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Skagit County Auditor

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RETURN ADDRESS:

Ryan, Swanson & Cleveland, PLLC
 Attn: Paul Meier, Esq
 1201 Third Avenue, Suite 3400
 Seattle, WA 98101

LAND TITLE OF SKAGIT COUNTY

155263-0E

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

(for use in the State of Washington only)

GRANTOR:	WESTERN REMAN COMPANY
GRANTEE:	CANADIAN IMPERIAL BANK OF COMMERCE
ADDITIONAL ON PAGE 1:	LAND TITLE AND ESCROW COMPANY
ABBREVIATED LEGAL DESCRIPTION:	Ptn SE NE, 16-35-6 E W.M. (See page 18 for full legal description)
ASSESSOR'S TAX PARCEL NOS.:	P41286, P41265

THIS DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT, AND FIXTURE FILING (this "Deed of Trust") is made and effective as of May 19th, 2016, from WESTERN REMAN COMPANY, a Washington corporation ("Debtor"), whose mailing address is 8354 South Healy Road, Sedro-Woolley, Washington, 98284, to LAND TITLE AND ESCROW COMPANY ("Trustee"), as trustee, whose mailing address is 111 E. George Hopper Rd., P.O. Box 445, Burlington, Washington, 98233, for the benefit of CANADIAN IMPERIAL BANK OF COMMERCE and its successors and assigns ("Lender"), as beneficiary and secured party, whose mailing address is 400 Burrard Street, 7th Floor, Vancouver, B.C., V6C 3A6.

RECITALS

A. Debtor has requested one or more loans from Lender (individually and collectively, the "Loan") pursuant to that certain credit agreement dated May 2, 2016, between Lender and Debtor, as may be amended, restated, amended and restated, modified, replaced or renewed from time to time (the "Credit Agreement").

B. Simultaneous with the execution of this Deed of Trust, Debtor has entered into those certain Unlimited Continuing Guaranties of even date herewith, as may be amended, restated, amended and restated, modified, replaced or renewed from time to time (the

"Guaranties"), under which Debtor is providing an unlimited continuing guaranty of Lender's loans (individually and collectively, the "Affiliated Borrower Loans") to Skagit River Reman Company and West Bay Forest Products Ltd. ("Affiliated Borrowers"), respectively, pursuant to those certain credit agreements dated May 2, 2016, respectively, between Lender and the Affiliated Borrowers, as may be amended, restated, amended and restated, modified, replaced or renewed from time to time.

C. As a condition to Lender making the Loan and the Affiliated Borrower Loans, Debtor is required to enter into this Deed of Trust to secure Debtor's performance and obligations under the Credit Agreement and the Guaranties.

AGREEMENT

NOW, THEREFORE, intending to be legally bound, Debtor, in consideration of the matters described in the foregoing Recitals, which Recitals are incorporated herein and made a part hereof, and for other good and valuable consideration the receipt and sufficiency of which are acknowledged, hereby covenants and agrees for the benefit of Lender and its successors, indorsees, transferees, participants and assigns as follows, which agreements shall, to the extent permitted by law, be deemed to run with the land:

1. Grant of Security. Debtor does hereby irrevocably GRANT, TRANSFER, CONVEY and ASSIGN to TRUSTEE, IN TRUST, WITH POWER OF SALE, and to its successors and assigns forever, that portion of the Property described below which is properly classified as real property under Washington law, and to Lender, and to its successors and assigns forever, all of the Property described below which is properly classified as personal property under Washington law. Any reference herein to the "Property" shall be deemed to include the following: (1) that certain real property situated in the State of Washington, as more particularly described in Exhibit A attached hereto and incorporated herein by this reference, (2) all the estate, title, interest, and rights of Debtor in and to such real property and all buildings and improvements of every kind and description now or hereafter placed upon such real property or any part thereof, (3) all heretofore or hereafter vacated alleys and streets abutting such real property, (4) all fixtures and equipment of Debtor, regardless of their character as personal property, now or hereafter on or used in connection with such real property, including, but not limited to, all lighting, heating, cooling, ventilating, air conditioning, plumbing, sprinkling, communicating and electrical systems, and all machinery, appliances, fixtures, and equipment of every type, nature, and description now or hereafter on or used in connection with such real property, all of which furniture, fixtures, and equipment of Debtor shall be deemed to be a part of the real property and covered by the lien hereof, and (5) all of the rents, profits, and leases thereof and the tenements, hereditaments, easements, privileges and appurtenances thereto.

TO HAVE AND TO HOLD the Property, with all of the tenements, hereditaments, easements, appurtenances and other rights and privileges thereunto belonging or in any

manner now or hereafter appertaining thereto, for the use and benefit of Lender upon the conditions hereinafter set forth.

Pursuant to Revised Article 9 of the Uniform Commercial Code (RCW Chapter 62A.9A), Debtor, as the debtor, grants Lender, as the secured party, a security interest in that portion of the Property which is properly classified as personal property under Washington law to secure the Secured Obligations (as defined below). This Deed of Trust also constitutes a financing statement filed as a fixture filing pursuant to Revised Article 9 of the Uniform Commercial Code (RCW 62A.9A-402(6)).

2. Secured Obligations. This Deed of Trust secures the following (collectively, the "Secured Obligations"):

(a). the full and prompt payment of the principal of and interest on the Loan (including any and all future extensions, renewals, modifications, replacements, and substitutions thereof) when due, whether at stated maturity, upon acceleration or otherwise, and at all times thereafter, and the full and prompt payment of all sums which may now be or may hereafter become due and owing under the Credit Agreement, this Deed of Trust, the Guaranties, and any and all other documents evidencing or securing the Loan, the Credit Agreement, and/or the Guaranties (collectively, the "Loan Documents"); and

(b). The due and punctual performance and observance of all of Debtor's present and future obligations to Lender, including without limitation the obligations arising hereunder or the Loan Documents.

Notwithstanding anything to the contrary, the obligations of the Affiliated Borrowers under any guaranties in favor of Lender shall not be deemed secured by this Deed of Trust.

3. Representations, Warranties, and Agreements. Debtor represents and warrants to Lender and agrees that:

(a). At the time of the execution and delivery of this Deed of Trust, Debtor is well and truly seized of the Property in fee simple, free of all easements, liens and encumbrances whatever, except as those referenced in the title insurance policy accepted by Lender or otherwise approved by Lender, and Debtor will forever warrant and defend the same against any and all other claims whatever, and the lien created hereby is and will be kept as a lien upon the Property and every part thereof, subject only to the encumbrances permitted herein.

(b). Upon request, Debtor shall provide Lender with certificates of occupancy (if applicable) and such other documents, information, and statements pertaining to the Property and its operations as Lender may reasonably request.

(c). The Property is not used principally for agricultural purposes (as the term "agricultural purposes" is used in RCW 61.24.030(2)).

(d). This Deed of Trust is not granted to secure an obligation incurred primarily for personal, family or household purposes, and that this Deed of Trust secures a "commercial loan" as defined in RCW Chapter 61.24.

4. Taxes, Assessments, and Insurance Premiums. Debtor shall perform the following:

(a). Pay all taxes, assessments, and other charges and encumbrances levied on the Property before any penalty for nonpayment attaches thereto.

(b). Pay when due all taxes, assessments, and other charges and encumbrances that may be levied upon or on account of this Deed of Trust or the indebtedness secured hereby or upon the interest or estate in the Property created or represented by this Deed of Trust, whether levied against Lender or otherwise. In the event payment by Debtor of any tax referred to in the foregoing sentence would result in the payment of interest in excess of the rate permitted by law, then Debtor shall have no obligation to pay the portion of such tax which would result in the payment of such excess.

(c). Keep the Property continuously insured against loss by fire, windstorm, and other hazards, casualties, and contingencies, in such amounts and for such periods as may be required from time to time by Lender. All insurance shall be carried in companies approved by Lender and the policies and renewals thereof shall be held by, and pledged to, Lender (unless Lender shall direct or permit otherwise) as additional security hereunder, and shall have attached thereto a mortgagee clause acceptable to Lender, making all loss or losses under such policies payable to Lender, its successors and assigns, as its or their interest may appear. In the event of loss or damage to the Property, Debtor shall give immediate notice in writing to Lender, who may make proof of loss if not made promptly by Debtor, and each insurance company concerned is hereby authorized and directed to make payment for such loss, to the extent of the indebtedness hereby secured, directly to Lender instead of to Debtor and Lender jointly, and the insurance proceeds or any part thereof may be applied by Lender toward reimbursement of all costs and expenses of Lender in collecting such proceeds, and the balance, at Lender's option, to the indebtedness due or to become due under the Loan, to fulfill any other covenant herein or any other obligation of Debtor to Lender, to the restoration or repair of the property damaged, or released to Debtor. In the event Lender releases such proceeds to Debtor, Debtor shall be obligated to use such proceeds to restore or repair the Property unless Lender otherwise specifies in writing. Application by Lender of any insurance proceeds toward payment of any principal and interest due or to become due under the Loan shall not excuse Debtor from its obligations to ensure that regularly scheduled payments are made due thereunder, nor shall such application extend or reduce the amount of such payments.

(d). In the event of foreclosure of this Deed of Trust or other transfer of title to the Property in extinguishment of the indebtedness secured hereby, all right, title, and interest of Debtor in and to any insurance policies then in force shall pass to the purchaser or grantee. Debtor hereby irrevocably appoints Lender as Debtor's attorney-in-fact, in Debtor's name, to file all proofs of claim, to negotiate, accept, and endorse all settlements, to assign and transfer all insurance policies and proceeds to a purchaser upon foreclosure of this Deed of Trust and to otherwise deal in all respects with all insurance carriers with respect to any and all insurance carried or required hereby to be carried by Debtor with respect to the Property of any portion thereof.

If Debtor fails to timely pay or perform any obligation set forth above in this Section 4, Lender, in its sole discretion, may (but in no event shall be obligated to), at Debtor's expense, pay and perform such obligation, and all sums advanced by Lender for such purposes shall be deemed to have been advanced pursuant to Section 9 of this Deed of Trust.

5. Repairs, Modifications, and Waste. Debtor will abstain from and will not suffer the commission of waste on the Property and will keep the buildings, improvements, fixtures, equipment, and appliances now or hereafter thereon in good repair and will make replacements thereto as and when the same become necessary. Failure by Debtor to pay taxes and/or assessments assessed against the Property, or any installment thereof, or any insurance premium upon policies covering the Property or any part thereof, shall, without limitation, constitute waste, and shall entitle Lender to all remedies provided for by law. Debtor further agrees to and does hereby consent to the appointment of a receiver, should Lender elect to seek such relief. Debtor shall make no alterations, additions, or improvements of any type whatever to the Property, regardless of whether such alterations, additions, or improvements would increase the value of the Property, nor permit anyone to do so, without Lender's prior written consent, which consent shall not be unreasonably withheld. Debtor will comply promptly with all laws, ordinances, regulations, and orders of all public authorities having jurisdiction over the Property relating to the use, occupancy, and maintenance thereof, and shall upon request promptly submit to Lender evidence of such compliance. Nothing herein shall be deemed to prohibit Debtor from contesting the enforceability or applicability of any law, ordinance, regulation, or order; provided, however, that Lender, in its sole discretion, may require that Debtor comply with any such law, ordinance, regulation, or order during the pendency of any such contest and all appeals therefrom. Lender may at any time and from time to time upon notice and during regular business hours, unless Lender, in its sole discretion, deems that entry is required on a more immediate basis, enter or cause entry to be made upon the Property. If the Property, in the sole judgment of Lender, requires inspection, repair, care, or attention of any kind or nature not theretofore given by Debtor, Lender shall provide Debtor with prior written notice of the required inspection, repair, care, or attention and a reasonable designated period of time in which Debtor shall have an opportunity to cure the problem. If uncured at the end of this period, Lender, in its sole discretion, deems the required inspection, repair, care, or attention needs immediate attention, Lender may (but in no event shall be obligated to), at Debtor's expense, inspect, repair, and/or maintain the same as Lender deems necessary or advisable, and all sums advanced by Lender for such purposes

shall be deemed to have been advanced pursuant to Section 9 of this Deed of Trust. Debtor will not permit the Property or any portion thereof to be used for any unlawful purpose. No underground storage tanks shall be installed on the Property. No building or other improvement on any part of the Property shall be removed, demolished, or altered without the prior written consent of Lender, except that Debtor shall have the right, without such consent, to remove and dispose of, free from the lien of this Deed of Trust, such personalty and equipment as from time to time may become worn out or obsolete, provided that simultaneously with or prior to such removal, any such equipment shall be replaced with other new equipment of like kind and quality, free from any security interest, lien, or encumbrance, and by such removal and replacement, Debtor shall be deemed to have subjected the replacement equipment to the lien of this Deed of Trust.

6. Due on Sale. Debtor shall not convey any of its interest in the Property or any portion thereof without the prior written consent of Lender. If Debtor should convey its interest in the Property or any portion thereof, Lender shall have the right, at its sole option, thereafter to declare all sums secured hereby and then unpaid to be immediately due and payable, together with any prepayment charge, and thereupon to exercise all of its rights and remedies for an Event of Default (as defined below) under this Deed of Trust. For purposes hereof, a "conveyance" of Debtor's interest in the Property shall include, without limitation (a) any voluntary or involuntary disposition (by operation of law or otherwise) of legal or beneficial title to the Property by whatever means, (b) any voluntary or involuntary disposition (by operation of law or otherwise) of legal or beneficial title to controlling interests in Debtor, and (c) any change in shareholders or any arrangement by which Debtor (and/or owners of at least 51% of the equity of Debtor as of the date hereof) divests itself of the degree of control it currently exercises or may exercise over the decisions affecting the ownership and operation of the Property.

Subject to the restrictions set forth in this Section, if ownership of the Property or any part thereof become vested in a person or persons other than Debtor, Lender may, without notice to Debtor, deal with such successor or successors in interest with reference to this Deed of Trust and the Loan, without in any way releasing, discharging, or otherwise affecting Debtor's liability hereunder or thereunder. No sale of the Property, and no forbearance or extension by Lender, shall in any way whatever operate to release, discharge, or otherwise affect the lien of this Deed of Trust or the liability of Debtor hereunder.

7. No Other Financing. Debtor has not and will not, without the prior written consent of Lender, mortgage or pledge the Property or any part thereof as security for any other loans or indebtedness of Debtor. If any such mortgage or pledge is entered into without the prior written consent of Lender, the entire indebtedness secured hereby may, at the option of Lender, be declared immediately due and payable without notice. Further, Debtor also shall pay any and all other obligations, liabilities, or debts which may become liens, security interests, or encumbrances upon or charges against the Property for any repairs or improvements that are now or may hereafter be made thereon, and shall not, without Lender's prior written consent, permit any lien, security interest, encumbrance, or charge of any kind to

accrue and remain outstanding against the Property or any part thereof, or any improvements thereon, irrespective of whether such lien, security interest, encumbrance, or charge is junior to the lien of this Deed of Trust. Notwithstanding the foregoing, if any personal property by way of additions, replacements, or substitutions is hereafter purchased and installed, affixed, or placed by Debtor on the Property under a security agreement the lien or title of which is superior to the lien created by this Deed of Trust, all the right, title, and interest of Debtor in and to any deposits or payments made thereon by Debtor, shall nevertheless be and are hereby assigned to Lender and are covered by the lien of this Deed of Trust.

8. Default. Any one of the following acts or occurrences shall constitute an event of default ("Event of Default") under this Deed of Trust and shall entitle Lender to exercise any one or any combination of the remedies available to Lender under Section 9 below:

(a). Failure of Debtor to pay any amount due under the Credit Agreement or any other Loan Documents or any renewal or extension thereof or under this Deed of Trust after the same shall become due and payable; or

(b). Failure of any representation or warranty made by Debtor herein or any other Loan Document to be true and accurate in every material respect or the failure to timely pay insurance, the commission of waste, or the occurrence of acts or omissions which materially impair Lender's security under this Deed of Trust; or

(c). Failure of Debtor to comply with any of the other terms of this Deed of Trust or of any other Loan Document and, if the failure is curable, after the expiration of thirty (30) days (or any other applicable notice and cure period set forth in the respective Loan Document) following written notice thereof to Debtor and failure of Debtor to cure the failure within such time period; or

(d). Any material provision of this Deed of Trust or any other Loan Document shall at any time for any reason cease to be valid and binding on Debtor, or shall be declared to be null and void, or the validity or enforceability thereof against Debtor shall be contested by Debtor or any governmental agency or authority, or Debtor shall deny that it has any or further liability or obligation under this Deed of Trust; or

(e). Debtor shall fail to pay any part of the principal of, or the interest on, or any other payment of money due under, any of its indebtedness to Lender, or to any other person, firm, corporation, or entity, beyond any period of grace provided with respect thereto; or if Debtor fails to perform or observe any other agreement, term, or condition contained in any document evidencing or securing such indebtedness, or in any agreement or instrument under which any such indebtedness was issued or created, beyond any such period of grace, which failure materially affects its financial condition or its ability to repay the Loan or to comply with its obligations hereunder; or

(f). Debtor shall, due to its inability to do so, generally not pay its debts as they become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors or shall institute any proceeding or voluntary case seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of its debts under any law relating to bankruptcy, insolvency, or reorganization or relief or protection of debtors or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian, or other similar official for it or for any substantial part of its property; or any proceeding shall be instituted against Debtor seeking to adjudicate it a bankrupt or insolvent or seeking dissolution, liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of its debts under any law relating to bankruptcy, insolvency, or reorganization or relief or protection of debtors or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian, or other similar official for Debtor or for any substantial part of its property, and, if such proceeding is being contested by Debtor in good faith, such proceeding shall remain undismissed or unstayed for a period of sixty (60) days; or

(g). A judgment or order for the payment of money shall be rendered against Debtor and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order and such judgment or order shall have remained unsatisfied and such proceedings shall have remained unstayed for a period of twenty-one (21) days, or (ii) for a period of twenty-one (21) days, such judgment shall have remained unsatisfied and a stay of enforcement of such judgment or order, by reason of pending appeal or otherwise, shall not have been in effect.

9. Remedies. Upon the occurrence of an Event of Default, Lender shall immediately have the option without further notice, except as may be required by law, in addition to and not in lieu of or substitution for, all other rights and remedies provided herein or at law or in equity, to do all or any of the following:

(a). Lender may, at its option and without notice to or demand upon Debtor, independently, concurrently, or successively exercise any one or more of the following rights and remedies: (i) declare any or all of the Secured Obligations immediately due and payable, (ii) bring a court action to enforce its rights and remedies, (iii) judicially foreclose this Deed of Trust as a mortgage, (iv) nonjudicially foreclose this Deed of Trust under the power of sale, (v) exercise its rights with respect to the leases and the rents of the Property pursuant to this Deed of Trust, and/or (vi) exercise any other rights and remedies provided in this Deed of Trust, the Credit Agreement and under any other Loan Document, or available at law or equity. Without limiting the generality of the foregoing, to the extent permitted by RCW 61.24.100 or otherwise permitted by law, Lender may seek and obtain a deficiency judgment following the completion of a trustee's sale of all or part of the Property.

(b). Advance such sums as Lender, in its sole discretion, deems necessary to cure the default. In making any such advance, Lender shall be entitled to rely upon the

genuineness and accuracy of any demand, document, claim, statement, or invoice presented to Lender, and Lender shall be under no duty whatever to independently investigate or confirm the genuineness or accuracy of, or any other fact pertaining to, the demand, document, claim, statement, or invoice so presented. Repayment of all monies so advanced by Lender shall be secured hereby and shall constitute a further lien upon the Property, payable upon demand with interest from the date of each advance to the date of payment at the lesser of eighteen percent (18%) per annum or the highest rate permitted by law (the "Default Rate"). Lender shall in no event be obligated to make any advance to or for the benefit of Debtor and no advance by Lender shall cure Debtor's default nor preclude Lender from foreclosing this Deed of Trust or from exercising any other right or remedy available to Lender on account of such default.

(c). For any sale under the power of sale granted by this Deed of Trust, Trustee shall record and give all notices required by law, after which the Property may be sold upon such terms and conditions as may be specified by Lender and permitted by applicable law. Trustee may postpone any sale by public announcement at the time and place designated for the sale. If the Property includes separate lots or parcels, Lender may designate their order of sale or elect to sell them as a whole. Any personal property may be sold separately or as a whole at the same time and place as a sale of any real property or at different times and places. Debtor and the holder of any subordinate lien on any portion of the Property waive any right to require the marshaling of assets or to otherwise direct the order in which any of the Property is sold. Trustee shall be acting as the agent of Lender if directed to sell any personal property. Upon any sale, Trustee shall execute and deliver to the purchaser a deed or bill of sale conveying the Property sold, without any covenant or warranty, express or implied. The recitals in the Trustee's deed indicating that the sale was conducted in compliance with all the requirements of law shall be presumptive evidence of compliance.

(d). With respect to any personal property, Lender shall have all of the rights and remedies of a secured party under the Uniform Commercial Code and all other rights and remedies provided in this Deed of Trust, the Credit Agreement, and any other Loan Document and under the power of sale granted by this Deed of Trust. In exercising its remedies, Lender may proceed against the real property and personal property separately or together and in any order whatsoever. The personal property may be sold at any one or more public or private sales as permitted by applicable law. Lender shall give Debtor five (5) days' prior written notice of the time and place of any public or private sale of the personal property, which notice Debtor agrees is commercially reasonable.

(e). Debtor shall pay on demand all of Lender's and Trustee's costs and expenses incurred in administering and enforcing this Deed of Trust, collecting any amounts payable under this Deed of Trust, and realizing on the Property and any other collateral securing any portion of the Secured Obligations, including legal and other professional fees, foreclosure costs and title charges, together with interest from the date of payment at the Default Rate.

(f). Except as otherwise required by law, the proceeds of any sale under this Deed of Trust shall be applied against the Secured Obligations in such order of priority as Lender shall determine in its sole discretion.

(g). If the Property is sold at a judicial foreclosure sale, the purchaser may make such repairs or alterations to the Property as the purchaser deems appropriate in its sole discretion for the proper operation, care, preservation, and protection of the Property. The costs of the repairs or alterations, together with interest from the date of payment at the Default Rate, shall be added to and become a part of the amount required to be paid upon any redemption.

(h). Except as otherwise specifically provided in this Deed of Trust, any prepayment premium required under the Loan shall be payable by Debtor upon any voluntary or involuntary payment of principal before the original due date under the Loan. Without limiting the generality of the foregoing, Debtor expressly agrees that any principal payment made after an Event of Default shall constitute a prepayment requiring payment of the prepayment premium notwithstanding an acceleration of the Loan by Lender. The debt owing to Lender at the time of any judicial or nonjudicial foreclosure sale of the Property shall include the prepayment premium calculated on the principal balance owing on the date of sale.

(i). Every right and remedy provided in this Deed of Trust, the Credit Agreement, and any other Loan Document, or by law or equity, shall be distinct and cumulative to all other rights or remedies, and may be exercised concurrently, independently, or successively in any order whatsoever, without regard to the adequacy of Lender's security. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of the right or remedy, and no waiver by Lender of any particular default shall constitute a waiver of any other default in the future. The exercise of any right or remedy shall not constitute a cure or waiver of any Event of Default or otherwise prejudice Lender of any of its other rights or remedies.

(j). To the extent the Deed of Trust Act of the State of Washington (RCW Chapter 61.24, as now existing or hereafter amended) or other statute requires that the "fair market value" or "fair value" of the Property be determined as of the foreclosure date in order to enforce a deficiency against Debtor or any other party liable for repayment of the obligations secured by this Deed of Trust, the term "fair market value" or "fair value" shall include those matters required by law and shall also include the additional factors set forth below:

(1). The Property shall be valued "AS IS" and "WITH ALL FAULTS" and there shall be no assumption of restoration or refurbishment of improvements, if any, after the date of the foreclosure; and

(2). An offset to the fair market value or fair value of the Property, as determined hereunder, shall be made by deducting from such value the reasonable estimated closing costs relating to the sale of the Property, including but not limited to brokerage commissions, title policy expenses, tax prorations, escrow fees, and other common charges which are incurred by a seller of property.

Debtor shall pay the costs of any appraisals and other expenses incurred in connection with any such determination of fair market value and/or fair value.

10. Condemnation. In the event the Property or any part thereof is taken under the power of eminent domain, the entire award or payment in lieu of condemnation, to the full extent of the indebtedness secured hereby, shall be paid to Lender and applied toward reimbursement of all of Lender's costs and expenses incurred in connection with collecting such award or payment, and all or any portion of the balance, at Lender's option, to the indebtedness due or to become due under the Loan, to satisfy any other Secured Obligation or to repair or restore the Property. Lender is hereby empowered in the name of Debtor to receive, and give acquittance for, any such award or payment, whether it is joint or several; provided, however, that Lender shall not be held responsible for failure to collect any such award or payment, regardless of the cause of such failure. Application by Lender of any condemnation proceeds toward payment of any principal and interest due or to become due under the Loan shall not excuse Debtor from making any regularly scheduled payments due thereunder, nor shall such application extend or reduce the amount of such payments.

11. Assignment of Rents, Income, and Profits. As additional security for the due and punctual performance and observance of the Secured Obligations, Debtor assigns, transfers, and sets over unto Lender, all the rents, issues, profits, and income under all leases or occupancy agreements or arrangements, however evidenced or denominated, upon or affecting the Property (including any extensions, amendments, or renewals thereof), whether such rents, issues, profits, and income are due or are to become due, including all such leases in existence or coming into existence during the period this Deed of Trust is in effect. This Deed of Trust shall run with the land and be good and valid as against Debtor and those claiming by, under, or through Debtor, from the date of recording of this Deed of Trust. This Deed of Trust shall continue to be operative during the foreclosure or any other proceedings taken to enforce this Deed of Trust. In the event of a foreclosure sale which results in a deficiency, this Deed of Trust shall stand as security during the redemption period for the payment of such deficiency. This Deed of Trust is given as collateral security only and does not and shall not be construed as obligating Lender to perform any of the covenants or undertakings required to be performed by Debtor in any leases.

Prior to any Event of Default, Debtor shall collect and receive all rents for the benefit of Lender and Debtor. Debtor shall apply the rents first to the payment of taxes, assessments, and other charges on the Property; second to the costs of insurance, maintenance, and repairs required under this Deed of Trust; third to the costs of discharging the obligations of Debtor under any leases; and fourth to the Secured Obligations then due and

payable, with the balance, if any, for the account of Debtor. Upon Lender's delivery of written notice to Debtor of an Event of Default stating that Lender is exercising its rights to the rents, and without the necessity of Lender or a receiver taking control of the Property, Debtor shall pay to Lender all rents then held or subsequently collected by Debtor, and direct each tenant to pay all future rents to Lender. Debtor appoints Lender as Debtor's attorney-in-fact to make such direction to tenants upon Debtor's failure to do so. Debtor agrees that all payments made to Lender by any tenant shall be in full discharge of the tenant's obligations to Debtor.

After any Event of Default, Debtor appoints Lender as Debtor's attorney-in-fact to take full control of the Property and perform all acts necessary and appropriate for the operation and maintenance of the Property, including (i) the execution, enforcement, cancellation, or modification of any lease, (ii) the collection of rents, (iii) the removal and eviction of tenants, (iv) the making of alterations and repairs to the Property, and (v) the execution and termination of contracts providing for management or maintenance of the Property, all on such terms as Lender deems appropriate in its sole discretion to protect the security of this Deed of Trust. After an Event of Default, Debtor agrees that Lender shall be entitled to the appointment of a receiver, regardless of the adequacy of Lender's security. Debtor waives any right to notice of any application for a receiver, it being intended that Lender may seek the appointment of a receiver ex parte. The receiver shall serve without bond and may be Lender or an employee or agent of Lender. The receiver shall have, in addition to all the rights and powers customarily given to and exercised by receivers, all the rights and powers granted to Lender in this Section. Lender or the receiver shall receive a reasonable fee for managing the Property. Entry upon and taking possession by a receiver other than Lender shall not constitute possession by Lender, and Lender shall not be a "mortgagee in possession" before its actual entry upon and taking possession of the Property. Lender shall not be liable to Debtor, anyone claiming under or through Debtor, or anyone having an interest in the Property by reason of anything done or left undone by Lender under this Section.

All rents collected after the delivery of written notice to Debtor of an Event of Default shall be applied first to the costs of managing the Property and collecting the rents, including attorneys' fees, receiver's fees and costs, costs of maintenance and repairs to the Property, premiums on insurance policies, taxes, assessments, and other charges on the Property, and the costs of discharging the obligations of Debtor under the leases. All remaining rents shall be applied to the other Secured Obligations in such order of priority as Lender may determine in its sole discretion. To the extent the costs of managing the Property, collecting the rents and discharging the obligations of Debtor under the leases exceed the rents collected, the excess costs shall be payable by Debtor upon demand, together with interest from the date of payment at the Default Rate.

Lender shall at no time have any obligation whatever to attempt to collect rent from any tenant or occupier of the Property notwithstanding that such tenants and occupiers may not be paying rent to either Debtor or Lender. Further, Lender shall at no time have any

obligation whatever to enforce any other obligations owed by tenants or occupiers of the Property to Debtor.

Debtor shall at no time collect advance rent under any lease upon, affecting or pertaining to the Property or any part thereof in excess of one month (other than as a security deposit) and Lender shall not be bound in any respect by any rent prepayment made or received in violation of the terms hereof.

Debtor expressly covenants and agrees that if the lessee or any of the lessees under any lease or leases heretofore or hereafter entered into by Debtor with respect to the Property, shall fail to perform and fulfill any term, covenant, condition, or provision in any said lease or leases, or any of them, on its or their part to be performed or fulfilled, at the times and in the manner in said lease or leases provided, or if Debtor shall suffer or permit to occur any breach or default under the provisions of any such lease or leases of the Property and such failure, breach, or default shall continue for thirty (30) days without Debtor commencing and pursuing in good faith and with due diligence its available remedies under the lease or leases, if commercially reasonable under the circumstances, then, and in any such event, such failure to act by Debtor shall constitute an Event of Default hereunder and at the option of Lender, and without notice to Debtor, all unpaid indebtedness secured by this Deed of Trust shall become immediately due and payable.

12. Attorneys' Fees and Expenses. Debtor shall reimburse Lender for all costs, including reasonable attorneys' fees, incurred by Lender in enforcing any of its rights or remedies on account of a default and/or an Event of Default under this Deed of Trust. Debtor shall reimburse Lender for all costs, including reasonable attorneys' fees, incurred by Lender in case Lender becomes a party, either as plaintiff or defendant, to any legal proceedings in relation to the Property or the lien granted hereby. Payment of such sums shall be secured hereby and shall be payable upon demand with interest from the date of each advance to the date of payment at the Default Rate.

13. Additional Documents and Security Agreement. Debtor shall execute, acknowledge, and deliver any and all such further conveyances, documents, mortgages, and assurances as Lender may reasonably require for accomplishing the purposes hereof, including financing statements required by Lender to protect its interest under the provisions of the Washington Uniform Commercial Code, as amended, forthwith upon the written request of Lender. Upon any failure of Debtor to do so after written request, Lender may execute, record, file, rerecord, and refile any and all such documents for and in the name of Debtor, and Debtor hereby irrevocably appoints Lender as agent and attorney-in-fact of Debtor for the foregoing purposes. This instrument is intended by the parties to be, and shall be construed as, a security agreement, as that term is defined and used in Revised Article 9 of the Washington Uniform Commercial Code, as amended, and shall grant to Lender a security interest in that portion of the Property with respect to which a security interest can be granted under Revised Article 9 of the Washington Uniform Commercial Code, as amended, which security interest shall also include a security interest in all tangible and intangible personal

property, including without limitation, to the extent of Debtor's present or future interest and subject to the limitations set forth in Section 14 below, all licenses, permits, and general intangibles now or hereafter located upon the Property, or related to or used or usable in connection with any present or future operation upon such property, and a security interest in the proceeds of all insurance policies now or hereafter covering all or any part of such collateral.

14. Other Contracts. Debtor hereby assigns to Lender, as further security for the indebtedness secured hereby, Debtor's interest in all agreements, contracts (including contracts for the lease or sale of the Property or any portion thereof), licenses, and permits affecting the Property. Such assignment shall not be construed as a consent by Lender to any agreement, contract, license, or permit so assigned, or to impose upon Lender any obligations with respect thereto. Debtor shall not cancel or amend any of the agreements, contracts, licenses, and permits hereby assigned (nor permit any of the same to terminate if they are necessary or desirable for the operation of the Property) without first obtaining, on each occasion, the written approval of Lender. This Section shall not be applicable to any agreement, contract, license, or permit that terminates if it is assigned without the consent of any party thereto (other than Debtor) or issuer thereof, unless such consent has been obtained or this Deed of Trust is ratified by such party or issuer; nor shall this Section be construed as a present assignment of any contract, license or permit that Debtor is required by law to hold in order to operate the Property for the purposes intended.

15. Notices. Any demand, notice or other communication required to be given to either party shall be deemed to have been duly given if mailed by registered or certified mail (return receipt requested and postage prepaid), sent by a reputable overnight delivery service, or personally delivered to the recipient at its stated address below, and shall be deemed effective upon any such mailing, sending or delivery. The notice addresses for the parties are as follows:

- | | |
|---------------------|--|
| (i). If to Debtor: | Western Roman Company
8354 South Healy Road
Sedro-Woolley, WA 98284
Attention: <u>Don Dorazio</u>
Telephone: <u>360 826-4344</u>
Facsimile: <u>360 826-4357</u> |
| (ii). If to Lender: | Canadian Imperial Bank of Commerce
400 Burrard Street - 7th Floor
Vancouver, B.C.
V6C 3A6
Attention: Doug Huxter
Telephone: (604) 665-1187
Facsimile: _____ |

Either party may change its address by written notice to the other.

16. Successors and Assigns. All of the covenants and conditions hereof shall run with the land and shall be binding upon the successors and assigns of Debtor, and shall inure to the benefit of the successors and assigns of Lender.

17. No Waiver. No waiver by Lender of any right or remedy granted hereunder shall affect or extend to any other right or remedy of Lender hereunder, nor affect the subsequent exercise of the same right or remedy by Lender for any further or subsequent default by Debtor hereunder, and all such rights and remedies of Lender hereunder are cumulative. Time is of the essence.

18. Controlling Law and Severance. This Deed of Trust shall be construed in each and every respect in accordance with the laws of the State of Washington. In the event any provision herein should be held unenforceable by a court of competent jurisdiction, such court is hereby authorized to amend such provision so that it will be enforceable to the fullest extent permitted by law, and all remaining provisions shall continue in full force without being affected, impaired, or invalidated thereby in any way.

19. Lender's Rights. Without affecting the liability of any person for payment or performance of the Secured Obligations, and without affecting the priority of the lien of this Deed of Trust, Lender may (i) extend the time for payment of the Secured Obligations, (ii) release anyone liable on the Secured Obligations, (iii) accept a renewal note or notes for the Secured Obligations, (iv) modify the terms and time of payment of the Secured Obligations, (v) release the lien of this Deed of Trust on any part of the Property, (vi) take or release other collateral for the Secured Obligations, (vii) consent to the making of any map or plan of the Property, the granting of any easement over the Property or the creation of any restriction on the Property, or (viii) join in any subordination or other agreement affecting the lien of this Deed of Trust.

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

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Deed of Trust has been executed as of the date first written above.

DEBTOR:

WESTERN REMAN COMPANY,
a Washington corporation

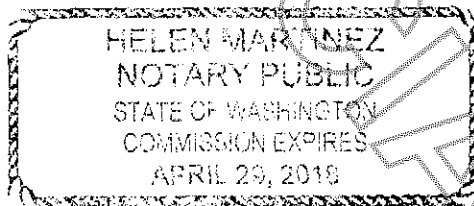
By: 

Its: PRESIDENT

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that DONALD DORAZIO is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the PRESIDENT of WESTERN REMAN COMPANY, to be the free and voluntary act and deed of such corporation, for the uses and purposes mentioned in the instrument.

WITNESS my hand and official seal hereto affixed on 19th May, 2016.



[Signature]
(Signature of Notary)

HELEN MARTINEZ

(Print or stamp name of Notary)

NOTARY PUBLIC in and for the State of Washington

My Appointment Expires: APRIL 29, 2018

EXHIBIT A
Legal Description

PARCEL "A":

That portion of the Northeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 16, Township 35 North, Range 6 East, W.M., described as follows:

Beginning at the Northeast corner of the Northeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of said Section 16;
thence West 388 feet along the North line of said subdivision;
thence South 148 feet parallel with the East line of said subdivision;
thence East 388 feet to the East line of said subdivision;
thence North 148 feet along the East line of said subdivision to the point of beginning,

EXCEPT road.

Situate in the County of Skagit, State of Washington.

PARCEL "B":

A portion of the Southeast $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of Section 16, Township 35 North, Range 6 East, W.M., described as follows:

Beginning at the Southeast corner of said parcel;
thence North along the eastern boundary of said Section 16, a distance of 118 feet;
thence West in a line parallel to the Southern boundary of the Northeast $\frac{1}{4}$ of Section 16, a distance of 388 feet;
thence South a distance of 118 feet to the southern boundary of the Northeast $\frac{1}{4}$ of Section 16;
thence East along said boundary line, a distance of 388 feet, more or less, to the true point of beginning,

EXCEPTING THEREFROM the existing County road known as "South Healy Road", said parcel consisting of one acre, more or less.

Situate in the County of Skagit, State of Washington.

PARCEL "C":

That portion of the Southeast $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of Section 16, Township 35 North, Range 6 East, W.M., described as follows:

Beginning at the Southeast corner of said Southeast $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of Section 16;
thence North $1^{\circ}09'39''$ East, along the East line of said Section, a distance of 118.00 feet to the Northeast corner of that one (1) acre parcel transferred to Fred Hunger and Linda Hunger, husband and wife, by deed dated May 4, 1989, and recorded Auditor's File No. 8905150017, and which point is the TRUE POINT OF BEGINNING of this property description;

-continued-

DESCRIPTION CONTINUED:

PARCEL "C" continued:

thence continuing North $1^{\circ}09'39''$ East along the East line of said Section, a distance of 1141.71 feet, more or less, to a point at the intersection of the Southerly line of that railroad right-of-way as conveyed to the Seattle and Northern Railway Company by Deeds recorded May 3, 1890, in Volume 10 of Deeds, page 565, and recorded January 5, 1900, in Volume 40 of Deeds, page 219;

thence North $89^{\circ}11'17''$ West, along the Southerly line of said Seattle and Northern Railway Company right-of-way, a distance of 600.64 feet, more or less, to a point 600 feet West, when measured at right angles to, the East line of said Southeast $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of Section 16;

thence South $9^{\circ}09'36''$ East, a distance of 1183.49 feet, more or less, to the Northwest corner of said one (1) acre parcel transferred to Fred Hunger and Linda Hunger by Auditor's File No. 8905150017;

thence South $88^{\circ}04'42''$ East, parallel to the South line of said Southeast $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of Section 16, along the North line of said Hunger parcel, a distance of 388.00 feet to the True Point of Beginning, and containing 13.04 acres, more or less.

EXCEPT from the above described property, that portion conveyed to Skagit County for road purposes by Deed recorded January 8, 1897, in Volume 31 of Deeds, page 695, under Auditor's File No. 25605.

Situate in the County of Skagit, State of Washington.