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Skagit County Auditor

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6/24/2016 Page

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After Recording Mail to:

Tacey Goss, PS
350 112th Avenue NE, Suite 301
Bellevue, WA 98004
Attn: S. Shawn Tacey, Esq.

DEED OF TRUST

Grantor:

1. David C. Prutzman and Patricia A. Prutzman, Husband and Wife

Grantee:

1. Ambleside Lending, LLC

Trustee:

1. Chicago Title Insurance Company

Legal Description:

Lot 41, PARK CREST, DIVISION 1
Full legal description on Exhibit A of document.

Tax Parcel Account Number: P83969 / 4533-000-041-0009

DEED OF TRUST

THIS DEED OF TRUST, ASSIGNMENT OF RENTS AND LEASES, AND SECURITY AGREEMENT (“**Deed of Trust**”) is made as of June 3rd, 2016, between DAVID C. PRUTZMAN AND PATRICIA A. PRUTZMAN, HUSBAND AND WIFE, whose address is 4215 Montgomery Place, Mount Vernon, WA, 98274, as Trustor (collectively “**Grantor**”); and CHICAGO TITLE COMPANY OF WASHINGTON, whose address is 3002 Colby Avenue, Everett, Washington 98201, as Trustee (“**Trustee**”); and AMBLESIDE LENDING, LLC, a Washington limited liability company, whose address is 1409 42nd Ave E, Seattle, WA 98112, as Beneficiary (“**Lender**”). For purposes of Article 9 of the Uniform Commercial Code, this Deed of Trust constitutes a security agreement and financing statement with Grantor being the Debtor and Lender being the Secured Party. This Deed of Trust also constitutes a financing statement filed as a fixture filing pursuant to Article 9 of the Uniform Commercial Code.

Lender is making a loan (“**Loan**”) in the principal amount of SEVENTY THOUSAND AND NO/100 DOLLARS (\$70,000.00) secured by that certain real property (“**Realty**”) described in Exhibit A attached hereto. The Loan, if not sooner paid, is due and payable in full on June 8th, 2018 .

In consideration of the Loan, Grantor hereby irrevocably GRANTS, TRANSFERS, CONVEYS and ASSIGNS to Trustee, IN TRUST, WITH POWER OF SALE, all of Grantor’s estate, rights, title, claim, interest and demand, either in law or in equity, of, in and to the following property, whether the same be now owned or hereafter acquired (“**Property**”):

(a) The Realty and all rights to the land lying in alleys, streets and roads adjoining or abutting the Realty;

(b) All buildings, improvements and tenements now or hereafter located on the Realty;

(c) All fixtures and articles of property now or hereafter attached to, or used or adapted for use in the ownership, development, operation or maintenance of, the buildings, improvements and Realty (whether such items are leased, owned or subject to any title retaining or security instrument, or otherwise used or possessed), including without limitation all heating, cooling, air-conditioning, ventilating, refrigerating, plumbing, generating, power, lighting, laundry, maintenance, incinerating, lifting, cleaning, fire prevention and extinguishing, security and access control, cooking, gas, electric and communication fixtures, equipment and apparatus, all engines, motors, conduits, pipes, pumps, tanks, ducts, compressors, boilers, water heaters and furnaces, all ranges, stoves, disposers, refrigerators and other appliances, all escalators and elevators, all baths and sinks, all cabinets, partitions, mantels, built-in mirrors, window shades, blinds, screens, awnings, storm doors, windows and sash, all carpeting, underpadding, floor covering, panelling and draperies, all furnishings of public spaces, halls and lobbies, and all shrubbery and plants; all of which items shall be deemed part of the real property and not severable wholly or in part without material injury to the freehold; provided, however, that personal property and trade fixtures owned or supplied by tenants of the Property with the right of removal at the termination of their tenancies shall not be included within the scope of this paragraph;

(d) All easements, access, air and development rights, minerals and oil, gas and other hydrocarbon substances, royalties, water, water rights and water stock, and all other rights, hereditaments, privileges, permits, licenses, franchises and appurtenances now or hereafter belonging or in any way appertaining to the Realty;

(e) All of the rents, revenues, issues, profits and income of the Property, and all present and future leases and other agreements for the occupancy or use of all or any part of the Realty, including without limitation all cash or security deposits, advance rentals and deposits or payments of similar nature, and all guaranties of tenants' or occupants' performances under such leases and agreements; SUBJECT, HOWEVER, to the assignment of rents and other property to Lender herein contained;

(f) All general intangibles relating to the development or use of the Property, including without limitation all permits, licenses and franchises, all names under or by which the Property may at any time be operated or known, and all rights to carry on business under any such names or any variant thereof, and all trademarks, trade names, logos and good will in any way relating to the Property;

(g) All water stock relating to the Property, all shares of stock or other evidence of ownership of any part of the Property that is owned by Grantor in common with others, and all documents of membership in any owners' or members' association or similar group having responsibility for managing or operating any part of the Property; and

(h) All products and proceeds of all of the foregoing;

TO SECURE THE FOLLOWING (collectively the "Secured Obligations"):

(1) Payment of the sum of SEVENTY THOUSAND AND NO/100 DOLLARS (\$70,000.00), with interest thereon, according to the terms and provisions of a promissory note of even date herewith, payable to Lender, or order, and made by Grantor, and all modifications, extensions, renewals and replacements thereof (collectively the "Note");

(2) Payment of all sums advanced to protect the security of this Deed of Trust, together with interest thereon as herein provided;

(3) Payment of all other sums which are or which may become owing under the Loan Documents;

(4) Performance of all of Grantor's other obligations under the Loan Documents; and

(5) Payment of the principal and interest on all other future loans or advances made by Lender to Grantor when the promissory note evidencing the loan or advance specifically states that it is secured by this Deed of Trust, including all modifications, extensions, renewals, and replacements of any such future loan or advance.

As used herein, the term "Loan Documents" means the Note, this Deed of Trust, any loan agreement and Uniform Commercial Code Financing Statement executed in connection herewith, and any other instrument or document evidencing or securing the Loan or otherwise executed in connection therewith, together with all modifications, extensions, renewals and replacements thereof.

GRANTOR HEREBY REPRESENTS, WARRANTS, COVENANTS AND AGREES AS FOLLOWS:

**ARTICLE I
TITLE AND USE**

1.1 Warranty of Title. Grantor represents and warrants to Lender that: (a) Except as may otherwise be expressly stated in this Deed of Trust, Grantor has good and marketable title in fee simple to such of the Property as is real property and is the sole and absolute owner of all other Property; (b) the Property is free from liens, encumbrances, exceptions or other charges of any kind whatsoever other than non-delinquent installments of property taxes and assessments, general and special, the “**Permitted Exceptions**,” if any, listed on Exhibit B attached and any other liens, encumbrances, exceptions or charges expressly permitted by the terms of this Deed of Trust, and no others, whether superior or inferior to this Deed of Trust, will be created or suffered to be created by Grantor during the life of this Deed of Trust without the prior written consent of Lender; (c) no default on the part of Grantor or, to the best of Grantor’s knowledge, any other person exists under any of the Permitted Exceptions and all Permitted Exceptions are in full force and effect and in good standing, without modification except as disclosed on Exhibit B attached; (d) none of the Permitted Exceptions will be modified by Grantor without Lender’s prior written consent; (e) Grantor will fully comply with all the terms of the Permitted Exceptions; and (f) that Grantor has the right to grant, transfer, convey and assign the Property as herein provided and will forever warrant and defend the Property unto Lender against all claims and demands of any other person whomsoever, subject only to non-delinquent installments of taxes and assessments and the Permitted Exceptions.

1.2 Hazardous Substances.

(a) Representations and Warranties. Grantor represents and warrants to Lender that: (i) To the best of Grantor’s knowledge, no asbestos has ever been used in the construction, repair or maintenance of any building, structure or other improvement now or heretofore located on the Property; (ii) no Hazardous Substance is currently being generated, manufactured, refined, transported, treated, stored, handled or disposed of, transferred, produced or processed on, under or about the Property, except in compliance with all applicable federal, state and local statutes, ordinances, rules, regulations and other laws; (iii) neither Grantor nor, to the best of Grantor’s knowledge, any other person or entity has ever caused or permitted any Hazardous Substance to be generated, manufactured, refined, transported, treated, stored, handled or disposed of, transferred, produced or processed on, under or about the Property, except in compliance with all applicable federal, state and local statutes, ordinances, rules, regulations and other laws; (iv) Grantor has not received any notice of, nor is Grantor aware of, any actual or alleged violation with respect to the Property of any federal, state or local statute, ordinance, rule, regulation or other law pertaining to Hazardous Substances; and (v) neither Grantor nor the Property is subject to any governmental or judicial claim, order, judgment or lien with respect to the clean-up of Hazardous Substances at or with respect to the Property. Grantor further represents and warrants to Lender that the foregoing representations and warranties contained in this paragraph 1.2(a) are made after and are based upon inspection of the Property by Grantor and due inquiry by Grantor as to the prior uses of the Property.

(b) Definition. As used herein, the term “**Hazardous Substance**” means any hazardous, toxic or dangerous substance, waste or material which is or becomes regulated under any federal, state or local statute, ordinance, rule, regulation or other law now or hereafter in effect pertaining to environmental protection, contamination or clean up, including without limitation any substance, waste or material which now or hereafter is (A) designated as a “hazardous substance” under or pursuant to the Federal Water Pollution Control Act (33 U.S.C. §1257 et seq.), (B) defined as a “hazardous waste” under

or pursuant to the Resource Conservation and Recovery Act (42 U.S.C. §6901 et seq.), (C) defined as a “hazardous substance” in (or for purposes of) the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. §9601 et seq.), or (D) defined or listed as a “hazardous substance” under or pursuant to the Model Toxics Control Act of the State of Washington (RCW Chapter 70.105D)

1.3 Non-Agricultural Use. The Property is not used principally for agricultural purposes (as the term “agricultural purposes” is used in RCW 61.24.030(2)).

1.4 Commercial Purposes. Grantor represents and warrants to Lender that 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.

1.5 Location of Grantor. Grantor represents and warrants to Lender that each Grantor is a limited liability company organized under the laws of the State of Washington, and that each Grantor’s exact legal name is as set forth in the first paragraph on page 1 of this Deed of Trust. Grantor covenants that it will give Lender thirty (30) days’ prior written notice of any act, event or occurrence which will cause the representations and/or warranties in this paragraph to become untrue in any respect.

ARTICLE II GRANTOR’S COVENANTS

2.1 Payment and Performance of Secured Obligations. Grantor will pay when due all sums which are now or which may become owing on the Note, and will pay and perform all other Secured Obligations, in accordance with their terms.

2.2 Payment of Taxes, Utilities, Liens and Charges.

(a) Taxes and Assessments. Except as the same may otherwise be paid under Article III, Grantor will pay prior to delinquency directly to the payee thereof all taxes and assessments (including without limitation non-governmental levies or assessments such as maintenance charges, owner association dues or charges, or fees, levies or charges resulting from covenants, conditions or restrictions) levied, assessed or charged against or with respect to the Property or this Deed of Trust. Upon request, Grantor shall promptly furnish to Lender all notices of amounts due under this subparagraph and all receipts evidencing such payments. However, Grantor may contest any such taxes or assessments by appropriate proceedings duly instituted and diligently prosecuted at Grantor’s expense. Grantor shall not be obligated to pay such taxes or assessments while such contest is pending if the Property is not thereby subjected to imminent loss or forfeiture and, if Grantor has not provided evidence that it has deposited the entire amount assessed with the applicable governmental authority, it deposits the entire amount together with projected penalties and interest with Lender or provides other security satisfactory to Lender in its sole discretion.

(b) Utilities. Grantor will pay when due all utility charges and assessments for services furnished the Property.

(c) Liens and Charges. Grantor will pay when due the claims of all persons supplying labor or materials to or in connection with the Property. Without waiving the restrictions of

paragraph 4.1, Grantor will promptly discharge any lien or other charge, whether superior or inferior to this Deed of Trust, which may be claimed against the Property.

2.3 Insurance.

(a) Coverages Required. Grantor will keep the following insurance coverages in effect with respect to the Property:

(i) Insurance against loss by fire, vandalism, malicious mischief and such other hazards as may now or hereafter be embraced by the standard "all risk" or "special form" policy of insurance, in an amount equal at all times to the current replacement value of the improvements then located on the Property. All such insurance coverage shall contain a "replacement cost endorsement", without deduction for depreciation.

(ii) Flood risk insurance in the maximum amount of insurance coverage available or the full replacement cost of the buildings on the Realty, whichever is less, if the Realty is now or hereafter designated as being located within a special flood hazard area under the Flood Disaster Protection Act of 1973 and if flood insurance is available.

(iii) Loss of rental value insurance and/or business interruption insurance, as follows: If all or any portion of the Property is rented or leased, loss of rental value insurance in an amount equal to six (6) months' aggregate gross rents from the Property as is so occupied. If all or any portion of the Property is occupied by Grantor, business interruption insurance in an amount equal to six (6) months' net income from such portion of the Property as is so occupied. The amount(s) of such coverage(s) shall be subject to adjustment, from time to time at Lender's request, to reflect changes in the rental and/or income levels during the term of the Loan.

(iv) Demolition, increased cost of construction and contingent building laws liability insurance, if and at any time the Property constitutes a legal, non-conforming use under applicable zoning or other governmental laws.

(v) Insurance (excluding, however, earthquake insurance) against such similar or other hazards, casualties, liabilities and contingencies, in such forms and amounts, as Lender may from time to time reasonably require.

(b) Policies. Each insurance policy will be in form and content acceptable to Lender, and will be issued by a company acceptable to Lender.

(c) Payment; Renewals. Grantor shall promptly furnish to Lender all renewal notices relating to insurance policies. Except as the same may otherwise be paid under Article III, Grantor will pay all premiums on insurance policies directly to the carrier. At least thirty (30) days prior to the expiration date of each such policy, Grantor shall furnish to Lender a renewal policy in a form acceptable to Lender, together with evidence that the renewal premium has been paid.

(d) Insurance Proceeds.

(i) In the event of any loss, Grantor will give prompt written notice thereof to the insurance carrier and Lender. Grantor hereby grants Lender a power of attorney, which power of attorney is coupled with an interest and is irrevocable, to make proof of loss, to adjust and compromise any claim, to commence, appear in and prosecute, in Lender's or Grantor's name, any action relating to any claim, and to collect and receive insurance proceeds; provided, however, that Lender shall have no obligation to do so. If no event of default has occurred and is continuing, the immediately preceding sentence shall apply except that Lender shall not be entitled to act as Grantor's attorney-in-fact and Grantor shall be entitled to participate jointly with Lender in adjusting and compromising any claim, and appearing in any proceeding.

(ii) Lender shall apply any insurance proceeds received hereunder first to the payment of the costs and expenses incurred in the collection of the proceeds and shall then apply the balance ("**Net Proceeds**"), in its absolute discretion and without regard to the adequacy of its security, to:

(A) The payment of indebtedness secured hereby, whether then due and payable or not. Any such application of proceeds to principal on the Note shall be without the imposition of any prepayment fee otherwise payable under the Note, but shall not extend or postpone the due dates of the installment payments under the Note, or change the amounts thereof; or

(B) The reimbursement of Grantor, under Lender's prescribed disbursement control procedures, for the cost of restoration or repair of the Property. Lender may, at its option, condition the reimbursement on Lender's approval of the plans and specifications of the reconstruction, contractor's cost estimates, construction budget and schedule, architects' certificates, waivers of liens, sworn statements of mechanics and materialmen, and such other evidence of costs, percentage completion of construction, application of payments and satisfaction of liens as Lender may reasonably require.

(iii) Notwithstanding the provisions of paragraph 2.3(d)(ii) above, Lender agrees that the Net Proceeds from a loss described in this paragraph 2.3(d) will be made available under clause (ii)(B) above to reimburse Grantor for the cost of restoration or repair of the Property, provided that each of the following conditions is satisfied:

(A) No event of default has occurred and is continuing at the time the proceeds are received;

(B) The Net Proceeds are less than the indebtedness then secured by this Deed of Trust;

(C) The proceeds are received more than one (1) year prior to the maturity date of the Note, including any acceleration of the maturity date by Lender if the Note gives Lender a right of acceleration;

(D) Grantor gives Lender written notice within thirty (30) days after the proceeds are received that it intends to restore or repair the Property and requests that the Net Proceeds be made available therefor, and Grantor thereafter promptly commences the restoration or repair

and completes the same with reasonable diligence in accordance with plans and specifications approved by Lender, which approval shall not be unreasonably withheld;

(E) The Net Proceeds are sufficient, in Lender's reasonable business judgment, to restore or repair the Property substantially to its condition prior to the damage or destruction or, if in Lender's reasonable business judgment they are not, Grantor deposits with Lender funds in an amount equal to the deficiency, which funds Lender may, at its option, require be expended prior to use of the Net Proceeds; and

(F) Lender receives evidence reasonably satisfactory to Lender that the Property can lawfully be restored or repaired to its condition prior to the damage and destruction and that, upon completion of the restoration or repair, the Property can be operated substantially as it was before and will produce substantially as much income from tenant leases as it did before the damage or destruction.

(iv) Except to the extent, if any, that insurance proceeds are applied to payment of the Secured Obligations, nothing herein contained shall be deemed to excuse Grantor from restoring, repairing or maintaining the Property as provided in paragraph 2.4, regardless of whether there are insurance proceeds available or whether any such proceeds are sufficient in amount.

(e) Transfer of Title. If the Property is sold pursuant to Article VIII or if Lender otherwise acquires title to the Property, Lender shall have all of the right, title and interest of Grantor in and to any insurance policies and unearned premiums thereon and in and to the proceeds resulting from any damage to the Property prior to such sale or acquisition.

2.4 Preservation and Maintenance of Property: Right of Entry.

(a) Preservation and Maintenance. Grantor (i) will not commit or suffer any waste or permit any impairment or deterioration of the Property, (ii) will not abandon the Property, (iii) will restore or repair promptly and in a good and workmanlike manner all or any part of the Property to the equivalent of its original condition, or such other condition as Lender may approve in writing, in the event of any damage, injury or loss thereto, whether or not insurance proceeds are available to cover in whole or in part the costs of such restoration or repair, (iv) will keep the Property, including improvements, fixtures, equipment, machinery and appliances thereon, in good condition and repair and shall replace fixtures, equipment, machinery and appliances of the Property when necessary to keep such items in good condition and repair, and (v) will generally operate and maintain the Property in a commercially reasonable manner.

(b) Alterations. No building or other improvement on the Realty will be structurally altered, removed or demolished, in whole or in part, without Lender's prior written consent, nor will any fixture or chattel covered by this Deed of Trust and adapted to the use and enjoyment of the Property be removed at any time without like consent unless actually replaced by an article of equal suitability, owned by Grantor, free and clear of any lien or security interest except such as may be approved in writing by Lender.

(c) Right of Entry. Lender is hereby authorized to enter the Property, including the interior of any structures, at reasonable times and after reasonable notice, for the purpose of inspecting the Property and for the purpose of performing any of the acts it is authorized to perform hereunder.

2.5 Hazardous Substances.

(a) No Future Hazardous Substances. Grantor will not cause or permit the Property to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process any Hazardous Substance (as defined in this Deed of Trust), except in compliance with all applicable federal, state and local statutes, ordinances, rules, regulations and other laws, nor shall Grantor cause or permit, as a result of any intentional or unintentional act or omission on the part of Grantor or any tenant, subtenant or other user or occupier of the Property, a releasing, spilling, leaking, pumping, pouring, emitting, emptying or dumping of any Hazardous Substance onto the Property or any other property or into any waters, except in compliance with all such laws.

(b) Notification; Clean Up. Grantor will immediately notify Lender if Grantor becomes aware of (i) any Hazardous Substance problem or liability with respect to the Property, (ii) any actual or alleged violation with respect to the Property of any federal, state or local statute, ordinance, rule, regulation or other law pertaining to Hazardous Substances, or (iii) any lien or action with respect to any of the foregoing. Grantor will, at its sole expense, take all actions as may be necessary or advisable for the clean-up of Hazardous Substances on or with respect to the Property, including without limitation all removal, containment and remedial actions in accordance with all applicable laws and in all events in a manner satisfactory to Lender, and shall further pay or cause to be paid all clean-up, administrative and enforcement costs of governmental agencies with respect to Hazardous Substances on or with respect to the Property if obligated to do so by contract or by law.

(c) Verification. For the purposes of inspecting the Property to ascertain the accuracy of all representations and warranties in this Deed of Trust relating to Hazardous Substances, and the observance of all covenants contained in this paragraph 2.5, (i) Lender is hereby authorized to enter and inspect the Property, including the interior of any structures, at reasonable times and after reasonable notice; and (ii) if and at any time Hazardous Substances are being handled on the Property, Grantor shall furnish Lender with such information and documents as may be reasonably requested by Lender to confirm that such Hazardous Substances are being handled in compliance with all applicable federal, state and local statutes, ordinances, rules, regulations and other laws. Grantor shall reimburse Lender upon demand for all costs and expenses, including without limitation attorneys' fees, incurred by Lender in connection with any such entry and inspection and the obtaining of such information and documents.

2.6 Parking. If any part of the automobile parking areas included within the Property is taken by condemnation, and before the parking areas are reduced for any other reason, Grantor will take all actions as are necessary to provide parking facilities in kind, size and location to comply with all governmental zoning and other regulations and all leases. Before making any contract for substitute parking facilities, Grantor will furnish to Lender satisfactory assurance of completion thereof free of liens and in conformity with all government zoning and other regulations.

2.7 Use of Property. Grantor will comply with all laws, ordinances, regulations and requirements of any governmental body, and all other covenants, conditions and restrictions, applicable to the Property, and pay all fees and charges in connection therewith. Grantor shall not cause or permit the installation, operation or presence on the Realty of any underground storage tank or system used or to be used for the storage, handling or dispensing of petroleum or any other substance regulated under the Resource Conservation and Recovery Act (42 USC § 6901 et seq.), as now or hereafter amended, or any state or local statute, ordinance, rule, regulation or other law now or hereafter in effect regulating

underground storage tanks or systems. Grantor shall not cause or permit all or any of the Realty to be used for a gasoline station, service station or other fueling facility which in whole or in part handles, sells or distributes gasoline, diesel fuel, gasohol or any other substance used in self-propelled motor vehicles. Unless required by applicable law or unless Lender has otherwise agreed in writing, Grantor will not allow changes in the use for which all or any part of the Property was intended at the time this Deed of Trust was executed. Grantor will not initiate or acquiesce in a change in the zoning classification of the Property without Lender's prior written consent.

2.8 Condemnation.

(a) Proceedings. Grantor will promptly notify Lender of any action or proceeding relating to any condemnation or other taking (including without limitation change of grade), whether direct or indirect, of the Property or part thereof or interest therein, and Grantor will appear in and prosecute any such action or proceeding unless otherwise directed by Lender in writing. Grantor grants Lender a power of attorney, which power of attorney is coupled with an interest and is irrevocable, to commence, appear in and prosecute, in Lender's or Grantor's name, any action or proceeding relating to any such condemnation or other taking, and to settle or compromise any claim in connection with such condemnation or other taking; provided, however, that Lender shall have no obligation to do so. All awards, payments, damages, direct, consequential and otherwise, claims, and proceeds thereof, in connection with any such condemnation or other taking, or for conveyances in lieu of condemnation, are hereby assigned to Lender (all such assigned items constituting "Property" for purposes of this Deed of Trust); all proceeds of any such awards, payments, damages or claims shall be paid to Lender.

(b) Application of Proceeds. Lender shall apply any such proceeds in the manner and upon the terms and conditions set forth in paragraph 2.3(d)(ii) relating to the application of insurance proceeds, without regard to the provisions of paragraph 2.3(d)(iii).

2.9 Protection of Lender's Security. Grantor will give notice to Lender of and will, at its expense, appear in and defend any action or proceeding that might affect the Property or title thereto or the interests of Lender or Trustee therein or the rights or remedies of Lender or Trustee. If any such action or proceeding is commenced or if Lender or Trustee is made a party to any such action or proceeding by reason of this Deed of Trust, or if Grantor fails to perform any obligation on its part to be performed hereunder, then Lender and/or Trustee, each in its own discretion, may make any appearances, disburse any sums, make any entries upon the Property and take any actions as may be necessary or desirable to protect or enforce the security of this Deed of Trust, to remedy Grantor's failure to perform its obligations (without, however, waiving any default by Grantor) or otherwise to protect Lender's or Trustee's interests. Grantor will pay all losses, damages, fees, costs and expenses, including reasonable attorneys' fees, of Lender and Trustee thus incurred. This paragraph shall not be construed to require Lender or Trustee to incur any expenses, make any appearances or take any actions.

2.10 Reimbursement of Lender's and Trustee's Expenses. All amounts disbursed by Lender and Trustee pursuant to paragraph 2.9 or any other provision of this Deed of Trust, with interest thereon, shall be additional indebtedness of Grantor secured by this Deed of Trust. All such amounts shall be immediately due and payable and shall bear interest from the date of disbursement at the interest rate in effect on the Note from time to time, or at the maximum rate which may be collected from Grantor on such amounts by the payee thereof under applicable law if that is less.

**ARTICLE III
RESERVES**

3.1 INTENTIONALLY OMITTED

**ARTICLE IV
RESTRICTIONS ON TRANSFER OR ENCUMBRANCE**

4.1 Restrictions on Transfer or Encumbrance of the Property.

(a) A "Transfer" is: Any sale (by contract or otherwise), encumbrance, conveyance or other transfer of the Property or any part thereof or interest therein; or any change in the ownership of any stock interest in a corporate Grantor, in the ownership of any membership interest or in the manager of a limited liability company Grantor, in the ownership of any general partnership interest in any general or limited partnership Grantor, or in the ownership of any beneficial interest in any other Grantor which is not a natural person or persons (including without limitation a trust); or any change in the ownership of any such stock, membership, general partnership or other beneficial interest in any corporation, limited liability company, partnership, trust or other entity, organization or association directly or indirectly owning an interest in Grantor, or a change in the manager of a limited liability company. A change in the ownership of a limited partnership interest in a limited partnership shall not be deemed a "Transfer."

(b) In the event of a Transfer without Lender's prior written consent, Lender may, at its sole option, declare the Transfer to constitute an event of default under this Deed of Trust and invoke any remedy or remedies provided for in paragraph 8.1 hereof, or may, at its sole option, consent to such Transfer. Lender may condition its consent to a Transfer upon the payment of a fee to Lender, or an increase in the rate of interest due under the Note, or the items in paragraph 4.1(d) below, or any combination of the foregoing. None of the foregoing options shall apply, however, in the case of a Transfer under any will, trust or applicable law of descent arising because of the death of an individual, so long as Lender is given prompt notice of the Transfer and the transferee. Lender's consent to a Transfer or its waiver of an event of default by reason of a Transfer shall not constitute a consent or waiver of any right, remedy or power accruing to Lender by reason of any subsequent Transfer.

(c) Lender will give its written consent to Transfers, of interests in Grantor or of interests in an entity with an ownership interest in Grantor, to the transferor's spouse or lineal descendant or to an estate planning trust whose trustees and beneficiaries are the transferor or the transferor's spouse or lineal descendant, if Grantor gives Lender prior written notice of the Transfer accompanied by a \$1,500.00 transfer review fee.

(d) For any Transfer permitted under this Deed of Trust or requested by Grantor, Lender may condition its consent upon: The Property having been and assurances that it shall continue to be well maintained and managed in a manner reasonably satisfactory to Lender; Lender's approval of the Transfer terms, documents and background materials; there being no uncured event of default under this Deed of Trust; Grantor furnishing an endorsement to Lender's title insurance policy insuring the continued validity and priority of the lien of this Deed of Trust following the Transfer and such subordination agreements and other documents as may be required by Lender or its title company to issue the endorsement. Unless Lender in its sole discretion otherwise agrees in writing at that time, no Transfer shall release the transferor from any liability under the Loan Documents. By accepting a Transfer, the transferee assumes any and all liability of the transferor under the Loan Documents to the extent the

transferor has personal liability. At Lender's request, the parties shall execute agreements, guaranties and indemnities in form and substance acceptable to Lender. Regardless whether Lender consents to a Transfer request, Grantor agrees to pay all of Lender's out-of-pocket expenses incurred in connection with any Transfer request, including without limitation title fees and attorneys' fees and costs, and Lender may condition its willingness to consider a Transfer request upon a deposit to pay for Lender's expenses.

ARTICLE V UNIFORM COMMERCIAL CODE SECURITY AGREEMENT

5.1 Grant to Lender. This Deed of Trust constitutes a security agreement pursuant to the Uniform Commercial Code with respect to:

(a) Any of the Property which, under applicable law, is not real property or effectively made part of the real property by the provisions of this Deed of Trust; and

(b) Any and all other property now or hereafter described on any Uniform Commercial Code Financing Statement naming Grantor as Debtor and Lender as Secured Party and affecting property in any way connected with the use and enjoyment of the Property (any and all such other property constituting "Property" for purposes of this Deed of Trust); and Grantor hereby grants Lender a security interest in all property described in clauses (a) and (b) above as security for the Secured Obligations. Grantor and Lender agree, however, that neither the foregoing grant of a security interest nor the filing of any such financing statement shall ever be construed as in any way derogating from the parties' stated intention that everything used in connection with the production of income from the Property or adapted for use therein or which is described or reflected in this Deed of Trust is and at all times shall be regarded for all purposes as part of the real property.

5.2 Lender's Rights and Remedies. With respect to Property subject to the foregoing security interest, Lender has all of the rights and remedies (i) of a secured party under the Uniform Commercial Code, (ii) provided herein, including without limitation the right to cause such Property to be sold by Trustee under the power of sale granted by this Deed of Trust, and (iii) provided by law. In exercising its remedies, Lender may proceed against the items of real property and any items of personal property separately or together and in any order whatsoever, without in any way affecting the availability of Lender's remedies. Upon demand by Lender following an event of default hereunder, Grantor will assemble any items of personal property and make them available to Lender at the Property, a place which is hereby deemed to be reasonably convenient to both parties. Lender shall give Grantor at least five (5) days' prior written notice of the time and place of any public sale or other disposition of such Property or of the time of or after which any private sale or any other intended disposition is to be made. Any person permitted by law to purchase at any such sale may do so. Such Property may be sold at any one or more public or private sales as permitted by applicable law. All expenses incurred in realizing on such Property shall be borne by Grantor.

5.3 Fixture Filing. This Deed of Trust covers goods which are or are to become fixtures on the Realty, and this Deed of Trust constitutes and is filed as a "fixture filing" (as that term is defined in the Washington Uniform Commercial Code) upon such of the Property which is or may become fixtures. Grantor has an interest of record in the Realty.

5.4 Lender Authorization to File Financing Statement; Grantor Cooperation. Grantor hereby authorizes Lender to file one or more Uniform Commercial Code Financing Statements with respect to

the Property. Grantor covenants and agrees that it will promptly furnish to Lender, upon Lender's request, such information as may be required in order for Lender to do so.

**ARTICLE VI
ASSIGNMENT OF RENTS AND LEASES; LEASES OF PROPERTY; APPOINTMENT OF
RECEIVER; LENDER IN POSSESSION**

6.1 Assignment of Rents and Leases. As security for the Secured Obligations, Grantor hereby assigns and transfers to Lender all right, title and interest of Grantor in and to (a) any and all present and future leases and other agreements for the occupancy or use of all or any part of the Property, and any and all extensions, renewals and replacements thereof (collectively "**Leases**"), including without limitation the leases, if any, described on Exhibit C attached, (b) all cash or security deposits, advance rentals and deposits or payments of similar nature under the Leases, (c) any and all guaranties of tenants' or occupants' performances under any and all Leases, and (d) all rents, issues, profits and revenues (collectively "**Rents**") now due or which may become due or to which Grantor may now or shall hereafter become entitled or may demand or claim (including Rents coming due during any redemption period), arising or issuing from or out of any and all Leases, including without limitation minimum, additional, percentage and deficiency rents and liquidated damages.

6.2 Collection of Rents. Prior to written notice given by Lender to Grantor of an event of default hereunder, Grantor shall have a license to, and will, collect and receive all Rents of the Property as trustee for the benefit of Lender and Grantor, to apply the Rents so collected first to the payment of taxes, assessments and other charges on the Property prior to delinquency, second to the cost of insurance, maintenance and repairs required by the terms of this Deed of Trust, third to the costs of discharging any obligation or liability of Grantor under the Leases, and fourth to the indebtedness secured hereby, with the balance, if any, so long as no such event of default has occurred, to the account of Grantor. Upon delivery of written notice by Lender to Grantor of an event of default hereunder and stating that Lender exercises its rights to the Rents, and without the necessity of Lender entering upon and taking and maintaining full control of the Property in person, by agent or by a court-appointed receiver, Lender shall immediately be entitled to possession of all Rents from the Property as the same become due and payable, including without limitation Rents then due and unpaid, and all such Rents shall immediately upon delivery of such notice be held by Grantor as trustee for the benefit of Lender only. Upon delivery of such written notice by Lender, Grantor hereby agrees to direct each tenant or occupant of the Property to pay all Rents to Lender on Lender's written demand therefor, without any liability on the part of said tenant or occupant to inquire further as to the existence of a default by Grantor. Grantor hereby authorizes Lender as Grantor's attorney in fact to make such direction to tenants and occupants upon Grantor's failure to do so as required herein. Payments made to Lender by tenants or occupants shall, as to such tenants and occupants, be in discharge of the payors' obligations to Grantor. Lender may exercise, in Lender's or Grantor's name, all rights and remedies available to Grantor with respect to collection of Rents. Nothing herein contained shall be construed as obligating Lender to perform any of Grantor's obligations under any of the Leases.

6.3 Grantor's Representations and Warranties. Grantor represents and warrants to Lender that Grantor has not executed and will not execute any other assignment of said Leases or Rents, that Grantor has not performed and will not perform any acts and has not executed and will not execute any instrument which would prevent Lender from exercising its rights under this Article VI, and that at the time of execution of this Deed of Trust there has been no anticipation or prepayment of any of the Rents of the Property for more than two (2) months prior to the due dates thereof. Grantor further represents

and warrants to Lender that all existing Leases are in good standing and there is no default thereunder, whether by Grantor or lessee, nor to Grantor's knowledge any event or condition which, with notice or the passage of time or both, would be a default thereunder.

6.4 Leases of the Property. Grantor will comply with and observe Grantor's obligations as landlord under all Leases and will do all that is necessary to preserve all Leases in force and free from any right of counterclaim, defense or setoff. Without Lender's written consent, Grantor will not collect or accept payment of any Rents of the Property more than two (2) months prior to the due dates thereof, will not enter into, execute, modify or extend any Lease now existing or hereafter made providing for a term (assuming that all renewal options, if any, are exercised) of more than five (5) years unless the area demised by the Lease is less than twenty-five percent (25%) of the net rentable area of the building(s) at the Property. Without Lender's written consent, Grantor will not surrender or terminate any Lease now existing or hereafter made providing a term (assuming that all renewal options, if any, are exercised) of more than five (5) years nor will Grantor surrender or terminate in any single twelve-month period Leases demising more than twenty-five percent (25%) of the aggregate total net rentable area. Each Lease of the Property will be subordinate to the lien of this Deed of Trust, unless Lender elects that the Lease shall be superior to this Deed of Trust, and each tenant shall execute an appropriate subordination or attornment agreement as may be required by Lender. To the extent required by Lender, each tenant shall execute an estoppel certificate and acknowledge receipt of a notice of the assignment to Lender of its Lease, all satisfactory in form and content to Lender. Without Lender's written consent, Grantor will not request or consent to the subordination of any Lease to any lien subordinate to this Deed of Trust.

6.5 Lender in Possession; Appointment of Receiver. In any event of default hereunder, Lender may, in person, by agent or by a court-appointed receiver, regardless of the adequacy of Lender's security, enter upon and take and maintain full control of the Property in order to perform all acts necessary and appropriate for the operation and maintenance thereof in the same manner and to the same extent as Grantor could do the same, including without limitation the execution, enforcement, cancellation and modification of Leases, the collection of all Rents of the Property, the removal and eviction of tenants and other occupants, the making of alterations and repairs to the Property, and the execution and termination of contracts providing for management or maintenance of the Property, all on such terms as are deemed best by Lender to protect the security of this Deed of Trust. From and after the occurrence of any such event of default, if any owner of the Property shall occupy the Property or part thereof such owner shall pay to Lender in advance on the first day of each month a reasonable rental for the space so occupied, and upon failure so to do Lender shall be entitled to remove such owner from the Property by any appropriate action or proceedings. Following an event of default hereunder, Lender shall be entitled (without notice and regardless of the adequacy of Lender's security) to the appointment of a receiver, Grantor hereby consenting to the appointment of such receiver, and the receiver shall have, in addition to all the rights and powers customarily given to and exercised by such receivers, all the rights and powers granted to Lender in this Article VI. Lender or the receiver shall be entitled to receive a reasonable fee for so managing the Property.

6.6 Application of Rents. All Rents collected subsequent to delivery of written notice by Lender to Grantor of an event of default hereunder shall be applied first to the costs, if any, of taking control of and managing the Property and collecting the Rents, including without limitation attorneys' fees, receiver's fees, premiums on receiver's bonds, 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 any obligation or liability of Grantor under the Leases, and then to the indebtedness secured hereby. Lender or the receiver shall be liable to account only for those Rents actually received. Lender

shall not be liable to Grantor, anyone claiming under or through Grantor or anyone having an interest in the Property by reason of anything done or left undone by Lender under this Article VI.

6.7 **Deficiencies.** To the extent, if any, that the costs of taking control of and managing the Property, collecting the Rents, and discharging obligations and liabilities of Grantor under the Leases, exceed the Rents of the Property, the excess sums expended for such purposes shall be indebtedness secured by this Deed of Trust. Such excess sums shall be payable upon demand by Lender and shall bear interest from the date of disbursement at the default rate of interest stated in the Note, or the maximum rate which may be collected from Grantor therefor under applicable law if that is less.

6.8 **Lender Not Mortgagee in Possession.** Nothing herein shall constitute Lender a "mortgagee in possession" prior to its actual entry upon and taking possession of the Property. Entry upon and taking possession by a receiver shall not constitute possession by Lender.

6.9 **Enforcement.** Lender may enforce this assignment without first resorting to or exhausting any security or collateral for the indebtedness. As used in this Article VI, the word "lease" shall mean "sublease" if this Deed of Trust is on a leasehold. This assignment shall terminate at such time as this Deed of Trust ceases to secure payment of indebtedness held by Lender.

ARTICLE VII EVENTS OF DEFAULT

7.1 **Events of Default.** The occurrence of any one or more of the following shall constitute an event of default hereunder:

(a) Grantor's failure to make any payment when due under the Note, this Deed of Trust or any of the other Loan Documents, followed by Grantor's failure to make such payment within ten (10) days after written notice thereof given to Grantor by Lender; provided, however, that Lender shall not be obligated to give Grantor written notice prior to exercising its remedies with respect to such default if Lender had previously given Grantor during that calendar year a notice of default for failure to make a payment of similar type.

(b) Grantor's failure to perform any other covenant, agreement or obligation under the Note, this Deed of Trust or any of the other Loan Documents, followed by Grantor's failure to cure such default within thirty (30) days after written notice thereof given to Grantor by Lender (or if such cure cannot be completed within such thirty (30) day period through the exercise of diligence, the failure by Grantor to commence the required cure within such thirty (30) day period and thereafter to continue the cure with diligence and to complete the cure within ninety (90) days following Lender's notice of default).

(c) Grantor or any trustee of Grantor files a petition in bankruptcy or for an arrangement, reorganization or any other form of debtor relief; or such a petition is filed against Grantor or any trustee of Grantor and the petition is not dismissed within forty-five (45) days after filing.

(d) A decree or order is entered for the appointment of a trustee, receiver or liquidator for Grantor or Grantor's property, and such decree or order is not vacated within forty-five (45) days after the date of entry.

(e) Grantor commences any proceeding for dissolution or liquidation; or any such proceeding is commenced against Grantor and the proceeding is not dismissed within forty-five (45) days after the date of commencement.

(f) Grantor makes an assignment for the benefit of its creditors, or admits in writing its inability to pay its debts generally as they become due.

(g) There is an attachment, execution or other judicial seizure of any portion of Grantor's assets and such seizure is not discharged within ten (10) days.

(h) Any representation or disclosure made to Lender by Grantor or any guarantor in connection herewith proves to be materially false or misleading when made, whether or not that representation or disclosure is contained in the Loan Documents.

7.2 Form of Notice. At Lender's option, any written notice of default required to be given to Grantor under paragraph 7.1 may be given in the form of a statutory notice of default under the Washington Deed of Trust Act.

ARTICLE VIII REMEDIES

8.1 Acceleration Upon Default; Additional Remedies. In the event of default hereunder, Lender may, at its option and without notice to or demand upon Grantor, take any one or more of the following actions:

(a) Declare any or all indebtedness secured by this Deed of Trust to be due and payable immediately.

(b) Bring a court action to enforce the provisions of this Deed of Trust or any of the indebtedness or obligations secured by this Deed of Trust.

(c) Bring a court action to foreclose this Deed of Trust.

(d) Cause any or all of the Property to be sold under the power of sale granted by this Deed of Trust in any manner permitted by applicable law.

(e) Exercise any or all of the rights and remedies provided for under this Deed of Trust and the other Loan Documents.

(f) Exercise any other right or remedy available under law or in 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.

8.2 Exercise of Power of Sale. For any sale under the power of sale granted by this Deed of Trust, Lender or Trustee shall record and give all notices required by law and then, upon the expiration of such time as is required by law, Trustee may sell the Property upon any terms and conditions specified by Lender and permitted by applicable law. Trustee may postpone any sale by public announcement at the

time and place noticed for the sale. If the Property includes several lots or parcels, Lender in its discretion may designate their order of sale or may elect to sell all of them as an entirety. The Property, real, personal and mixed, may be sold in one parcel. To the extent any of the Property sold by Trustee is personal property, Trustee shall be acting as the agent of Lender in selling such Property. Any person permitted by law to do so may purchase at any sale. Upon any sale, Trustee will execute and deliver to the purchaser or purchasers a deed or deeds conveying the Property sold, but without any covenant or warranty, express or implied, and the recitals in the Trustee's deed showing that the sale was conducted in compliance with all the requirements of law shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchasers and encumbrances for value.

8.3 Application of Sale Proceeds. The proceeds of any sale under this Deed of Trust will be applied in the following manner:

FIRST: Payment of the costs and expenses of the sale, including without limitation Trustee's fees, legal fees and disbursements, title charges and transfer taxes, and payment of all expenses, liabilities and advances of Trustee, together with interest on all advances made by Trustee from date of disbursement at the applicable interest rate under the Note from time to time or at the maximum rate permitted to be charged by Trustee under the applicable law if that is less.

SECOND: Payment of all sums expended by Lender under the terms of this Deed of Trust and not yet repaid, together with interest on such sums from date of disbursement at the applicable interest rate under the Note from time to time or the maximum rate permitted by applicable law if that is less.

THIRD: Payment of all other indebtedness secured by this Deed of Trust in any order that Lender chooses.

FOURTH: The remainder, if any, to the person or persons legally entitled to it.

8.4 Waiver of Order of Sale and Marshalling. Lender shall have the right to determine the order in which any and all portions of the Secured Obligations are satisfied from the proceeds realized upon the exercise of any remedies provided herein. Grantor, any person who consents to this Deed of Trust and any person who now or hereafter acquires a security interest in the Property hereby waives, to the extent permitted by law, any and all right to require marshalling of assets in connection with the exercise of any of the remedies provided herein or to direct the order in which any of the Property will be sold in the event of any sale under this Deed of Trust.

8.5 Non-Waiver of Defaults. The entering upon and taking possession of the Property, the collection of Rents or the proceeds of fire and other insurance policies or compensation or awards for any taking or damage of the Property, and the application or release thereof as herein provided, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

8.6 Expenses During Redemption Period. If this Deed of Trust is foreclosed as a mortgage and the Property sold at a foreclosure sale, the purchaser may during any redemption period allowed, make such repairs or alterations on the Property as may be reasonably necessary for the proper operation, care, preservation, protection and insuring thereof. Any sums so paid together with interest thereon from the time of such expenditure at the default rate of interest stated in the Note or the highest lawful rate if

that is less shall be added to and become a part of the amount required to be paid for redemption from such sale.

8.7 Foreclosure Subject to Tenancies. Lender shall have the right at its option to foreclose this Deed of Trust subject to the rights of any tenant or tenants of the Property.

8.8 Evasion of Prepayment Terms. If an event of default hereunder has occurred and is continuing, a tender of payment of the indebtedness secured hereby at any time prior to or at a judicial or nonjudicial foreclosure sale of the Property by Grantor or anyone on behalf of Grantor shall constitute an evasion of the prepayment terms of the Note and shall constitute voluntary prepayment thereunder and any such tender shall to the extent permitted by law include the additional payment required under the prepayment privilege, if any, contained in the Note or, if at that time there is no prepayment privilege, then such payment shall to the extent permitted by law include an additional payment of five percent (5%) of the then principal Loan balance.

8.9 Remedies Cumulative. To the extent permitted by law, every right and remedy provided in this Deed of Trust is distinct and cumulative to all other rights or remedies under this Deed of Trust or afforded by law or equity or any other agreement between Lender and Grantor, and may be exercised concurrently, independently or successively, in any order whatsoever. Lender may exercise any of its rights and remedies at its option without regard to the adequacy of its security.

8.10 Lender's and Trustee's Expenses. Grantor will pay all of Lender's and Trustee's expenses incurred in any efforts to enforce any terms of this Deed of Trust, whether or not any suit is filed, including without limitation legal fees and disbursements, foreclosure costs and title charges. All such sums, with interest thereon, shall be additional indebtedness of Grantor secured by this Deed of Trust. Such sums shall be immediately due and payable and shall bear interest from the date of disbursement at the default rate of interest stated in the Note, or the maximum rate which may be collected from Grantor under applicable law if that is less.

8.11 Fair Market Value. 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 Grantor or any other party liable for repayment of the Secured Obligations, 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:

(a) 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

(b) 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.

Grantor 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.

ARTICLE IX GENERAL

9.1 Application of Payments. Except as applicable law or this Deed of Trust may otherwise provide, all payments received by Lender under the Note or this Deed of Trust shall be applied by Lender in the following order of priority: (a) Lender's and Trustee's expenses incurred in any efforts to enforce any terms of this Deed of Trust; (b) amounts payable to Lender by Grantor under Article III for reserves; (c) interest and late charges payable on the Note; (d) principal of the Note; (e) interest payable on advances made to protect the security of this Deed of Trust; (f) principal of such advances; and (g) any other sums secured by this Deed of Trust in such order as Lender, at its option, may determine; provided, however, that Lender may, at its option, apply any such payments received to interest on and principal of advances made to protect the security of this Deed of Trust prior to applying such payments to interest on or principal of the Note.

9.2 Reconveyance. Upon payment of all sums secured by this Deed of Trust, Lender shall request Trustee to reconvey the Property and shall surrender this Deed of Trust and all notes evidencing indebtedness secured by this Deed of Trust to Trustee. Trustee shall reconvey the Property without warranty to the person or persons legally entitled thereto. The grantee in any reconveyance may be described as the "person or persons legally entitled thereto," and the recitals therein of any matters or facts shall be conclusive proof of the truthfulness thereof. Such person or persons shall pay Trustee's reasonable costs incurred in so reconveying the Property.

9.3 Successor Trustee. In accordance with applicable law, Lender may from time to time appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee herein and by applicable law.

9.4 Lender's Powers. Without affecting the liability of any person for payment or performance of the Secured Obligations, or any of Lender's rights or remedies, or the priority of this Deed of Trust, Lender, at its option, may extend the time for payment of the indebtedness secured hereby or any part thereof, reduce payment thereon, release anyone liable on any of said indebtedness, accept a renewal note or notes therefor, modify the terms and time of payment of the indebtedness, release the lien of this Deed of Trust on any part of the Property, take or release other or additional security, release or reconvey or cause to be released or reconveyed all or any part of the Property, or consent and/or cause Trustee to consent to the making of any map or plat of the Property, consent or cause Trustee to consent to the granting of any easement or creating any restriction on the Property, or join or cause Trustee to join in any subordination or other agreement affecting this Deed of Trust or the lien or charge hereof. Grantor shall pay Lender a reasonable service charge, together with such title insurance premiums and attorneys' fees as may be incurred at Lender's option, for any such action if taken at Grantor's request.

9.5 Subrogation. Lender shall be subrogated for further security to the lien, although released of record, of any and all encumbrances discharged, in whole or in part, by the proceeds of the Loan or any other indebtedness secured hereby.

9.6 Limitation on Interest and Charges. Interest, fees and charges collected or to be collected in connection with the indebtedness secured hereby shall not exceed the maximum, if any, permitted by any applicable law. If any such law is interpreted so that said interest, fees and/or charges would exceed any such maximum and Grantor is entitled to the benefit of such law, then: (a) such interest, fees and/or

charges shall be reduced by the amount necessary to reduce the same to the permitted maximum; and (b) any sums already paid to Lender which exceeded the permitted maximum will be refunded. Lender may choose to make the refund either by treating the payments, to the extent of the excess, as prepayments of principal or by making a direct payment to the person(s) entitled thereto. No prepayment premium shall be assessed on prepayments under this paragraph. The provisions of this paragraph shall control over any inconsistent provision of this Deed of Trust or the Note or any other Loan Documents.

9.7 Additional Documents; Power of Attorney. Grantor, from time to time, will execute, acknowledge and deliver to Lender upon request, and hereby grants Lender a power of attorney, which power of attorney is coupled with an interest and is irrevocable, to execute, acknowledge, deliver and if appropriate file and record, such security agreements, assignments for security purposes, assignments absolute, financing statements, affidavits, certificates and other documents, in form and substance satisfactory to Lender, as Lender may request in order to perfect, preserve, continue, extend or maintain the assignments herein contained, the lien and security interest under this Deed of Trust, and the priority thereof. Grantor will pay to Lender upon request therefor all costs and expenses incurred in connection with the preparation, execution, recording and filing of any such document.

9.8 Waiver of Statute of Limitations. To the full extent Grantor may do so, Grantor hereby waives the right to assert any statute of limitations as a defense to the enforcement of the lien of this Deed of Trust or to any action brought to enforce the Note or any other obligation secured by this Deed of Trust.

9.9 Forbearance by Lender Not a Waiver. Any forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any right or remedy, and no waiver by Lender of any particular default by Grantor shall constitute a waiver of any other default or of any similar default in the future. Without limiting the generality of the foregoing, the acceptance by Lender of payment of any sum secured by this Deed of Trust after the due date thereof shall not be a waiver of Lender's right to either require prompt payment when due of all other sums so secured or to declare a default for failure to make prompt payment. The procurement of insurance or the payment of taxes or other liens or charges by Lender shall not be a waiver of Lender's right to accelerate the maturity of the indebtedness secured by this Deed of Trust, nor shall Lender's receipt of any awards, proceeds or damages under paragraphs 2.3 and 2.8 hereof operate to cure or waive Grantor's default in payment of sums secured by this Deed of Trust.

9.10 Modifications and Waivers. This Deed of Trust cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of any waiver, change, discharge or termination is sought.

9.11 Notice. Except as applicable law may otherwise require, all notices and other communications shall be in writing and shall be deemed given when delivered by personal service or when mailed, by certified or registered mail, postage prepaid, addressed to the address set forth at the beginning of this Deed of Trust. Any party may at any time change its address for such purposes by delivering or mailing to the other parties hereto as aforesaid a notice of such change.

9.12 Governing Law; Severability; Captions. This Deed of Trust shall be governed by the laws of the State of Washington. If any provision or clause of this Deed of Trust conflicts with applicable law, such conflicts shall not affect other provisions or clauses hereof which can be given effect without the conflicting provision, and to this end the provisions hereof are declared to be severable. The captions

and headings of the paragraphs and articles of this Deed of Trust are for convenience only and are not to be used to interpret or define the provisions hereof.

9.13 Definitions. As used herein: the term "Grantor" means the Grantor herein named, together with any subsequent owner of the Property or any part thereof or interest therein; the term "Trustee" means the Trustee herein named, together with any successor Trustee; and the term "Lender" means the Lender herein named, together with any subsequent owner or holder of the Note or any interest therein, including pledgees, assignees and participants.

9.14 Successors and Assigns; Joint and Several Liability; Agents. This Deed of Trust shall bind and inure to the benefit of the parties hereto and their respective heirs, devisees, legatees, administrators, executors, successors and assigns, subject to the provisions of Article IV hereof. Each person executing this Deed of Trust as Grantor shall be jointly and severally liable for all obligations of Grantor hereunder. In exercising any rights hereunder or taking actions provided for herein, Lender and Trustee may act through their respective employees, agents or independent contractors as authorized by Lender and Trustee.

9.15 Number; Gender. This Deed of Trust shall be construed so that wherever applicable the use of the singular number shall include the plural number, and vice versa, and the use of any gender shall be applicable to all genders.

9.16 Time. Time is of the essence in connection with all obligations of Grantor herein.

9.17 Request for Notice. Grantor hereby requests that a copy of any notice of default and notice of sale hereunder be mailed to it at its address set forth at the beginning of this Deed of Trust.

9.18 Substantially Equivalent Obligations Not Secured. Notwithstanding any provision to the contrary set forth in this Deed of Trust or in any of the other Loan Documents, this Deed of Trust shall not secure the obligations of Grantor or any other person under any environmental indemnity or like document executed by Grantor and/or any other person(s) in connection with the Loan, nor shall this Deed of Trust secure the substantial equivalent of the obligations arising under any such environmental indemnity or like document. All such obligations (and the substantial equivalents thereof) shall constitute the separate, unsecured full recourse obligations of the obligor(s) under any such environmental indemnity or like document, and shall not be deemed to be evidenced by the Note or secured by this Deed of Trust. Without limiting the generality of the foregoing, this Deed of Trust shall not secure the payment of costs or expenses (including without limitation attorneys' fees) that are reimbursable to Lender by Grantor and/or any other person(s) under any environmental indemnity or like document executed in connection with the Loan.

NOTICE: 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.

IN WITNESS WHEREOF, Grantor has executed this Deed of Trust as of the day and year first above written.

GRANTOR:

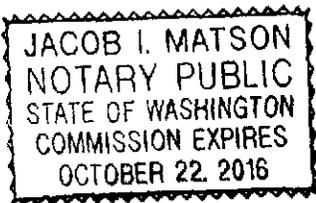
By: [Signature]

By: Patricia Prutzman

STATE OF WASHINGTON)
County of Skagit) ss.

I certify that I know or have satisfactory evidence that David C. Prutzman and Patricia A. Prutzman are the persons who appeared before me and acknowledged that they signed the foregoing instrument, on oath stated that they were authorized to execute the instrument and acknowledged it as the free and voluntary act of such parties for the uses and purposes mentioned in the instrument.

DATED this 3 day of June, 2016.



[Signature]
Notary Public in and for the State of Washington
Printed Name: Jacob I. Matson
Residing at: 1700 Urban Ave Mount Vernon WA
Appointment Expires: 10/22/2016

EXHIBIT A
TO
DEED OF TRUST

LEGAL DESCRIPTION

The Realty which is the subject of this Deed of Trust is situated in the County of Skagit, State of Washington, and is legally described as follows:

For APN/Parcel ID(s): P83969 / 4533-000-041-0009

Lot 41, PARK CREST, DIVISION 1, according to the plat thereof recorded in Volume 14 of Plats, pages 128 and 129, records of Skagit County, Washington.

Situated in Skagit County, Washington.

EXHIBIT B
TO
DEED OF TRUST

PERMITTED EXCEPTIONS

1. Deed of Trust in favor of _____, dated _____ recorded in Skagit County,
under recording numbers _____.

EXHIBIT C
TO
DEED OF TRUST

LIST OF LEASES

NONE