

When recorded return to:
Tracey Goss, PS
330 112th Ave NE Suite 301
Bellevue WA 98004



201604210083

Skagit County Auditor \$331.00
4/21/2016 Page 1 of 39 1:51PM

Filed for record at the request of:



CHICAGO TITLE
COMPANY OF WASHINGTON

425 Commercial St
Mount Vernon, WA 98273

Escrow No.: 620024855

CHICAGO TITLE
620024855

DOCUMENT TITLE(S)

Deed of Trust, Assignment of Rents, Security Agreement and Fixtrue Filing

REFERENCE NUMBER(S) OF DOCUMENTS ASSIGNED OR RELEASED: _____

Additional reference numbers on page _____ of document

GRANTOR(S)

Burlington One, Inc.

Additional names on page _____ of document

GRANTEE(S)

Ambleside Lending LLC, a Washington Limited Liability Company

Chicago Title Company

Additional names on page _____ of document

ABBREVIATED LEGAL DESCRIPTION

PTN BLK 63, BURLINGTON ACREAGE PROPERTY AND PTN BLK 125, FIRST ADD TO
BURLINGTON Tax/Map ID(s):

Complete legal description is on page _____ 34 _____ of document

TAX PARCEL NUMBER(S)

P128583 / 4077-125-010-0100, P62717 / 3867-000-063-0000, P132684 / 3867-000-063-1000 and
P128585 / 4077-125-010-0300

Additional Tax Accounts are on page _____ of document

The Auditor/Recorder will rely on the information provided on this form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.

After Recording Mail To:

Tacey Goss, PS
330 112th Ave NE, Suite 301
Bellevue, WA 98004

**DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND
FIXTURE FILING
(Washington Construction)**

ATTENTION COUNTY RECORDER. THIS INSTRUMENT IS INTENDED TO BE EFFECTIVE AS A FINANCING STATEMENT FILED AS A FIXTURE FILING PURSUANT TO THE UNIFORM COMMERCIAL CODE OF THE STATE WHERE THE PREMISES IS LOCATED. PORTIONS OF THE GOODS COMPRISING A PART OF THE MORTGAGED PREMISES ARE OR ARE TO BECOME FIXTURES RELATED TO THE LAND DESCRIBED IN SCHEDULE A HERETO. THIS INSTRUMENT IS TO BE FILED FOR RECORD THE RECORDS OF THE COUNTY WHERE DEEDS OF TRUST ON REAL PROPERTY ARE RECORDED AND SHOULD BE INDEXED AS BOTH A DEED OF TRUST AND AS A FINANCING STATEMENT COVERING FIXTURES. THE ADDRESSES OF GRANTOR (DEBTOR) AND BENEFICIARY (SECURED PARTY) ARE SPECIFIED IN THE FIRST PARAGRAPH ON PAGE 1 OF THIS INSTRUMENT.

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING (WASHINGTON CONSTRUCTION) (the "Deed of Trust"), is made this 20th day of April, 2016, by BURLINGTON ONE, INC., a corporation duly organized, validly existing and in good standing under the laws of the State of Washington, having an address of PO Box 2231 Everett, WA 98213 (the "Grantor"), to Chicago Title Company ("Trustee"), having an office and place of business located at 425 Commerce St for the benefit of AMBLESIDE LENDING LLC, a Washington limited liability company, with its mailing address of PO Box 2231 Everett, WA 98213 (the "Beneficiary").

WITNESSETH:

WHEREAS, the Grantor and the Beneficiary have executed a certain Construction Loan Agreement dated the date hereof (the "Loan Agreement"), pursuant to which the Beneficiary has agreed to make a construction loan to the Grantor in the original principal amount of One Million Five Hundred Thousand and 00/100 Dollars (\$1,500,000.00), in lawful money of the United States of America, plus such additional amounts as may be authorized by the Beneficiary, in its sole discretion, and disbursed and advanced by the Beneficiary to the Grantor in accordance with the provisions of the Loan Agreement (the "Loan"), in order for the Grantor to undertake the development, construction, equipping and furnishing of a certain residential subdivision (the "Project") on the Premises (as hereinafter defined); and

WHEREAS, the Grantor's obligations under the Loan Agreement are evidenced by a certain promissory note dated the date hereof, executed by the Grantor, as Borrower, and delivered to the Beneficiary, as Lender, in the aggregate principal amount of the Loan (the "Note");

NOW, THEREFORE, in order to induce the Beneficiary to make the Loan to the Grantor and to secure (i) the repayment of the indebtedness of the Grantor to the Beneficiary evidenced by the Note and the Other Promissory Notes, (ii) the performance of the terms, conditions and covenants of the Grantor set forth in the Note, the Loan Agreement, this Deed of Trust and all other documents and instruments of any nature whatsoever executed and delivered by the Grantor in connection with the Loan (collectively, the "Loan Documents") and in the Other Loan Documents, except for the unsecured Environmental Indemnity Agreement executed by Grantor in favor of Beneficiary, which is not secured by this Deed of Trust (the "Indemnity Agreement"), and except for any other obligations under this Deed of Trust or any other Loan Document or Other Loan Document that are substantially equivalent to the obligations arising under the Indemnity Agreement, which obligations shall not be secured by this Deed of Trust and shall not be included in the term "Obligations", as defined herein, (iii) the payment of all other indebtedness, monetary obligations, liabilities and duties of any kind of the Grantor, direct or indirect, absolute or contingent, joint or several, due or not due, liquidated or not liquidated, arising under the Note, the Loan Agreement, this Deed of Trust, the Loan Documents, as well as those arising under the Other Promissory Notes and the Other Loan Documents (the payment and performance of the Note, the Other Promissory Notes, and such other indebtedness, obligations and liabilities being herein referred to as the "Obligations"), the Grantor does irrevocably grant, transfer, assign, mortgage, bargain, sell and convey to Trustee,

in trust, with power of sale, all Grantor's right, title, and interest now owned or later acquired in the real property ("Premises") located in Skagit County, Washington and more particularly described in attached Schedule A, incorporated by reference (Grantor agrees that any greater title to the Premises later acquired during the term of this Deed of Trust will be subject to this Deed of Trust),

Together with the rents, issues, and profits, subject however, to the right, power, and authority granted to Grantor in this Deed of Trust to collect and apply the rents, issues, and profits; and

Grantor also irrevocably grants, transfers, assigns, mortgages, bargains, sells and conveys to Trustee, in trust, with power of sale, all of Grantor's right, title, and interest now owned or later acquired to the following property (including the rights or interests pertaining to the property) located at or to be constructed on the Premises:

all buildings, structures, and improvements of every nature whatsoever now or hereafter situated on the Premises (the "Improvements"); and

TOGETHER with all leases, licenses and tenancies (including concessions) of the Premises, whether written or oral, heretofore or hereafter made or agreed to by any party, and all extensions, renewals, replacements and guaranties thereof (all of said leases and tenancies, together with all extensions, renewals, replacements and guaranties thereof, are hereafter collectively referred to as the "Leases"), together with all of the rents, issues, profits, royalties, revenues, income and other benefits, including those now due, past due and to become due, under or by virtue of the Leases, including, without limitation, base rents, minimum rents, additional rents, percentage rents, security deposits, charges for parking, maintenance, taxes and insurance, deficiency rents and damages following default, the premium payable by any lessee upon the exercise of a cancellation privilege provided in any Lease, all proceeds payable under any policy of insurance covering loss of rent resulting from any destruction or damage to the Premises, and all other rights and claims of any kind which Grantor may have against any lessee or any other occupant of the Premises (all of said rents, issues, profits, royalties, revenues, income and other benefits being hereafter collectively referred to as the "Rents"); and

TOGETHER with all and singular the tenements, hereditaments, rights-of-way, privileges, liberties, easements, riparian rights, woods, waters, watercourses, mineral, oil and lights and appurtenances thereunto belonging, or in any wise appertaining, and the reversion and reversions and remainders, rents, income, issues and profits thereof; and

TOGETHER with all right, title and interest of the Grantor, now owned or hereafter acquired, in and to any streets, the land lying in the bed of any streets, roads or avenues, opened or proposed, in front of, adjoining or abutting the Premises to the center line thereof, and all strips and gores within or adjoining the Premises, easements and rights-of-way, public or private, all sidewalks and alleys, now or hereafter used in connection with the Premises or abutting the Premises; and

UNRECORDED

TOGETHER with all furniture, fixtures, machinery, appliances, materials, building supplies, equipment and other articles of personal property of every nature now or hereafter owned by the Grantor and now or hereafter attached to or used in connection with, or the operation of, or with construction on the Premises of the Project, as to which this Deed of Trust constitutes a security agreement under the Uniform Commercial Code enacted in the State in which the Premises are located (in addition to and not in lieu of any other security agreement between the parties), including, without limitation, all accessories, additions, substitutions and replacements thereof, and all cash and non-cash proceeds thereof, all of which shall be deemed to be and remain and form a part of the Premises and are covered by the lien of this Deed of Trust. If the lien of this Deed of Trust shall be subject to a conditional bill of sale, chattel Deed of Trust, or other security interest covering any such property, then all the right, title and interest of the Grantor in and to such property, together with the benefits of any deposits or payments now or hereafter made thereon, are and shall be covered by the lien of this Deed of Trust; and

TOGETHER with any and all awards, damages, payments and other compensation, and any and all claims therefor and rights thereto, which may result from taking or injury by virtue of the exercise of the power of eminent domain, or any damage, injury or destruction in any manner caused to the Premises or the Project, or any part thereof; and

TOGETHER with all the estate, right, title, interest, property, possession, claim and demand whatsoever of the Grantor, as well in law as in equity, of, in and to the same and every part and parcel thereof with the appurtenances (hereinafter the Premises and the Project, rights, interests and benefits that go with it as described above shall be collectively referred to as the "Premises").

ARTICLE I

THE GRANTOR REPRESENTS, WARRANTS, COVENANTS AND AGREES WITH THE BENEFICIARY AS FOLLOWS:

Section 1. Payment and Performance. The Grantor shall pay the Obligations evidenced by the Note and secured by this Deed of Trust at the time and in the manner provided for the payment of the same in the Note. The Grantor shall perform and abide by the terms and covenants herein and the terms and covenants in the Note, the Loan Agreement, this Deed of Trust and the other Loan Documents, all of which are made a part hereof as though set forth herein at length.

Section 2. Warranty of Title. The Grantor represents and warrants that it is the fee simple owner of the Premises free of defects, liens, and encumbrances of any nature, other than those exceptions to title as set forth in the Beneficiary's title insurance policy or the marked title insurance commitment delivered to the Beneficiary as of the date hereof insuring the lien of this Deed of Trust. The Grantor warrants that this Deed of Trust is and will be maintained as a valid first lien on the Premises subject only to the above-mentioned exceptions, and will defend the same against the claims of all persons or entities whomsoever. At the Grantor's sole cost and expense, the Grantor forthwith upon the execution and delivery of this Deed of Trust,

and thereafter from time to time, will cause this Deed of Trust, and any security instrument creating or evidencing the lien or security interest hereof upon the Premises and each instrument of further assurance, to be filed, registered or recorded in such manner and in such places as may be required by any present or future law to publish notice of and to fully protect the lien upon the Premises.

Section 3. Insurance.

(a) The Grantor shall obtain, or cause to be obtained, and shall maintain or cause to be maintained, at all times throughout the term of this Deed of Trust, insurance on the Premises in such manner and against such loss, damage and liability, including liability to third parties, as is customary with persons or entities operating properties similar to the Premises and in the same or similar business and located in the same or similar areas. Such insurance shall include, without limitation, the following:

(i) Commercial general liability insurance (including XCU, blanket contractual liability, completed operations, and if applicable, garage liability, products liability and elevator liability) insuring against any and all liability of the Grantor or claims of liability of Grantor arising out of, occasioned by or resulting from any accident or otherwise resulting in or about the Premises and the adjoining streets, sidewalks and passageways, in such amounts as are usually carried by persons or entities operating properties similar to the Premises, but in any event with a combined single limit of not less than One Million and no/100 Dollars (\$1,000,000.00) for personal injury and property damage with respect to any one occurrence, which amount shall be increased from time to time to reflect what a reasonably prudent person or entity operating property similar to the Premises would carry, together with excess/umbrella liability insurance on a "follow form" basis with minimum limits of Five Million and no/100 Dollars (\$5,000,000.00);

(ii) Loss or damage by perils customarily included under standard "all risk" policies, covering all perils and contingencies as may be required by the Beneficiary, including a so-called "agreed amount" replacement cost endorsement insuring one hundred percent (100%) of the replacement cost of the Improvements, without deduction for depreciation and normal wear and tear;

(iii) A "builder's all risk" coverage policy of fire and hazard insurance (completed value non-reporting form) with respect to the Premises, including vandalism and malicious mischief, in an amount not less than the full replacement cost of the Improvements which are the subject of construction, which insurance policy shall contain a replacement cost endorsement;

(iv) If the Premises are required to be insured pursuant to the Flood Disaster Protection Act of 1973 or the National Flood Insurance Act of 1968, and the regulations promulgated thereunder, because it is located in an area which has been identified by the Secretary of Housing and Urban Development as a Flood Hazard Area, then a flood insurance policy covering the Premises in an amount not less than the outstanding principal balance of the Note or the maximum limit of coverage available, whichever amount is less;

(v) Boiler and machinery insurance covering pressure vessels, air tanks, boilers, machinery, pressure piping, heating, air conditioning and elevator equipment, provided that the Premises contains equipment of such nature, in such amounts as are usually carried by persons or entities, Operating similar properties in the same general locality to that of the Premises but in any event in an amount not less than One Million and no/100 Dollars (\$1,000,000.00);

(vi) Worker's compensation insurance to the full extent required by applicable law for all employees of the Grantor engaged in any work on or about the Premises with a minimum limit of Five Hundred Thousand and no/100 Dollars (\$500,000.00) per occurrence;

(vii) Comprehensive automobile liability insurance covering all owned, hired or otherwise operated non-owned vehicles with a minimum combined single limit of Five Hundred Thousand and no/100 Dollars (\$500,000.00) per occurrence for bodily injury and property damage; and

(viii) Insurance against such other hazards as may be reasonably required by the Beneficiary from time to time and as are customarily insured against with respect to like properties.

(b) Each insurance policy required under this Section (the "Policies") shall be written by non-mutual insurance companies authorized or licensed to do business in the State in which the Premises are located having an Alfred M. Best Company, Inc. rating of A or higher and a financial size category of not less than XR, and shall be on such forms and written by such companies as shall be reasonably approved by the Beneficiary. Such insurance coverage may be effected under overall blanket or excess coverage policies of the Grantor, except as to public liability insurance which may be effected under combined single limit.

(c) Each insurance policy required under this Section providing insurance against loss or damage to property shall be written or endorsed so as to (i) contain a standard Beneficiary clause with respect to the improvements, (ii) make all losses payable directly to the Beneficiary, as loss payee without contribution, and (iii) provide for deductibles reasonably satisfactory to the Beneficiary.

(d) Each insurance policy required under this Section and providing public liability coverage shall be written and endorsed so as to name the Beneficiary as an additional insured, as its interest may appear.

(e) Each insurance policy required under this Section providing insurance against loss or damage to property shall contain a provision to the effect that such policy shall not lapse or be terminated, canceled, altered or in any way limited in coverage or reduced in amount unless the Beneficiary is notified in writing at least thirty (30) days prior to such lapse, termination, cancellation, alteration, limitation or reduction.

(f) Grantor shall pay the premiums for such insurance (the "Insurance Premiums") as the same shall become due and payable. Not later than 30 days prior to the expiration date of each of the Policies, Grantor shall deliver to Beneficiary evidence satisfactory to Beneficiary of the renewal or replacement of each of the Policies.

(g) In the event of loss or damage to the Premises, the proceeds of any insurance provided hereunder shall be applied as set forth in this Section; in the event of a liability claim, the proceeds of any insurance provided hereunder shall be applied toward extinguishing or satisfying the liability and expenses incurred in connection therewith.

Section 4. Payment of Impositions; No Credit for Taxes Paid.

(a) Grantor shall pay all taxes, assessments, water rates, sewer rents, ground rents, maintenance charges, other governmental impositions, and other charges (collectively, the "Impositions"), now or hereafter levied or assessed or imposed against the Premises or any part thereof as same become due and payable. Grantor shall deliver to Beneficiary, promptly upon Beneficiary's request, evidence satisfactory to Beneficiary that the Impositions have been so paid or are not then delinquent. Grantor shall not suffer, and shall promptly cause to be paid and discharged, any lien or charge whatsoever which may be or become a lien or charge against the Premises, and shall promptly pay for all utility services provided to the Premises. Grantor shall, promptly on Beneficiary's request, furnish to Beneficiary receipts for the payment of said utility services promptly upon Beneficiary's request.

(b) The Grantor shall not be entitled to any credit against payments due hereunder by reason of the payment of any taxes, assessments, water or sewer rent or other governmental charges levied against the Premises.

Section 5. Escrow Fund. Grantor shall, at the option of Beneficiary, pay to Beneficiary on the first day of each calendar month (a) one-twelfth of an amount which would be sufficient to pay the Impositions payable, or estimated by Beneficiary to be payable, during the next ensuing twelve (12) months, and (b) one-twelfth of an amount which would be sufficient to pay the Insurance Premiums due for the renewal of the coverage afforded by the Policies upon the expiration thereof (said amounts in (a) and (b) above hereinafter called the "Escrow Fund"). Grantor hereby pledges to Beneficiary any and all monies now or hereafter deposited in the Escrow Fund as additional security for the payment of the Obligations. Beneficiary shall apply the Escrow Fund to payments of Insurance Premiums and Impositions required to be made by Grantor pursuant to Sections 3 and 4 hereof. If the amount of the Escrow Fund shall exceed the amounts due for Insurance Premiums and Impositions pursuant to Sections 3 and 4 hereof, Beneficiary shall, in its discretion, return any excess to Grantor or credit such excess against future payments to be made to the Escrow Fund. In allocating such excess, Beneficiary may deal with the person shown on the records of Beneficiary to be the owner of the Premises. If the Escrow Fund is not sufficient to pay the items set forth in (a) and (b) above, Grantor shall promptly pay to Beneficiary, upon demand, an amount which Beneficiary shall estimate as sufficient to make up the deficiency. Upon the occurrence of an

Event of Default (hereinafter defined), Beneficiary may apply any sums then present in the Escrow Fund to the payment of the following items in any order in its discretion:

- (a) Impositions;
- (b) Insurance Premiums;
- (c) Interest on the any unpaid sum owing in connection with the Note;
- (d) The unpaid principal balance of the Note; or
- (e) All other sums payable to Beneficiary pursuant to the Note, this Deed of Trust, the Loan Agreement, or otherwise, including without limitation advances made by Beneficiary pursuant to the terms of this Deed of Trust.

Until expended or applied as above provided, any amounts in the Escrow Fund shall constitute additional security for the Obligations. The Escrow Fund shall not constitute a trust fund and may be commingled with other monies held by Beneficiary. No earnings or interest on the Escrow Fund shall be payable to Grantor.

Section 6. Damage and Destruction

(a) If all or any part of the Premises shall be damaged or destroyed by fire or any other casualty, there shall be no abatement or reduction in the amounts payable by the Grantor hereunder or under the Note, and the Grantor shall continue to be obligated to make such payments.

(b) If all or any part of the Premises shall be damaged or destroyed by fire or any other casualty, the Grantor shall give prompt written notice thereof to the Beneficiary and make such temporary repairs as are necessary for the protection of the Premises. Upon the occurrence of such damage or destruction to the Premises, the Grantor shall have no claim against the insurance proceeds, or be entitled to any portion thereof, and all rights to the insurance proceeds are hereby assigned to the Beneficiary to be applied on account of the Obligations that remains unpaid. The Beneficiary shall have the option, in its sole and absolute discretion, either (a) to settle and adjust any claim under any insurance policies without the consent of Grantor or (b) to allow Grantor to settle and adjust such claim without the consent of Beneficiary; provided that in either case Beneficiary shall, and is hereby authorized to, collect and receipt for any such insurance proceeds; and the expenses incurred by Beneficiary in the adjustment and collection of the insurance proceeds shall be added to the Obligations, and shall be reimbursed to Beneficiary upon demand or, in the event and to the extent sufficient proceeds are available, shall be deducted and retained by Beneficiary from said insurance proceeds prior to any other application thereof. Each insurance company which has issued an insurance policy is hereby authorized and directed to make payment for all losses covered by an insurance policy to Beneficiary alone, and not to Beneficiary and Grantor jointly. In the event any such insurance proceeds shall be paid to the Grantor or by two-party check delivered to the Grantor, the Grantor shall forthwith pay such insurance proceeds to the Beneficiary, or endorse such

two-party check and deliver it to the Beneficiary (as the case may be), and the Grantor shall be personally liable for any such insurance proceeds not paid to the Beneficiary, notwithstanding any exculpation provision contained in this Deed of Trust or in any other Loan Document.

(c) Any portion of the insurance proceeds remaining after payment in full of the obligations secured hereby shall be paid to Grantor or as ordered by a court of competent jurisdiction.

(d) No interest shall be payable by Beneficiary on account of any insurance proceeds at any time held by or for the benefit of Beneficiary.

(e) In the event of foreclosure of this Deed of Trust or other transfer of title to the Premises in extinguishment of the obligations secured hereby, all right, title and interest of Grantor in and to any insurance policies then in force shall pass to the purchaser of the Premises in foreclosure, or the grantee of a deed in lieu of foreclosure, and Grantor hereby appoints Beneficiary its attorney-in-fact with full irrevocable authority (coupled with an interest), in Grantor's name, to assign and transfer all such policies and proceeds to such purchaser or grantee.

Section 7. Condemnation. Grantor shall promptly give Beneficiary notice of the actual or threatened commencement of any condemnation or eminent domain proceeding and shall deliver to Beneficiary copies of any and all papers served in connection with such proceedings. Beneficiary may participate in any such proceeding and Grantor shall deliver to Beneficiary all instruments necessary to permit such participation. Grantor shall, at its sole cost and expense, diligently prosecute any such proceeding and shall consult with Beneficiary, its attorneys and experts, and cooperate with it in any defense thereof. Grantor shall not enter into any agreement for the taking or conveyance in lieu thereof of the Premises, in whole or in part, with anyone authorized to acquire same by eminent domain or like power, without the prior express written consent of Beneficiary. Notwithstanding any taking by any public or quasi-public authority through eminent domain or otherwise (including, but not limited to, any transfer made in lieu of or in anticipation of the exercise of such taking), Grantor shall continue to pay the Obligations at the times and in the manner provided for its payment in the Note and in this Deed of Trust, and the Obligations shall not be reduced until any award for payment therefor shall have been actually received and applied by Beneficiary, after the deduction of expenses of collection, to the reduction or discharge of the Obligations. Beneficiary shall not be limited to the interest paid on the award by the condemning authority the Note. Beneficiary shall apply any such award or payment to the reduction or discharge of the Obligations whether or not then due and payable. If the Premises is sold, through foreclosure or otherwise, prior to the receipt of by Beneficiary of such award or payment, Beneficiary shall have the right, whether or not a deficiency judgment under the Note shall have been sought, recovered or denied, to receive said award or payment, or a portion thereof sufficient to pay the Obligations. If title to or the temporary use of the whole or any part of any of the Premises shall be taken or condemned by a competent authority for any public use or purpose, there shall be no abatement or reduction in the amounts payable by Grantor hereunder or under the Note, and Grantor shall continue to be obligated to make such payments.

Section 8. Preservation, Maintenance, Repair and Alterations. All Improvements which are presently erected and in the future are to be erected upon the Premises, shall, at the Grantor's own cost and expense, be kept in good and substantial repair, working order and condition, and the Grantor shall from time to time make, or cause to be made, all necessary and proper repairs, replacements, improvements and betterments thereto. The Grantor shall not remove, demolish, materially alter or discontinue the use of any part of the Premises without the prior express written consent of the Beneficiary, except that the Grantor may remove or replace equipment in the ordinary course of business, and Grantor shall from time to time make substitutions, additions, modifications and improvements as may be necessary and as shall not impair the structural integrity, operating efficiency and economic value of the Premises. All alterations, replacements, renewals or additions made pursuant to this Section shall automatically become and constitute a part of the Premises and shall be covered by the lien of this Deed of Trust. The Grantor shall not do, and shall not permit to be done, any act which may in any way impair or weaken the security under this Deed of Trust.

Section 9. Estoppel Certificates. The Grantor represents to the Beneficiary that the Grantor has no knowledge of any offsets, counterclaims or defenses to the payment of the Obligations, either at law or in equity. The Grantor shall, within ten (10) days after a request of Beneficiary, furnish a duly acknowledged written statement in form reasonably satisfactory to the Beneficiary, setting forth (i) any amounts owing on the Obligations, and (ii) stating either that the Grantor knows of no offsets or defenses existing against such Obligations, or if such offsets or defenses are alleged to exist, the nature and extent thereof.

Section 10. No Removal of Fixtures. The Grantor shall not remove or suffer to be removed from the Premises any fixtures owned by the Grantor as the term "fixtures" is defined by the law in the State in which the Premises are located.

Section 11. Security Agreement.

(a) This Deed of Trust constitutes a security agreement under the Uniform Commercial Code enacted in the State in which the Premises are located, and the Grantor hereby grants to the Beneficiary a security interest in all furniture, fixtures, machinery, appliances, materials, building supplies, equipment and other personal property of every nature now owned or hereafter acquired by the Grantor and installed or to be installed in or on the Premises and used or to be used in the management or operation of the Premises, and all substitutions, replacements, additions and accessions thereto, together with all cash and non-cash proceeds thereof. Within ten (10) days after requested by Beneficiary, the Grantor shall execute, deliver, file and refile any financing statements, continuation statements, or other security agreements that the Beneficiary may require from time to time to confirm the lien of this Deed of Trust with respect to such property. The Grantor hereby appoints the Beneficiary its agent and attorney-in-fact (which appointment shall be deemed to be an agency coupled with an interest), with full power of substitution, to execute, deliver and file on its behalf any UCC-1 financing statements, UCC-3 continuation statements and any other instruments necessary to create or perfect the Beneficiary's security interest upon any of the personal property granted in this Section which the Grantor has failed or refused to execute and deliver

to the Beneficiary within ten (10) days after notice and request by the Beneficiary to so execute and deliver. The Beneficiary shall have all rights and remedies under this Deed of Trust or under any applicable law or agreements with the Grantor of a secured party under the Uniform Commercial Code enacted in the State in which the Premises are located, in addition to those specified herein. Notwithstanding any release of any or all of that property included in the Premises which is deemed "real property", and proceedings to foreclose this Deed of Trust or its satisfaction of record, the terms hereof shall survive as a security agreement with respect to the security interest created hereby and referred to above until the repayment or satisfaction in full of the obligations of the Grantor as are now or hereafter secured hereby.

(b) Without in any way limiting the generality of the immediately preceding paragraph, or of the definition of the Premises, this Deed of Trust constitutes a fixture filing under the Uniform Commercial Code enacted in the State in which the Premises are located. For such purpose, (i) the "debtor" is the Grantor and its address is the address given for it in the initial paragraph of this Deed of Trust; (ii) the "secured party" is the Beneficiary, and its address for the purpose of obtaining information is the address given for it in the initial paragraph of this Deed of Trust; (iii) the real estate to which the fixtures are or are to become attached is Grantor's interest in the property described on Schedule "A" hereto; and (iv) the record owner of such real estate is the Grantor.

Section 12. Change in Laws. If after the date of this Deed of Trust, any law is passed in the State in which the Premises are located, or enacted by any other governmental entity, changing in any way the laws now in force for the taxation of Deed of Trusts, or debts secured thereby, for state or local purposes, or the, manager, of the operation of any such taxes, so as to affect the interest of the Beneficiary, then and in such event, the Grantor shall bear and pay the full amount of such taxes, provided that if for any reason payment by the Grantor of any such new or additional taxes would be unlawful or if the payment thereof would constitute usury or render the Obligations wholly or partially usurious under any of the terms or provisions of this Deed of Trust or otherwise, the Beneficiary may, at the Beneficiary's option, declare the Obligations, with interest thereon, to be immediately due and payable, or the Beneficiary may, at the Beneficiary's option, pay that amount or portion of such taxes as renders the Obligations unlawful or usurious, in which event the Grantor shall concurrently therewith pay the remaining lawful and nonusurious portion or balance of said taxes.

Section 13. Compliance with Applicable Laws. The Grantor agrees to observe, conform and comply, and to cause its tenants to observe, conform and comply with all federal, state, county, municipal and other governmental or quasi-governmental laws, rules, regulations, ordinances, codes, requirements, covenants, conditions, orders, licenses, permits, approvals and restrictions, including without limitation, the Americans with Disabilities Act of 1990 (collectively, the "Legal Requirements"), now or hereafter affecting all or any part of the Premises, its occupancy or the business or operations now or hereafter conducted thereon and the personalty contained therein, within such time as required by such Legal Requirements. The Grantor represents and warrants that the Premises is in compliance with all Legal Requirements applicable to the Premises. Grantor further represents and warrants that any funds used to acquire the Premises were not obtained in violation of any Legal Requirements,

and that such funds, including any Loan proceeds, are not being used and are not intended to be used to facilitate any violation of any Legal Requirements.

Section 14. Indemnification. The Grantor hereby agrees to and does hereby indemnify, protect, defend and save harmless the Beneficiary and its trustees, officers, employees, agents, attorneys and shareholders (the "Indemnified Parties") from and against any and all losses, damages, expenses or liabilities of any kind or nature and from any suits, claims or demands, including reasonable counsel fees incurred in investigating or defending such claim, suffered by any of them and caused by, relating to, arising out of, resulting from, or in any way connected with this Deed of Trust and the transactions contemplated herein (unless caused by the gross negligence or willful misconduct of the Indemnified Parties), including, without limitation, (i) disputes between any architect, general contractor, subcontractor, materialman or supplier, or on account of any act or omission to act by the Indemnified Parties in connection with this Deed of Trust, (ii) arising from or out of any Hazardous Substance, any Release, any Environmental Complaint, or any Environmental Law applicable to the Grantor, its operations, business, assets, property or facilities, or the Premises, as such terms are hereinafter defined or (iii) any violation of any Legal Requirements. In case any action shall be brought against an Indemnified Party based upon any of the above and in respect to which indemnity may be sought against the Grantor, the Grantor shall assume the defense thereof, including the employment of counsel selected by the Grantor and reasonably satisfactory to the Indemnified Party, the payment of all costs and expenses and the right to negotiate and consent to settlement. Upon reasonable determination made by the Indemnified Party, the Indemnified Party shall have the right to employ separate counsel in any such action and to participate in the defense thereof. The Grantor shall not be liable for any settlement of any such action effected without the Grantor's consent, but if settled with the Grantor's consent, or if there be a final judgment for the claimant in any such action, the Grantor agrees to indemnify and save harmless the Indemnified Party from and against any loss or liability by reason of such settlement or judgment. The provisions of this Section shall survive the termination of this Deed of Trust and the repayment of the Note

Section 15. Assignment of Rents. The Grantor hereby absolutely and unconditionally assigns to the Beneficiary the Rents and the Grantor grants to the Beneficiary the right to enter upon and to take possession of the Premises for the purpose of collecting the same and to let the Premises or any part thereof, and to apply the Rents, after payment of all necessary charges and expenses, on account of the Obligations. This assignment and grant shall continue in effect until this Deed of Trust is paid in full and discharged of record. The Beneficiary hereby waives the right to enter upon and to take possession of the Premises for the purpose of collecting said Rents, and the Grantor shall be entitled to collect, receive, retain and use said Rents until the occurrence of an Event of Default under this Deed of Trust, but such right of the Grantor may be revoked by the Beneficiary upon the occurrence of an Event of Default. The Grantor shall not, without the written consent of the Beneficiary, receive or collect Rent from any tenant of the Premises or any part thereof for a period of more than one (1) month in advance, and in the event of the occurrence of an Event of Default under this Deed of Trust, the Grantor shall pay monthly in advance to the Beneficiary or to any receiver appointed to collect said Rents, the fair and reasonable rental value for the use and occupation

of the Premises to the Deed of Trust or to such receiver. If the Grantor does not so vacate and surrender the Premises then the Grantor may be evicted by summary proceedings.

Section 16. Effect of Assignment. The assignment will not impose on Beneficiary any duty to produce rents, issues, or profits from the Property, or cause Beneficiary to be:

- (a) a Beneficiary in possession for any purpose;
- (b) responsible for performing any of the obligations of the lessor under any of the Leases; or
- (c) responsible for any waste committed by lessees or any other parties, any dangerous or defective condition of the Property, or any negligence in the management, upkeep, repair, or control of the Property. Beneficiary will not be liable to Grantor or any other party as a consequence of the exercise of the rights granted to Beneficiary under this assignment or the failure of Beneficiary to perform any obligation of Grantor arising under the Leases.

Section 17. Advances. Upon the occurrence of an Event of Default by the Grantor under this Deed of Trust and/or the Note, the Beneficiary may at its option remedy such Event of Default, and all payments made by the Beneficiary to remedy an Event of Default by the Grantor (including reasonable attorney's fees) and the total of any payment or payments due from the Grantor to the Beneficiary which are in default, together with interest thereon at the Default Rate, if any, set forth in the Note or the other Loan Documents (the "Default Rate") [such interest to be calculated from the date of such advance to the date of payment thereof by the Grantor], shall be added to the Obligations until paid, and the Grantor covenants to repay the same to the Beneficiary on the next payment date of the Note. Any such sums and the interest thereon shall be a lien on the Premises prior to any other lien attaching to or accruing subsequent to the lien of this Deed of Trust. All monies paid, and all expenses paid or incurred, including attorneys' fees and disbursements and other monies advanced by Beneficiary to protect the Premises and the lien of this Deed of Trust, to complete construction, furnishing and equipping, to rent, operate and manage the Premises, to pay any such operating costs and expenses thereof or to keep the Premises operational and useable for their intended purpose shall be so much additional Obligations, whether or not the indebtedness, as a result thereof, shall exceed the original principal balance set forth herein, and shall become immediately due and payable on the next payment date of the Note, and with interest thereon at the Default Rate. Inaction of Beneficiary shall never be considered as a waiver of any right accruing to it on account of any Event of Default nor shall the provisions of this Section or any exercise by Beneficiary of its rights hereunder prevent any default from constituting an Event of Default. Nothing contained herein shall be construed to require Beneficiary to advance or expend monies for any purpose mentioned herein, or for any other purpose, and any expenditure of monies or action taken hereunder shall be at the sole option and discretion of Beneficiary.

Section 18. Transfer or Encumbrance of Premises.

(a) The Grantor shall not, without the written consent of the Beneficiary, voluntarily change the use of the Premises or sell, transfer, or convey its interest in the Premises or any part thereof in or by any one or series of transactions or permit the Premises or any part thereof or any interest therein to be sold, transferred or conveyed. The provisions of this Section shall apply to each and every such further encumbrance, sale, transfer or conveyance regardless of whether or not Beneficiary has consented to, or waived by inaction, its rights hereunder with respect to any such previous further encumbrance, sale, transfer or conveyance. For the purpose of, and without limiting the generality of the foregoing, the occurrence at any time of the following events shall be deemed to be an unpermitted transfer of title to the Premises and an Event of Default hereunder:

(i) any sale, conveyance, assignment, or other transfer of, or the grant of a lien, pledge, mortgage, security interest or other encumbrance or alienation in, all or any part of the legal and/or equitable title to the Premises or any part thereof or interest therein;

(ii) any sale, conveyance, assignment or transfer of, or the grant of a lien, pledge, mortgage, security interest or other encumbrance or alienation in, any share of stock in a corporate Grantor or in the management thereof;

(iii) any sale, conveyance, assignment or transfer of, or the grant of a lien, pledge, mortgage, security interest or other encumbrance or alienation in, any membership interest in a limited liability company Grantor or in the management thereof;

Any consent by the Beneficiary, or any waiver of any Event of Default, under this Section shall not constitute a consent to, or waiver of any right, remedy or power of the Beneficiary upon a subsequent Event of Default under this Section.

(b) The Premises shall not be encumbered by any secondary or subordinate liens, including construction, materialmen's or judgment liens. The Grantor shall discharge of record, by the filing of a bond pursuant to court order or otherwise, any construction, materialmen's or judgment lien filed against the Premises within thirty (30) days after the filing thereof.

(c) Grantor recognizes that Beneficiary is entitled to keep its loan portfolio at current interest rates by either making new loans at such rates or collecting assumption fees and/or increasing the interest rate on a loan, the security for which is purchased by a party other than Grantor. Grantor further recognizes that any secondary or junior financing placed upon the Premises (a) may divert funds which would otherwise be used to pay the Obligations; (b) could result in the acceleration and foreclosure by such junior encumbrances which would force Beneficiary to take measures and incur expenses to protect its security; (c) would detract from the value of the Premises should Beneficiary come into possession thereof with the intention of selling the same; and (d) would impair Beneficiary's right to accept a deed in lieu of foreclosure, as a foreclosure by Beneficiary would be necessary to clear the title to the Premises. In accordance with the foregoing and for the purposes of (x) protecting Beneficiary's security, both of repayment and of value of the Premises; (y) giving Beneficiary the full benefit of its bargain and contract with Grantor; and (z) keeping the Premises free of

subordinate financing liens, Grantor agrees that if this Section is deemed a restraint on alienation, that it is a reasonable one.

Section 19. Environmental Matters. For purposes of this Deed of Trust, the following terms shall have following meanings:

“Environmental Complaint” shall mean any judgment, lien, order, complaint, notice, citation, action, proceeding or investigation pending before any Governmental Authority, including, without limitation, any environmental regulatory body, with respect to or threatened against or affecting the Grantor or relating to its business, assets, property or facilities or the Premises, in connection with any Hazardous Substance or any Release or any Environmental Law.

“Environmental Law” shall mean and refer to any present and future federal state and local law, ordinance, rule, regulation, order, judgment, injunction or decree relating to pollution, Hazardous Substances or environmental protection, relating to liability for costs of remediation or the prevention of Releases, or relating to liability for or costs of other actual or threatened danger to human health or the environment, including, without limitation: the Resource Conservation and Recovery Act (including, without limitation, Subtitle I relating to underground storage tanks); the Comprehensive Environmental Response, Compensation and Liability Act; the Hazardous Materials Transportation Act; the Emergency Planning and Community Right-To-Know Act; the Solid Waste Disposal Act; the Clean Water Act; the Clean Air Act; the Toxic Substances Control Act; the Safe Drinking Water Act; the Occupational Safety and Health Act; the Federal Water Pollution Control Act; the Federal Insecticide, Fungicide and Rodenticide Act; the Endangered Species Act; the National Environmental Policy Act; the River and Harbors Appropriation Act; the Residential Lead-Based Paint Hazard Reduction Act; all amendments and supplements to any of the foregoing and all regulations and publications promulgated or issued thereto. “Environmental Laws” also includes, but is not limited to, any present and future federal, state and local laws, statutes, ordinances, rules, regulations and the like, as well as common law, conditioning the transfer of property upon a negative declaration or other approval of a governmental authority of the environmental condition of property; requiring notification or disclosure of any Release of Hazardous Substances or other environmental condition of the Property to any governmental authority; imposing conditions or requirements in connection with permits or other authorization of lawful activity; relating to nuisance, trespass, or other causes of action related to the Property; and relating to wrongful death, personal injury, or property or other damage in connection with any physical condition or use of the Premises.

“Governmental Authority” shall mean any federal, state, and local government, governing body, agency, court, tribunal, authority, subdivision, bureau or other recognized body having jurisdiction to enact, promulgate, interpret, enforce, review or repeal any Environmental Law.

“Hazardous Substances” shall include, but is not limited to any and all substances (whether solid, liquid or gas) defined, listed or otherwise classified as pollutants, hazardous

wastes, hazardous substances, hazardous materials, extremely hazardous wastes, contaminants, toxic wastes or words of similar meaning or regulatory effect under any present or future Environmental Laws, or any other substances that might have a negative impact on human health, safety, or the environment, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, Release, or filtration of which is or shall be restricted, prohibited or penalized by any Environmental Law (including, without limitation, petroleum and petroleum products, asbestos and asbestos-containing materials, urea formaldehyde foam insulation, lead, materials containing lead-based paint, radon, radioactive materials, flammables, explosives, and polychlorinated biphenyls).

“Release” shall mean with respect to any Hazardous Substance includes but is not limited to any release, deposit, discharge, emission, leaking, spilling, seeping, migrating, injecting, pumping, pouring, emptying, dumping, disposing, or other movement of Hazardous Substances.

(a) The Grantor covenants, represents and warrants that:

(i) to the best of the Grantor’s knowledge, after due inquiry and investigation, none of the real property owned or occupied by the Grantor and located in the State in which the Premises are located, including, but not limited to the Premises, has ever been used by previous owners, operators or occupants or the Grantor to generate, manufacture, refine, transport, treat, store, handle or dispose, transfer, produce, process or in any manner deal with any Hazardous Substance in violation of any Environmental Laws;

(ii) to the best of the Grantor’s knowledge, after due inquiry and investigation, there has not been, or is not now occurring, any Release of any Hazardous Substance on or under the Premises;

(iii) the Grantor has not received a summons, citation, directive, letter or other communication, written or oral, from any Government Authority concerning any intentional or unintentional action or omission on the Grantor’s part which has resulted in the violation of any Environmental Laws, as the same may relate to the Premises;

(iv) the Grantor has duly complied, and shall continue to comply, with the provisions of the Environmental Laws governing it, its business, assets, properties, facilities and the Premises, and shall keep the Premises free and clear of any liens imposed pursuant to such laws;

(v) the Grantor shall not, and shall not permit any of its officers, partners, employees, agents, contractors, licensees, tenants, occupants or others to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce, process or in any manner deal with any Hazardous Substance on the Premises except in accordance with all Environmental Laws applicable thereto;

(vi) there is not now outstanding any Environmental Complaint issued by any Governmental Authority to the Grantor or relating to the Grantor's business, assets, properties, facilities or the Premises under any Environmental Law, and there is not now existing any condition which, if known by the proper authorities, could result in any Environmental Complaint;

(vii) the Grantor has, and will continue to have, all necessary licenses, certificates and permits under the Environmental Laws relating to the Grantor and its facilities, property, assets, and business, and the Premises and the foregoing are in compliance with all Environmental Laws;

(viii) there are no underground storage tanks on or under the Premises;

(ix) to the actual knowledge of the Grantor, none of the real property owned and/or occupied by Grantor and located in the State in which the Premises are located, including without limitation, the Premises, has ever been used by the present or previous owners and/or operators or will be used in the future to refine, produce, store, handle, transfer, process, transport, generate, manufacture heat, treat, recycle or dispose of Hazardous Substances in violation of applicable Environmental Laws;

(x) the Grantor has not received any notice of violation, request for information, summons, citation, directive or other communication, written or oral, from the Department of Environmental Protection in the State in which the Premises are located or the United States Environmental Protection Agency concerning any intentional or unintentional act or omission on the Grantor's or any occupant's part resulting in the release or discharge of Hazardous Substances;

(b) If the Grantor receives any notice of (i) the presence of Hazardous Substances on the Premises, (ii) any violation of or noncompliance with any Environmental Law, (iii) the occurrence of a Release on or about any asset, business, facility or property of the Grantor or caused by the Grantor, or (iv) any Environmental Complaint affecting Grantor or the Premises or the Grantor's operations, assets, business, facilities or properties, then the Grantor will give written notice of the foregoing to the Beneficiary within ten (10) days of receipt thereof and shall (1) promptly comply with the Environmental Laws and all other laws, regulations, resolutions and ordinances to correct, contain, cleanup, remove, resolve or minimize the impact of such Hazardous Substances, Release or Environmental Complaint and (2) shall, within thirty (30) days from the date of such notice, (A) post a bond from a surety or (B) cause a lending institution to issue a letter of credit for the benefit of the Beneficiary, and to any Governmental Authority requiring the same; the surety or the lending institution, and the form, the substance and the amount of the bond or letter of credit to be satisfactory to the Beneficiary and satisfactory to the applicable Governmental Authority, or shall give to the Beneficiary and the applicable Governmental Authority such other security satisfactory in form, substance and amount to both the Beneficiary and the applicable Governmental Authority to assure that the Grantor does correct, contain, cleanup, remove, resolve or minimize the impact of such Hazardous Materials, Release or Environmental Complaint. In the event that

the Grantor shall not accomplish the foregoing within the required period of time, the Beneficiary may declare the Obligations, with interest thereon, to be immediately due and payable.

(c) Without limitation of the Beneficiary's rights under this Deed of Trust or applicable law, the Beneficiary shall have the right, but not the obligation, to exercise any of its rights to cure as provided in this Deed of Trust or to enter onto the Premises or to take such other actions as it deems necessary or advisable to correct, contain, cleanup, remove, resolve or minimize the impact of, or otherwise deal with, any such Hazardous Substance, Release, or Environmental Complaint upon its receipt of any notice from any person or entity or Governmental Authority, informing the Beneficiary of such Hazardous Substance, Release or Environmental Complaint, which if true, could adversely affect the Grantor or any part of the Premises or which, in the sole opinion of the Beneficiary, could adversely affect its collateral security under this Deed of Trust. All reasonable costs and expenses incurred and paid by the Beneficiary in the exercise of any such rights shall be paid by the Grantor to the Beneficiary upon demand, together with interest from the date that such sum is advanced, payment made or expense incurred, to and including the date of reimbursement, computed at the Default Rate. Any such sum paid by the Beneficiary and the interest thereon shall be a lien on the Premises prior to any claim, lien, right, title or interest in, to or on the Premises attaching or accruing subsequent to the lien of this Deed of Trust, and shall be deemed to be secured by this Deed of Trust and evidenced by the Note.

(d) Upon written request, the Grantor shall provide to the Beneficiary the following information pertaining to all operations conducted in or on the Premises:

- (i) copies of all licenses, certificates and permits under the Environmental Laws;
- (ii) material safety data sheets and maps, diagrams and site plans showing the location of all storage areas and storage tanks for all Hazardous Substances or other chemicals in, used at, manufactured at, brought to or stored at the Premises;
- (iii) copies of all materials filed with any Governmental Authority;
- (iv) a description of the operations and processes of the Grantor; and
- (v) any other information which the Beneficiary may reasonably require.

(e) In the event the Beneficiary believes that Grantor has not complied with the terms, conditions and covenants set forth in this Section, or has violated any Environmental Laws, then, upon reasonable notice to the Grantor, the Beneficiary, its officers, employees, agents and contractors, may enter the Premises to inspect it and to conduct, complete and take such tests, samples, analyses and other processes (collectively, an "Environmental Survey") as the Beneficiary shall deem necessary to determine the Grantor's compliance with this Section and the Environmental Laws. The costs, expenses and fees of the Beneficiary of such entry,

inspection, tests, samples, analyses and processes shall be paid and reimbursed by the Grantor upon demand by the Beneficiary. Any such sum paid by the Beneficiary, with the interest thereon at the rate provided to be paid on the Obligations, shall be a lien on the Premises prior to any claim, lien, right, title or interest in, to or on the Premises attaching or accruing subsequent to the lien of this Deed of Trust, and shall be deemed to be secured by this Deed of Trust and evidenced by the Note.

(f) Grantor has simultaneously with the execution of this Deed of Trust, executed and delivered to Beneficiary that certain Environmental Indemnity Agreement. The provisions of the Environmental Indemnity Agreement are intended to supplement and not replace the provisions of this Section of the Deed of Trust. In the event there is a conflict between the terms of the Environmental Indemnity Agreement and this Deed of Trust, the terms of the Environmental Indemnity Agreement will govern, provided those provisions are broader. Notwithstanding the foregoing, Grantor's obligations under the Environmental Indemnity Agreement are not secured by the lien of this Deed of Trust and shall survive sale of the Property pursuant to the power of sale granted herein, as provided in RCW 61.24.100(10).

Section 20. Advice of Counsel. The Grantor acknowledges it has thoroughly read and reviewed the terms and provisions of this Deed of Trust and the other Loan Documents and is familiar with the same, that the terms and provisions contained herein are clearly understood by the Grantor and have been fully and unconditionally consented to by the Grantor, and that Grantor has had full benefit and advice of legal counsel of the Grantor's own selection or the opportunity to obtain the benefit and advice of counsel of the Grantor's own selection in regard to understanding the terms, meaning and effect of this Deed of Trust and the other Loan Documents, and that this Deed of Trust and the other Loan Documents have been entered into by the Grantor freely, voluntarily, with full knowledge, and without duress, and that in executing this Deed of Trust and the other Loan Documents, the Grantor is not relying on any representations or statements either written or oral, express or implied, made to Grantor by Beneficiary or any other person, and that the consideration received by the Grantor hereunder has been actual and adequate.

Section 21. Appraisal of Premises. The Grantor shall permit the Beneficiary, at Grantor's expense, to have the Premises appraised or reappraised by a real estate appraiser selected by the Beneficiary (whether said appraiser is staff or fee), in the event that (i) the Beneficiary shall have reasonably determined that the either the condition of the Premises shall have diminished; (ii) Grantor shall have reasonable determined that Grantor has violated a covenant or agreement contained in the Loan Agreement relating to the completion of the Project; (iii) an Event of Default shall have occurred and be continuing under the Loan Documents; or (iv) such reappraisal shall be required by a regulatory authority having jurisdiction over the Beneficiary. The Grantor shall reimburse Beneficiary for any reasonable fees, costs, expenses or charges incurred by Beneficiary in engaging any such appraiser or reviewing and documenting such appraisal or reappraisal and such fees shall be part of the Obligations. The Grantor agrees to provide any information as reasonably requested by Beneficiary in order to perform the appraisal or reappraisal, and permit any appraiser

designated by Beneficiary to enter the Premises at any reasonable time for the purpose of conducting the appraisal or reappraisal.

Section 22. Right of Inspection. The Beneficiary and its agents shall have the right to enter and inspect the Premises at all reasonable times upon notice to the Grantor.

Section 23. Financial Statements and Reporting Information. The Grantor shall furnish the Beneficiary with the following:

(a) The Grantor shall furnish the Beneficiary with financial and, operating statements within ninety (90) days after the last day of each fiscal year, and within sixty (60) days after the last day of each fiscal quarter, listing all assets and liabilities (including contingent liabilities) as well as all items of income and expense, and such statements shall be prepared and certified by the chief financial officer of the Grantor as having been prepared in accordance with generally accepted accounting principles and being true and complete in all material respects;

(b) Promptly upon receipt thereof, copies of any reports submitted to the Grantor by independent certified public accountants in connection with the examination of the financial statements of the Grantor made by such accountants;

(c) Prior to the date hereof and from time to time as requested by the Beneficiary, provide the Beneficiary with a written acknowledgment, in form and substance satisfactory to the Beneficiary, from the Grantor's accountant acknowledging that the Beneficiary is relying on the accountant's professional accounting services to the Grantor and the Grantor's and knowledge of the Beneficiary's reliance;

(d) The Grantor covenants and agrees that it shall submit to the Beneficiary upon request, copies of all federal and state income tax returns, as filed; and

(e) The Grantor covenants and agrees that it shall furnish to the Beneficiary any other financial information reasonably requested by the Beneficiary.

Section 24. Deed of Trust Secures a Line of Credit. This Deed of Trust secures the Obligations to the extent of the stated principal amount of this Deed of Trust plus interest and other amounts secured hereby. In addition to the other rights granted to the Beneficiary hereunder and under applicable law and without any limitation on said rights, this Deed of Trust secures the indebtedness of the Grantor under the Loan Agreement and the Other Loan Agreements, which reflect the fact that the parties thereto reasonably contemplate entering into a series of advances, payments and re-advances, and that the aggregate amount at any time outstanding by reason of such series of advance, or advances, payments and readvances shall not exceed the maximum amount available pursuant to the Loan Agreement and the Other Loan Agreements, the stated principal amount of which plus interest and other amounts which may be advanced to the Grantor thereunder is secured by this Deed of Trust. This Deed of Trust shall secure not only the original indebtedness but also the indebtedness that may be created by future advances to the Grantor by the Beneficiary hereunder made hereafter, whether such

advances are obligatory or are to be made at the option of the Beneficiary or otherwise, to the same extent and with the same priority lien as if such future advances had been made at the time this Deed of Trust is recorded, although there may be no advances made at the time of the execution and acknowledgment of this Deed of Trust, and although there may be no indebtedness outstanding at the time any advance is made. The total amount of the Obligations secured hereunder may increase or decrease from time to time in accordance advances, repayments and re-advances made, if any, pursuant to the Loan Agreement and the Other Loan Agreements.

ARTICLE II

THE GRANTOR SHALL BE IN DEFAULT THIS DEED OF TRUST UPON THE OCCURRENCE OF ANY OF THE FOLLOWING EVENTS (ANY OF WHICH MAY BE REFERRED TO AS AN "EVENT OF DEFAULT"):

Section 1. Nonpayment. The Grantor shall fail to make any payment of principal, interest or other monies as provided in the Note, the Loan Agreement, or this Deed of Trust, or in the Other Promissory Notes, the Other Loan Agreements and the Other Deeds of Trust when due.

Section 2. Breach of Covenants. The Grantor shall have failed to perform any of the terms, covenants, conditions or undertakings contained in this Deed of Trust, the Note, the Loan Agreement, any other Loan Documents or in the Other Loan Documents.

Section 3. Representations and Warranties. In the event that any representation or warranty made by the Grantor in this Deed of Trust, the Note, the Loan Agreement or in any Loan Document or Other Loan Document shall prove to be false or misleading in any material respect on the date as of which made.

Section 4. Bankruptcy. The Grantor shall have applied for or consented to the appointment of a receiver, custodian, trustee or liquidator of all or a substantial part of the Grantor's assets; or shall generally not be paying the Grantor's debts as they become due; or shall have admitted in writing the inability to pay the Grantor's debts as they mature; or shall have made a general assignment for the benefit of creditors; or shall have filed a petition or an answer seeking an arrangement with creditors; or shall have taken advantage of any insolvency law; or shall have submitted an answer admitting the material allegations of a petition in any bankruptcy or insolvency proceeding; or an order, judgment or decree shall have been entered, without the application, approval or consent of the Grantor by any Court of competent jurisdiction appointing a receiver, custodian, trustee or liquidator of the Grantor, or a substantial part of the Grantor's assets; or a petition in bankruptcy shall have been filed by or against the Grantor; or if any Order for Relief shall have been entered under the Federal Bankruptcy Code.

Section 5. Other Foreclosures. In the event that proceedings shall have been instituted for foreclosure or collection of any Deed of Trust, judgment, or lien prior, equal to or subordinate to the lien of this Deed of Trust.

Section 6. Judgments. In the event one or more final judgments, decrees, or orders for the payment of money in excess of Five Thousand and no/100 Dollars (\$5,000.00) in the aggregate shall be rendered against the Grantor and such judgments, decrees or orders shall continue unsatisfied and in effect for a period of thirty (30) consecutive days without being vacated, discharged, satisfied, or stayed or bonded pending appeal.

Section 7. Other Obligations. In the event of a default by the Grantor in any of the terms or conditions of any agreement covering the payment of borrowed money from any person or entity, if such a default would permit the holder of the debt instrument to accelerate the payment of the debt, irrespective of whether the default is waived or not waived by the holder of the debt instrument.

Section 8. Default Under Other Loan Documents. In the event of a default or Event of Default by the Grantor under the Loan Agreement, any other Loan Document, any of the Other Loan Documents.

Section 9. Cross Default/Cross Collateralization. In an Event of Default under the terms of the Other Deeds of Trust securing the Note and the Other Promissory Notes executed by Grantor in favor of Beneficiary (together with their respective assignments of leases and rents and other documents securing or evidencing the Note and the Other Promissory Notes) and encumbering certain Premises (as defined in the Loan Agreement and the Other Loan Agreements to which such Notes and Other Promissory Notes relate), such Event of Default shall constitute an Event of Default hereunder. Upon the occurrence of an Event of Default hereunder or under the Loan Agreement, such default shall constitute an Event of Default under the Other Deeds of Trust and the Other Loan Agreements. Upon the occurrence of such an Event of Default, Beneficiary shall be entitled to exercise any and all of the rights and remedies for default provided herein, in the Loan Agreement and the Other Loan Agreements, or by law.

Grantor acknowledges that the Note and the Other Promissory Notes are secured by this Deed of Trust together with the Other Deeds of Trust. Upon the occurrence of an Event Of Default under the Loan Agreement or under the Other Loan Agreements, Beneficiary shall have the right to institute a proceeding or proceedings for the total or partial foreclosure of this Deed of Trust and any and all of the Other Deeds of Trust whether by court action, power of sale or otherwise, under any applicable provision of law, for all or a portion of the indebtedness evidenced by the Note and the Other Promissory Notes, and the lien and security interest created by the Other Deeds of Trust shall continue in full force and effect without loss of priority as a lien and security interest securing the payment of that portion of the Note and the Other Promissory Notes then due and payable but still outstanding following any such foreclosure. Grantor acknowledges and agrees that Beneficiary shall be permitted to enforce payment of the Note and the Other Promissory Notes and the performance of any term, covenant or condition of the Note and the Other Promissory Notes, this Deed of Trust or the Other Deeds of Trust, the Loan Agreement and the Other Loan Agreements, and exercise any and all rights and remedies under the Note, the Other Promissory Notes, this Deed of Trust or the Other Deeds of Trust, the Loan Agreement and the Other Loan Agreements, or as provided by law or at equity, by one or more proceedings, whether contemporaneous, consecutive or

both, to be determined by the Beneficiary, in its sole and absolute discretion. Neither the acceptance of this Deed of Trust or the Other Deeds of Trust nor the enforcement thereof whether by court action, foreclosure, power of sale or otherwise, shall prejudice or in any way limit to preclude enforcement by court action, foreclosure, power or sale or otherwise, of the Note, the Other Promissory Notes, this Deed of Trust or any Other Deeds of Trust through one or more additional proceedings. Any and all sums received by Beneficiary under the Note, the Other Promissory Notes, the Loan Agreement, the Other Loan Agreements, this Deed of Trust or the Other Deeds of Trust shall be applied to the Obligations in such order and priority as Beneficiary shall determine, in its sole discretion.

ARTICLE III

UPON THE OCCURRENCE OF ANY EVENT OF DEFAULT, THE BENEFICIARY MAY, IN ADDITION TO ANY RIGHTS OR REMEDIES AVAILABLE TO IT HEREUNDER OR AT LAW, TAKE SUCH ACTION AS IT DEEMS ADVISABLE TO PROTECT AND ENFORCE ITS RIGHTS AGAINST THE GRANTOR AND IN AND TO THE MORTGAGED PREMISES, INCLUDING THE FOLLOWING ACTIONS, EACH OF WHICH MAY BE PURSUED CONCURRENTLY OR OTHERWISE, AT SUCH TIME AND IN SUCH ORDER AS THE BENEFICIARY MAY DETERMINE, IN ITS SOLE AND ABSOLUTE DISCRETION, WITHOUT IMPAIRING OR OTHERWISE AFFECTING THE OTHER RIGHTS AND REMEDIES OF THE BENEFICIARY:

Section 1. Acceleration. The Beneficiary may declare the entire amount of unpaid Obligations due under this Deed of Trust, the Note, the Loan Agreement, the other Loan Documents, the Other Promissory Notes, the Other Deeds of Trust and the Other Loan Documents immediately due and payable, and accelerate payment thereof, without presentment, demand or notice of any kind, all of which are expressly waived, notwithstanding anything to the contrary contained in this Deed of Trust and/or the Note.

Section 2. Possession. The Beneficiary may enter upon and take possession of the Premises, and exclude Grantor and its agents and servants wholly therefrom, without liability for trespass, damages or otherwise, and take possession of all books, records and accounts relating thereto, and Grantor agrees to surrender possession of the Premises and of such books, records and accounts to Beneficiary on demand after the happening of any Event of Default; and having and holding the same Beneficiary may use, operate, manage, preserve, control and otherwise deal therewith and conduct the business thereof, without interference from Grantor; and upon each such entry and from time to time thereafter Beneficiary may, at the expense of Grantor and the Mortgaged Premises, without interference by Grantor and as Beneficiary may deem advisable, (i) insure or reinsure the Premises, (ii) make all necessary or proper repairs, renewals, replacements, alterations, additions, betterments and improvements thereto and thereon, and (iii) in every such case in connection with the foregoing have the right to exercise all rights and powers of Grantor with respect to the Premises, either in Grantor's name or otherwise. For the purpose of carrying out the provisions of this subsection, Grantor hereby constitutes and appoints the Beneficiary the true and lawful attorney-in-fact of Grantor to do and perform from time to time, any and all actions necessary and incidental to such purpose

and does by these presents ratify and confirm any and all actions of said attorney-in-fact in and with respect to the Premises (such appointment being coupled with an interest and irrevocable);

Section 3. Foreclosure. Beneficiary may deliver to Trustee a written notice of default and request Trustee to cause Grantor's interest in the Property to be sold.

(a) Should Lender elect to foreclose by exercise of the power of sale herein contained, Lender shall notify Trustee and Trustee shall sell the Property, in accordance with the Washington Deed of Trust Act (RCW Chapter 61.24), at public auction to the highest bidder. In case of a sale under this Deed of Trust, the said property, including any fixtures and personal property, may be sold in one parcel. Any person except Trustee may bid at the Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (1) to the expense of sale, including a Trustee's fee and reasonable attorney's fee; (2) to interest due under the Deed of Trust; (3) to principal due under this Deed of Trust; (4) the surplus, if any, shall be distributed either to the persons entitled hereto or such surplus, less the clerk's filing fee, shall be deposited with the clerk of the Superior Court as provided by law. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the Property which Grantor has or had the power to convey at the time of his execution of this Deed of Trust, and such as he may have acquired thereafter. Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchasers and encumbrancers for value.

(b) Following a sale pursuant to the exercise of the Trustee's power of sale, as provided herein, Grantor and any indemnitor or guarantor of the loan secured hereby shall remain personally liable for any deficiency to the full extent provided by applicable law.

Section 4. Rents; Appointment of Receiver. The Beneficiary may, with or without the entrance upon the Premises, collect, receive, sue for and recover in its own name all Rents; and after deducting therefrom all costs, expenses and liabilities of every character incurred by Beneficiary in collecting the same and in using, operating, managing, preserving and controlling the Premises, and otherwise in exercising Beneficiary's rights under Section 2 of this Article III, including all amounts necessary to pay Impositions, insurance premiums and other charges in connection with the Premises, as well as compensation for the services of Beneficiary and its attorneys, agents and employees, apply the monies arising as aforesaid to the sums owing under the Note and any other portion of the Obligations remaining unpaid. The Beneficiary may also obtain the appointment of a receiver of the Rents appointed without the necessity of proving either the depreciation or the inadequacy of the value of the security, or the insolvency of the Grantor or any person or entity who may be legally or equitably liable to pay monies secured hereby, and the Grantor and each such person or entity waives such proof and consents to the appointment of a receiver.

Section 5. Fair Rental Payments. If the Grantor or any subsequent owner is occupying the Premises or any part thereof, it is hereby agreed that the said occupants shall pay

such reasonable rental monthly in advance as the Beneficiary shall demand for the Premises or the part so occupied, and for the use of personal property covered by this Deed of Trust or any chattel Deed of Trust.

Section 6. Excess Monies. The Beneficiary may apply on account of the unpaid Obligations (including any unpaid accrued interest) owed to the Beneficiary any unexpended monies retained by the Beneficiary that were paid by the Grantor to the Beneficiary (i) for the payment of, or as security for the payment of taxes, assessments, municipal or governmental rates, charges, impositions, liens, water or sewer rents, or insurance premiums, if any, or (ii) in order to secure the performance of some act by the Grantor.

Section 7. Remedies at Law or Equity. The Beneficiary may take any of the remedies otherwise available to it as a matter of law or equity.

ARTICLE IV MISCELLANEOUS

Section 1. Cumulative Rights. The rights and remedies herein expressed to be vested in or conferred upon the Beneficiary shall be cumulative and shall be in addition to and not in substitution for or in derogation of the rights and remedies conferred by any applicable law. The acceptance by the Beneficiary of any payments hereunder after the occurrence of an Event of Default or the failure, at any one or more times, of the Beneficiary to assert the right to declare the Obligations due or the granting of any extension or extensions of time of payment of the Note either to the maker or to any other person or entity, or taking of other or additional security for the payment thereof, or releasing any security, or changing any of the terms of this Deed of Trust, the Note, the other Loan Documents, or any other obligation accompanying this Deed of Trust, or waiver of or failure to exercise any right under any covenant or stipulation herein contained shall not in any way affect this Deed of Trust nor the rights of the Beneficiary hereunder nor operate as a release from any personal liability upon the Note or other obligation accompanying this Deed of Trust, nor under any covenant or stipulation therein contained, nor under any agreement assuming the payment of said Note or obligation.

Section 2. Notices. Unless otherwise indicated differently, all notices, payments, requests, reports, information or demands which any party hereto may desire or may be required to give to any other party hereunder, shall be in writing and shall be given in the manner provided for in the Loan Agreement.

Section 3. Successors and Assigns. All of the terms, covenants, provisions and conditions herein contained shall be for the benefit of, apply to, and bind the successors and assigns of the Grantor and the Beneficiary, and are intended and shall be held to be real covenants running with the land, and the term "Grantor" shall also include any and all subsequent owners and successors in title of the Premises.

Section 4. Gender. When such interpretation is appropriate, any word denoting gender used herein shall include all persons, natural or artificial, and words used in the singular shall include the plural.

Section 5. Waiver of Right of Redemption. Grantor hereby waives the benefit of all appraisement, valuation, stay, moratorium, extension, reinstatement and redemption laws now or hereafter in force and all rights of marshalling of assets, including the Premises. Further, Grantor hereby expressly waives any and all rights of redemption from sale under any order or decree of foreclosure of this Deed of Trust, on behalf of Grantor and on behalf of each and every person acquiring any interest in or title to the Premises subsequent to the date of this Deed of Trust.

Section 6. Severability. The provisions of this Deed of Trust are severable. In the event of the unenforceability or invalidity of any one or more of the terms, covenants, conditions, or provisions of this Deed of Trust under federal, state, or other applicable, such unenforceability or invalidity shall not render any other of the terms, covenants, conditions, or provisions hereof unenforceable or invalid. In the event any waiver by Grantor hereunder is prohibited by law, including but not limited to the waiver of exemption from execution, such waiver shall be deemed to be deleted herefrom.

Section 7. Ambiguity Between Agreements. In the event of any ambiguity or inconsistency between this Deed of Trust and any commitment letter or other agreement, document or instrument executed in connection with the Deed of Trust, except for the Loan Agreement, then the terms of this Deed of Trust shall govern.

Section 8. WAIVER OF JURY TRIAL. THE GRANTOR HEREBY WAIVES ANY AND ALL RIGHTS THAT IT MAY NOW OR HEREAFTER HAVE UNDER THE LAWS OF THE UNITED STATE OF AMERICA OR ANY STATE TO A TRIAL BY JURY OF ANY AND ALL ISSUES ARISING EITHER DIRECTLY OR INDIRECTLY IN ANY ACTION OR PROCEEDING BETWEEN THE GRANTOR AND THE BENEFICIARY, OR ITS SUCCESSORS AND ASSIGNS, OUT OF OR IN ANY WAY CONNECTED WITH THIS DEED OF TRUST, THE NOTE AND THE OTHER LOAN DOCUMENTS. IT IS INTENDED THAT SAID WAIVER SHALL APPLY TO ANY AND ALL DEFENSES, RIGHTS, AND/OR COUNTERCLAIMS IN ANY ACTION OR PROCEEDING. GRANTOR ACKNOWLEDGES THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR BENEFICIARY TO MAKE THE LOAN.

Section 9. SERVICE OF PROCESS. THE GRANTOR AGREES THAT SERVICE OF PROCESS IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER ARISING OUT OF OR RELATED TO THIS DEED OF TRUST OR THE RELATIONSHIP ESTABLISHED HEREUNDER MAY BE DULY EFFECTED UPON IT BY MAILING A COPY THEREOF, BY REGISTERED MAIL, POSTAGE PREPAID, TO THE GRANTOR AT THE ADDRESS SET FORTH IN THE LOAN AGREEMENT.

Section 10. NO CONSEQUENTIAL OR PUNITIVE DAMAGES. NO CLAIM MAY BE MADE BY THE GRANTOR AGAINST THE BENEFICIARY OR THE AFFILIATES, DIRECTORS, OFFICERS, EMPLOYEES, ATTORNEYS OR AGENTS OF THE BENEFICIARY FOR ANY SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES OR, TO THE FULLEST EXTENT PERMITTED BY LAW, FOR ANY PUNITIVE DAMAGES IN RESPECT OF ANY CLAIM OR CAUSE OF ACTION (WHETHER BASED ON CONTRACT, TORT, STATUTORY LIABILITY, OR ANY OTHER GROUND) BASED ON, ARISING OUT OF, OR RELATED TO THIS DEED OF TRUST, THE LOAN AGREEMENT, OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, OR ANY ACT, OMISSION OR EVENT OCCURRING IN CONNECTION THEREWITH, AND THE GRANTOR HEREBY WAIVES, RELEASES, AND AGREES NEVER TO SUE UPON ANY CLAIM FOR ANY SUCH DAMAGES, WHETHER SUCH CLAIM NOW EXISTS OR HEREAFTER ARISES AND WHETHER OR NOT IT IS NOW KNOWN OR SUSPECTED TO EXIST IN ITS FAVOR.

Section 11. Payment of Attorneys' Fees and Costs. If: (i) this Deed of Trust, or any Loan Document is placed in the hands of an attorney for collection or enforcement or is collected or enforced through any legal proceeding; (ii) an attorney is retained to represent Beneficiary in any bankruptcy, reorganization, receivership, or other proceeding affecting creditor's rights and involving a claim under this Deed of Trust or any of the other Loan Documents; (iii) an attorney is retained to protect or enforce the lien of this Deed of Trust or any of the other Loan Documents; or (iv) an attorney is retained to represent Beneficiary in any other proceeding whatsoever in connection with this Deed of Trust, any of the other Loan Documents or any property subject thereto, then Grantor shall pay to Beneficiary all reasonable attorneys' fees, costs, expenses and disbursements incurred in connection therewith, including fees incurred in connection with proceedings brought under 11 United States Code, in addition to all other amounts due hereunder.

Section 12. Law Governing. All the terms, conditions and covenants contained in this Deed of Trust shall be governed by and construed and interpreted in accordance with the substantive laws of the State of Washington.

Section 13. No Assignment. This Deed of Trust shall not be assigned by the Grantor without the prior express written consent of the Beneficiary, in its sole and absolute discretion.

Section 14. Modifications in Writing. No provision of this Deed of Trust may be waived, changed, amended, modified or discharged orally and no executory agreement shall be effective to modify or discharge it in whole or in part, unless it is in writing and signed by the party against whom enforcement of the waiver, change, amendment, modification or discharge is sought. Any waiver by the Beneficiary or modification of the terms hereof shall be effective only in the specific instance and for the specific purpose for which given and, notwithstanding anything to the contrary herein, all such waivers and modifications may be given or withheld in the sole and absolute discretion of the Beneficiary.

Section 15. Consent by Beneficiary. If the Grantor shall request the Beneficiary's consent or approval pursuant to any of the provisions of this Deed of Trust or otherwise, and the Beneficiary shall fail or refuse to give, or shall delay in giving, such consent or approval, the Grantor shall in no event make, or be entitled to make, any claim for damages (nor shall the Grantor assert, or be entitled to assert, any such claim by way of defense, set-off, or counterclaim) based upon any claim or assertion by the Grantor that the Beneficiary unreasonably withheld or delayed its consent or approval, and the Grantor hereby waives any and all rights that it may have, from whatever source derived, to make or assert any such claim. The Grantor's sole remedy for any such failure, refusal, or delay shall be an action for a declaratory judgment, specific performance, or injunction, and such remedies shall be available only in those instances where the Beneficiary has expressly agreed in writing not to unreasonably withhold or delay its consent or approval or where, as a matter of law, the Beneficiary may not unreasonably withhold or delay the same.

Section 16. Further Assurances. The Grantor will, at the request of the Beneficiary and at the cost and expense of the Grantor (i) promptly correct any defect, error or omission which may be discovered in the contents of this Deed of Trust, or in the execution, acknowledgment or recordation hereof, or (ii) promptly do, execute, acknowledge and deliver any and all such further acts, deeds, conveyances, mortgages, deed of trusts, amendments, supplements, assignments, estoppel certificates, financing statements and continuations thereof, notices of assignment, transfers, certificates, assurances and other instruments as the Beneficiary may reasonably require from time to time in order to (a) effectuate, the purposes of this Deed of Trust, (b) subject to the lien and security interest hereby created any of the Grantor's properties, rights or interests covered or now or hereafter intended to be covered hereby, (c) perfect and maintain such lien and security interest, or (d) convey, grant, assign, transfer and confirm unto the Beneficiary the rights granted or now or hereafter intended to be granted to the Beneficiary hereunder or under any other instrument executed in connection with this Deed of Trust or which the Grantor may be or become bound to convey, mortgage or assign to the Beneficiary in order to carry out the intention or facilitate the performance of the provisions of this Deed of Trust. The Grantor hereby appoints the Beneficiary as its attorney-in-fact to execute, acknowledge and deliver for in the name of the Grantor any and all of the instruments mentioned in this Section and this power, being coupled with an interest, shall be irrevocable as long as any part of the Obligations remains unpaid.

Section 17. Captions. The title of this document and the captions used herein are inserted only as a matter of convenience and for reference and shall in no way define, limit or describe the scope or intent of this Deed of Trust or any of the provisions hereof.

Section 18. Reference to the Loan Agreement. This Deed of Trust is the Deed of Trust referred to in the Loan Agreement dated the date hereof executed by and between the Grantor and the Beneficiary, and is subject to all the terms and provisions of the Loan Agreement. Should any provision of the Loan Agreement be inconsistent or contrary to the provisions of this Deed of Trust, the provisions of the Loan Agreement shall control.

Section 19. Definitions. Unless the context clearly indicates a contrary intent or unless otherwise specifically provided herein, words used in this Deed of Trust (including pronouns) shall include the corresponding masculine, feminine or neuter forms, and the singular form of such words shall include the plural and vice versa. The word "Grantor" shall mean each Grantor or any subsequent owner or owners of the Premises or any part or interest therein; the word "Beneficiary" shall mean Beneficiary and any subsequent holder of the Note; the word "Note" shall mean the Note, the Other Promissory Notes, and any other evidence of indebtedness secured by this Deed of Trust; the word "person" shall include any individual, corporation, partnership, trust, limited liability company, unincorporated association, government, governmental authority or any other entity; and the words "Premises" shall include any portion of the Premises and any interest therein. Any term not otherwise defined herein shall have the meaning ascribed to it in the Loan Agreement.

Section 20. Releases of Part of Premises. Provided that no Event of Default is existing, the Beneficiary agrees to deliver to the Grantor releases of parts of the Premises for consideration and subject to conditions as follows:

(a) Each single family dwelling unit for which a release is requested shall be shown as a subdivided building lot and a separate unit on a valid subdivision map, or a separate unit on a survey, map, and plans, as filed among the land records of Skagit County, Washington; and

(b) Release consideration to be paid to the Beneficiary by the Grantor toward reduction of principal due on the Note shall be 100% of sale price less broker commissions and such reasonable closing expenses as approved by lender; and

(c) A certificate of occupancy has been issued for such single family dwelling; and

(d) Instruments of release to effect the intentions of this Section are to be prepared by counsel to the Grantor at the sole cost and expense of the Grantor and subject to approval by the Beneficiary; and

All other requirements for the release of the single family dwelling set forth in the Loan Agreement and the other Loan Documents have been complied with, to the satisfaction of the Beneficiary and Beneficiary has determined in its sole and absolute discretion that Grantor has performed and is performing all of Grantor's obligations under the Other Loan Documents to the satisfaction of the Beneficiary.

Section 21. Successor Trustee. Beneficiary may remove Trustee or any successor trustee at any time and appoint a successor trustee by recording a written substitution in the county where the Property is located, or in any other manner permitted by law. Upon that appointment, all of the powers, rights, and authority of Trustee will immediately become vested in the successor.

Section 22. Use of Proceeds. The Property is not used principally for agricultural or

farming purposes. The indebtedness secured by this Deed of Trust is a "Commercial Loan" as that term is defined in the Washington Deed of Trust Act (RCW Chapter 61.24)

My appointment expires: 8-3-17

UNOFFICIAL DOCUMENT

SCHEDULE A'

ATTACHED TO AND MADE A PART OF THAT CERTAIN DEED OF TRUST,
ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING

BY AND BETWEEN

BURLINGTON ONE, INC., AS GRANTOR,

AND

AMBLESIDE LENDING LLC, AS BENEFICIARY

DATED April 20, 2016

DESCRIPTION OF PREMISES

**Tracts D, E and F of Boundary Line Adjustment 201505010100 City of Burlington, Skagit
County, State of Washington.**

EXHIBIT A

Order No.: 620024855

For APN/Parcel ID(s): P128583 / 4077-125-010-0100, P62717 / 3867-000-063-0000, P132684 / 3867-000-063-1000 and P128585 / 4077-125-010-0300

Parcel "A":

The West 310.50 feet (as measured perpendicular to the West line) of the following described tract:

The North 1/2 of the East 1/2, less the West 7.2 feet thereof, of Lot 63, "PLAT OF THE BURLINGTON ACREAGE PROPERTY", as per plat recorded in Volume 1 of Plats, Page 49, Records of Skagit County, Washington.

Situate in the City of Burlington, County of Skagit, State of Washington.

Parcel "B":

The North 1/2 of the East 1/2, less the West 7.2 feet thereof, of Lot 63, "PLAT OF THE BURLINGTON ACREAGE PROPERTY", as per plat recorded in Volume 1 of Plats, Page 49, Records of Skagit County, Washington.

EXCEPT the West 310.50 feet (as measured perpendicular to the West line) thereof.

Situate in the City of Burlington, County of Skagit, State of Washington.

Parcel "C":

Those portions of Lots 7 and 8, Block 125, Plat of "First Addition to Burlington, Skagit Co, Wash.", as per plat recorded in Volume 3 of Plats, Page 11, Records of Skagit County, Washington, being more particularly described as follows:

Commencing at the Southwest corner of Lot 6, Block 125, Plat of "First Addition to Burlington, Skagit Co, Wash.", as per plat recorded in Volume 3 of Plats, Page 11, Records of Skagit County, Washington:

Thence North 0° 12' 44" West along the West line of said Lot 6, also being the Easterly right-of-way margin of Regent Street for a distance of 4.00 feet, more or less, to the North line of the South 4.00 feet (as measured perpendicular to the South line) of said Lot 6; thence South 89° 40' 47" East along said North line of the South 4.00 feet of Lot 6, or said line extended into Lots 7 and 8 of said Block 125 for a distance of 246.85 feet to the true point of beginning; thence North 0° 19' 13" East for a distance of 147.25 feet to a point that will be on the Southerly margin of a future road to the City of Burlington per the Helgeson 32 Lot Long Plat No. 1-07; thence along said proposed road margin as follows:

North 89° 39' 53" West for a distance of 51.00 feet to a point of curvature; thence along the arc of said curve to the left, concave to the Southeast, having a radius of 19.00 feet; through a central angle of 90° 00' 53", an arc distance of 29.85 feet to a point of tangency; thence South 0° 19' 13" West for a distance of 109.27 feet to a point of curvature; thence along the arc of said curve to the left, concave to the Northeast, having a radius of 19.00 feet, through a central angle of 90° 00' 00", an arc distance of 29.84 feet, more or less, to a point of tangency on said North line of the South 4.00 feet of Lot 7, said Block 125 at a point bearing North 89° 40' 47" West from the true point of beginning; thence South 89° 40' 47" East along said North line for a distance of 51.00 feet, more or less, to the true point of beginning.

EXHIBIT A

(continued)

Situate in the City of Burlington, County of Skagit, State of Washington.

Parcel "C1":

A non-exclusive mutually beneficial easement for ingress, egress and utilities (to be future road right-of-way to the City of Burlington dedicated on the future Helgeson 32 Lot Long Plat No. 1-07) over, under and across portions of Lots 6, 7 and 8, Block 125, Plat of "First Addition to Burlington, Skagit Co, Wash.", as per plat recorded in Volume 3 of Plats, Page 11, Records of Skagit County, Washington, said easement area being more particularly described as follows:

Commencing at the Southwest corner of said Lot 6, Block 125; thence North $0^{\circ} 12' 44''$ West along the West line of said Lot 6, also being the Easterly right-of-way margin of Regent Street, for a distance of 4.00 feet, more or less, to the North line of the South 4.00 feet (as measured perpendicular to the South line) of said Lot 6; thence South $89^{\circ} 40' 47''$ East along said North line of the South 4.00 feet of Lot 6, or line extended into Lot 7, said Block 125, for a distance of 107.85 feet to a point of curvature on the Westerly margin of a future road to the City of Burlington per the Helgeson 32 Lot Long Plat No. 1-07 and being the true point of beginning; thence along said proposed road margin as follows:

Thence along the arc of said curve to the left, concave to the Northwest, having a radius of 19.00 feet, through a central angle of $90^{\circ} 00' 00''$ an arc distance of 29.84 feet, to a point of tangency; thence North $0^{\circ} 19' 13''$ East for a distance of 109.27 feet, to a point of curvature; thence along the arc of said curve to the right, concave to the Southeast, having a radius of 69.00 feet, through a central angle of $90^{\circ} 00' 53''$, an arc distance of 108.40 feet, to a point of tangency; thence South $89^{\circ} 39' 53''$ East for a distance of 51.00 feet; thence South $0^{\circ} 20' 07''$ West for a distance of 50.00 feet to a point that will be on the Southerly right-of-way margin of a future road to the City of Burlington per the Helgeson 32 Lot Long Plat No. 1-07; thence along said proposed margin as follows:

North $89^{\circ} 39' 53''$ West for a distance of 51.00 feet, to a point of curvature; thence along the arc of said curve to the left, concave to the Southeast having a radius of 19.00 feet, through a central angle of $90^{\circ} 00' 53''$, an arc distance of 29.85 feet to a point of tangency; thence South $0^{\circ} 19' 13''$ West for a distance of 109.27 feet, to a point of curvature; thence along the arc of said curve to the left, concave to the Northeast, having a radius of 19.00 feet, through a central angle of $90^{\circ} 00' 00''$ an arc distance of 29.84 feet, more or less, to a point of tangency on the North line of the South 4.00 feet (as measured perpendicular to the South line) of Lot 7, said Block 125; at a point bearing South $89^{\circ} 40' 47''$ East from the true point of beginning; thence North $89^{\circ} 40' 47''$ West along said North line for a distance of 88.00 feet, more or less, to the true point of beginning.

Situate in the City of Burlington, County of Skagit, State of Washington.

PARCEL "D":

That portion of Lots 6, 7, 8, 9 and 10, Block 125, Plat of "First Addition to Burlington, Skagit Co, Wash.", as per plat recorded in Volume 3 of Plats, Page 11, Records of Skagit County, Washington, being more particularly described as follows:

Commencing at the Southwest corner of Lot 6, Block 125 said flat of "First Addition to Burlington, Skagit Co, Wash." as per plat recorded in Volume 3 of Plats, Page 11, Records of Skagit County, Washington. Thence North $0^{\circ} 12' 44''$ West along the West line of said Lot 6, also being the Easterly right-of-way margin of Regent Street, for a distance of 4.00 feet, more or less, to the North line of the South 4.00 feet (as measured perpendicular to the South line) of said Lot 6 and being the TRUE POINT OF BEGINNING;

thence North $0^{\circ} 12' 44''$ West along said West line for a distance of 293.33 feet, more or less, to the

EXHIBIT A

(continued)

Northwest corner of said Lot 6; thence North 89° 39' 53" East along the North

line of Lots 6, 7, 8, 9, and 10, Block 125 for a distance of 535.64 feet, more or less, to the Northeast corner of said Lot 10; thence South 0° 12' 44" East along the East line of said Lot 10, also being the Westerly right-of-way margin of Skagit Street, for a distance of 216.19 feet, to a point bearing North 0° 12' 49" West a distance of 81.00 feet from the Southeast corner of said Lot 10; thence North 89° 40' 47" West for a distance of 126.54 feet to a point that will be on the Easterly margin of a future road to the City of Burlington per the Helgeson 32 Lot Long Plat No. 1-07; thence along said proposed road margin as follows:

South 0° 19' 13" West for a distance of 58.00 feet to a point of curvature; thence along the arc of said curve to the left, concave to the Northeast, having a radius of 19.00 feet, through a central angle of 90° 00' 00", an arc distance of 29.84 feet, more or less, to a point of tangency on the North line of the South 4.00 feet (as measured perpendicular to the South line) of Lot 9, said Block 125; thence North 89° 40' 47" West along said North line for a distance of 88.00 feet to a cusp of a curve; thence along the arc of said curve to the left, concave to the Northwest, having an initial tangent bearing of South 89° 40' 47" East, a radius of 19.00 feet, through a central angle of 90° 00' 00", an arc distance of 29.84 to a point of tangency; thence North 0° 19' 13" East for a distance of 54.63 feet; thence North 89° 40' 47" West for a distance of 111.53 feet; thence North 0° 19' 13" East for a distance of 73.63 feet to a point that will be on the Southerly margin of a future road to the City of Burlington per the Helgeson 32 Lot Long Plat No. 1-07; thence along said proposed margin as follows:

North 89° 39' 53" West for a distance of 51.00 feet, to a point of curvature; thence along the arc of said curve to the left, concave to the Southeast, having a radius of 19.00 feet, through a central angle of 90° 00' 53" an arc distance of 29.85 feet to a point of tangency; thence South 0° 19' 13" West for a distance of 109.27 feet, to a point of curvature; thence along the arc of said curve to the left, concave to the Northeast, having a radius of 19.00 feet, through a central angle of 90° 00' 00", an arc distance of 29.84 feet, more or less, to a point of tangency on the North line of the South 4.00 feet (as measured perpendicular to the South line) of Lot 7, said Block 125, at a point bearing South 89° 40' 47" East from the true point of beginning; thence North 89° 40' 47" West along said North line for a distance of 195.85 feet, more or less, to the true point of beginning.

EXCEPT that portion of Lots 6, 7, 8, 9 and 10, Block 125, Plat of First Addition to Burlington, Skagit Co. Wash., as per plat recorded in Volume 3 of Plats, page 11, records of Skagit County, Washington, being more particularly described as follows:

BEGINNING at the Northeast corner of said Lot 10, Block 125, Plat of First Addition to Burlington, Skagit Co. Wash., as per plat recorded in Volume 3 of Plats, page 11, records of Skagit County, Washington;

Thence South 0 degrees 12'44" East along the East line of said Lot 10, also being the Westerly right-of-way margin of Skagit Street, for a distance of 25.39 feet;

Thence North 89 degrees 39'53" West parallel with the North line of said Lots 6, 7, 8, 9 and 10, Block 125, Plat of First Addition to Burlington, Skagit Co., Wash., for a distance of 272.33 feet;

Thence North 0 degrees 12'44" West for a distance of 10.00 feet;

Thence North 89 degrees 39'53" West for a distance of 159.33 feet;

Thence North 0 degrees 20'06" East for a distance of 15.39 feet, more or less, to the North line of Lot 6, Block 125, Plat of First Addition to Burlington, Skagit Co. Wash., at a point bearing North 89 degrees 39'53" West from the POINT OF BEGINNING;

Thence South 89 degrees 39'53" East along said North line of Lots 6, 7, 8, 9 and 10, Block 125, Plat of First Addition to Burlington, Skagit Co. Wash., for a distance of 431.51 feet, more or less, to the POINT OF BEGINNING.

EXHIBIT A

(continued)

AND EXCEPT that portion of Lots 8 and 9, Block 125, Plat of First Addition to Burlington, Skagit Co. Wash., as per plat recorded in Volume 3 of Plats, page 11, records of Skagit County, Washington, being more particularly described as follows:

Commencing at the Southwest corner of Lot 6, Block 125, Plat of First Addition to Burlington, Skagit Co. Wash., as per plat recorded in Volume 3 of Plats, page 11, records of Skagit County, Washington;

Thence North 0 degrees 12'44" West along the West line of Lot 6, also being the Easterly right-of-way margin of Regent Street for a distance of 4.00 feet, more or less, to the North line of the South 4.00 feet (as measured perpendicular to the South line) of said Lot 6;

Thence South 89 degrees 40'47" East along said North line of the South 4.00 feet of Lot 6, or said line extended into Lots 7 and 8 of said Block 125 for a distance of 246.85 feet to the Southwest corner of that certain parcel called Revised Lot 8, and described on Exhibit "D" of that certain Quit Claim Deed (Boundary Line Adjustment) to Roger W. Helgeson, recorded under Skagit County, Auditor's File No. 200904220096;

Thence North 0 degrees 19'13" East along the West line of said Revised Lot 8 for a distance of 73.63 feet to the Northwest corner thereof and being the TRUE POINT OF BEGINNING;

Thence South 89 degrees 40'47" East along the North line of said Revised Lot 8 for a distance of 111.53 feet, more or less, to a point that will be the Westerly margin of a future road to the City of Burlington per the Helgeson 32 Lot Long Plat No. 1-07 also being the Northeast corner of said Revised Lot 8;

Thence along said proposed margin North 0 degrees 19'13" East for a distance of 30.00 feet;

Thence leaving said proposed road margin North 89 degrees 40'47" West for a distance of 111.53 feet to a point on the East line of that certain parcel called Revised Lot 7 and described on Exhibit "C" of that certain Quit Claim Deed (Boundary Line Adjustment) to Roger W. Helgeson, recorded under Skagit County Auditor's File No. 200904220096 that bears North 0 degrees 19'13" East from the TRUE POINT OF BEGINNING;

Thence South 0 degrees 19'13" West along said East line of Revised Lot 7 for a distance of 30.00 feet, more or less, to the POINT OF BEGINNING.

Situate in the City of Burlington, County of Skagit, State of Washington.

Parcel "D1":

The following Two non-exclusive mutually beneficial easements for ingress, egress and utilities (to be future road rights-of-way to the City of Burlington dedicated on the future Helgeson 32 Lot Long Plat No. 1-07) over, under and across portions of Lots 6, 7, 8, 9, and 10, Block 125, Plat of "First Addition to Burlington, Skagit Co, Wash.", as per plat recorded in Volume 3 of Plats, Page 11, Records of Skagit County, Washington; said easements being more particularly described as follows:

Easement No. 1

Commencing at the Southwest corner of said Lot 6, Block 125; thence North 0° 12' 44" West along the West line of said Lot 6, also being the Easterly right-of-way margin of Regent Street, for a distance of 4.00 feet, more or less, to the North line of the South 4.00 feet (as measured perpendicular to the South line) of said Lot 6; thence South 89° 40' 47" East along said North line of the South 4.00 feet of Lot 6, or line extended into Lot 7, said Block 125, for a distance of 107.85 feet to a point of curvature on the Westerly margin of a future road to the City of Burlington per the Helgeson 32 Lot Long Plat No. 1-07 and being the true point of beginning; thence along said proposed road margin as follows:

Thence along the arc of said curve to the left, concave to the Northwest, having a radius of 19.00 feet, through a central angle of 90° 00' 00" an arc distance of 29.84 feet, to a point of tangency; thence North 0° 19' 13" East for a distance of 109.27 feet, to a point of curvature; thence along the arc of said curve to the right, concave to the Southeast, having a radius of 69.00 feet, through a central angle of 90° 00' 53", an arc distance of 108.40 feet, to a point of tangency; thence South 89° 39' 53" East for a distance of

EXHIBIT A

(continued)

51.00 feet; thence South $0^{\circ} 20' 07''$ West for a distance of 50.00 feet to a point that will be on the Southerly right-of-way margin of a future road to the City of Burlington per the Helgeson 32 Lot Long Plat No. 1-07, thence along said proposed margin as follows:

North $89^{\circ} 39' 53''$ West for a distance of 51.00 feet, to a point of curvature; thence along the arc of said curve to the left, concave to the Southeast, having a radius of 19.00 feet, through a central angle of $90^{\circ} 00' 53''$, an arc distance of 29.85 feet to a point of tangency; thence South $0^{\circ} 19' 13''$ West for a distance of 109.27 feet, to a point of curvature; thence along the arc of said curve to the left, concave to the Northeast, having a radius of 19.00 feet, through a central angle of $90^{\circ} 00' 00''$, an arc distance of 29.84 feet, more or less, to a point of tangency on the North line of the South 4.00 feet (as measured perpendicular to the South line) of Lot 7, said Block 125; at a point bearing South $89^{\circ} 40' 47''$ East from the true point of beginning; thence North $89^{\circ} 40' 47''$ West along said North line for a distance of 88.00 feet, more or less, to the true point of beginning.

Easement No. 2

Commencing at the Southwest corner of said Lot 6, Block 125; thence North $0^{\circ} 12' 44''$ West along the West line of said Lot 6 also being the Easterly right-of-way margin of Regent Street, for a distance of 4.00 feet, more or less, to the North line of the South 4.00 feet (as measured perpendicular to the South line) of said Lot 6; thence South $89^{\circ} 40' 47''$ East along said North line, or line extended into Lot 7, 8 and 9 said Block 125, for a distance of 339.38 feet to a point of curvature on the Westerly margin of a future road to the City of Burlington per the Helgeson 32 Lot Long Plat No. 1-07 and being the true point of beginning; thence along said proposed road margin as follows:

Thence along the arc of said curve to the left, concave to the Northwest, having a radius of 19.00 feet, through a central angle of $90^{\circ} 00' 00''$ an arc distance of 29.84 feet, to a point of tangency; thence North $0^{\circ} 19' 13''$ East for a distance of 58.00; thence South $89^{\circ} 40' 47''$ East for a distance of 50.00 feet to a point that will be on the Easterly right-of-way margin to the City of Burlington per the Helgeson 32 Lot Long Plat No. 1-07; thence along said proposed margin as follows:

South $0^{\circ} 19' 13''$ West for a distance of 58.00 feet to a point of curvature; thence along the arc of said curve to the left, concave to the Northeast having a radius of 19.00 feet through a central angle of $90^{\circ} 00' 00''$, an arc distance of 29.84 feet, more or less, to a point of tangency on the North line of the South 4.00 feet (as measured perpendicular to the South line) of Lot 9, said Block 125 at a point bearing South $89^{\circ} 40' 47''$ East from the true point of beginning; thence North $89^{\circ} 40' 47''$ West along said North line for a distance of 88.00 feet, more or less, to the true point of beginning.

Situate in the City of Burlington, County of Skagit, State of Washington.