanding anything to the contrary contained herein, this Deed of Trust shall not constitute an assignment of the Ground Lease itself and Agent shall have no liability or obligation thereunder by reason of Agent's acceptance of this Deed of Trust.

5.18 Notwithstanding anything herein to the contrary, Grantor shall have the right, without Agent's prior written consent, to exercise any right or option to renew or extend the

Ground Lease or purchase the fee interest in the Property in accordance with the terms and provisions of the Ground Lease; provided, however, Grantor shall not terminate the Ground Lease. In the event Grantor obtains a fee simple interest in the Property, this Deed of Trust shall encumber such fee simple interest.

[SIGNATURE ON NEXT PAGE]

(Signature Page to Leasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing)

IN WITNESS WHEREOF, Grantor has caused these presents to be signed as of the day first written above.

TEAM CORPORATION, a Washington corporation

By: 

Name

Patricia D. Monahan

Its: Corporate Secretary

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA }
COUNTY OF monterey } S.S.

On June 2, 2015 before me, LISA ANN CHISMAN,
NOTARY
(here insert name and title of the officer), personally appeared PATRICIA J MONAHAN

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Lisa Ann Chisman
Signature

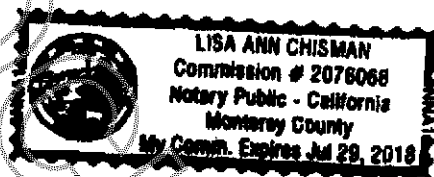


EXHIBIT A

Legal Description

Lot 25, "AMENDED SKAGIT REGIONAL AIRPORT BINDING SITE PLAN, PHASE I" as per Plat recorded on March 4, 2003 under Auditor's File No. 200303040030, records of Skagit County, Washington.

Situate in the County of Skagit, State of Washington